

# Lancashire Combined Fire Authority Resources Committee

Meeting to be held 26 March 2025

## Financial Monitoring 2024/25 (Appendices 1, 2 and 3 refer)

Contact for further information:

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### Executive Summary

The report sets out the current budget position in respect of the 2024/25 revenue and capital budgets.

### Recommendation

The Committee is asked to:

- Note and endorse the financial position.
- Approve additional slippage in the capital programme of £0.892m to 2025/26.

### Information

#### Revenue Budget

In February 2024, the Combined Fire Authority (CFA) agreed the Service's 2024/25 revenue budget at £75.155m. This Financial Monitoring report is for the ten-month period to the end of January 2025. The forecast outturn is £74.066m, which is an underspend of (£1.089m). Of the forecast underspend, (£0.962m) relates to non-pay costs, and (£0.127m) to pay costs.

The year-to-date and forecast positions within all departmental budgets are set out in Appendix 1, with the major variances of note shown separately in the table overleaf.

Area	Year to Date Variance £m	Reason	Forecast Outturn Variance £m	Reason
Service Delivery - Pay	0.509	As previously reported the grey book pay award of 4% for 2025/26 was effective from July 2024 and is 1% higher than our budgeted assumptions, this	0.516	The variance is largely due to higher than budgeted pay assumptions. On call and support staff budgets are mainly within allocated budgets. The forecast

		accounts for majority of the overspend.		has reduced by c£0.150m since the November report due to a reduction in overtime costs.
Prevention and Protection - Pay	(0.418)	The year-to-date underspend is due to vacancies within the department.	(0.550)	The variance is due to vacancies, this saving has increased by (c£0.100m) as staffing levels were anticipated to increase.
Bank Interest	(0.385)	More interest has been earned because of higher cash balances invested, due to slippage on the capital programme, and higher than budgeted interest rates. Interest earned on the Home Office pension grant received ahead of Matthews two and McCloud remedy has been assumed to be transferred to an earmarked reserve.	(0.552)	The forecast reflects the full year effect of slippage on the capital programme and higher than budgeted interest rates. The forecast has increased by c£0.350m due to updated cash balance and interest rate assumptions.
Property – non pay	(0.394)	Utility rates have been lower than budgeted resulting in the underspend.	(0.393)	The forecast underspend largely relates to lower than budgeted utility costs. The forecast also assumes any committed property work slippage will be approved to carry forward which is forecast at £0.400m.

## Future Pressures

Emerging pressures to report to the Resources Committee include inflation forecasts. As reported to the CFA in February, government grants were increased by the September rate of inflation (1.7%). The latest rate of inflation is now 3% which is likely to put pressure on budgets in 2025/26.

There are no further new pressures to report since the last meeting, the green book pay award and firefighter employer pension contributions have been included in the 2025/26 budget approved by the CFA in February.

## Savings Targets

A reduction in the Contribution to Capital of £1.5m was agreed in the medium-term Financial Strategy resulting in a revenue contribution in 2024/25 of £2.5m. The budget has been reduced to this effect.

## General Fund

The year end forecasted general fund position is summarised below:

	£'m
<b>Opening balance of Lancashire Fire and Rescue Service (LFRS) general fund</b>	<b>(4.987)</b>
Forecast revenue underspend	(1.089)
<b>Forecast closing balance of general fund</b>	<b>(6.076)</b>

## Capital Budget

The original Capital Programme for 2024/25 was £12m including slippage from 2023/24, this was revised to £5m by the CFA in February 2025 when they approved the updated capital strategy. To date £2.793m has been spent predominantly on fleet and operational equipment. A summary of the programme is set out in the table below and in more detail in Appendix 2.

Area	Budgeted Items	Revised Budget (£m)	Year to Date (£m)	Slippage 2025/26 (£m)
Operational Vehicles	The budget includes costs of two water towers, and a prime mover. All vehicles are on target to be delivered in 2024/25. An update on items in the original budget is below: <ul style="list-style-type: none"><li>• Pumping appliances are in the procurement process.</li><li>• Aerial ladder appliance – delivery due early April 2025.</li><li>• Large climate change vehicle in the procurement process and the small one at specification stage.</li></ul>	1.409	0.924	(0.002)
Other vehicles	This budget allows for the replacement of various operational support vehicles including several cars, vans, and a beavertail lorry. A few vehicles have been delivered which was originally expected to be delayed to 2025/26, an updated against the original budget is provided below:	0.529	0.710	(0.181)

	<ul style="list-style-type: none"> <li>• Four Toyota Rav4 are now delivered, and two small vans are due for delivery April 2026.</li> <li>• Two double cab vans are in the procurement process and delivery expected May 2025.</li> <li>• Two rescue team vans have slipped due to delivery and conversion lead times, expected May 2025.</li> </ul>			
Operational Equipment	<p>This budget allows for operational equipment purchases including CCTV cameras for appliances, body armour, and road traffic collision equipment. Slippage against the original capital programme is set out below:</p> <ul style="list-style-type: none"> <li>• Body Armour – the trial period has been completed and procurement process underway.</li> <li>• Flow meters and hose reel are on trial in Blackpool. It is anticipated there will be an additional budget requirement.</li> <li>• Breathing apparatus compressor is on order with an early 2025/26 lead time.</li> <li>• CCTV on appliances was put on hold in December pending specification requirements.</li> <li>• Road Traffic Collision (RTC) phase 4 is due for completion in June 2025.</li> </ul>	1.359	0.959	0.361
Building Modifications	<p>This budget includes the continued programme of Drill Tower Replacements, Blackpool facilities upgrade and budget for the initial works to support the upgrade to Preston station. Slippage to date against the original capital programme has been identified as follows:</p> <ul style="list-style-type: none"> <li>• The enhancement of facilities at Blackpool (W30) has incurred some initial costs however will see final completion in 2025/26.</li> <li>• Most Drill Tower replacement works have slipped due to unsuccessful initial award of the contract.</li> <li>• Wylfa training props programme is due to start on site April 2024.</li> <li>• Options appraisal is underway for suitable land acquisition.</li> </ul>	1.066	0.153	0.266

	<ul style="list-style-type: none"> <li>• Estates improvements will continue into 2025/26.</li> <li>• Elements of the Preston upgrade have been delayed to early 2025/26.</li> </ul>			
IT systems	<p>This budget includes various projects including upgraded Firewalls, network upgrades and replacement of pooled PPE and stock management systems. Slippage to date against the original capital programme has been identified as follows:</p> <ul style="list-style-type: none"> <li>• The replacement systems for the management of stock, assets and pooled PPE, public switched telephone network. Existing contracts have been extended.</li> <li>• The incident ground radios project has also slipped to next year due to other interdependencies with the breathing apparatus project.</li> <li>• Firewall project is complete however delivery will slip to 2025/26.</li> <li>• North West Fire Control (NWFC) Computer Aided Dispatch has been extended until spring 2026.</li> <li>• Community Fire Risk Management System (CFRMIS) replacement is undergoing the procurement process into 2025/26.</li> <li>• Retained Duty System (RDS) Alerters and Officer Pagers scoping has changed and will slip to 2025/26.</li> </ul>	0.850	0.197	0.448

### Potential Financial Risks

There are several potential scenarios that have not been reflected in this monitoring report that, if they materialise, may give rise to an increase in revenue and capital expenditure. To provide some information about potential significant financial risks these have been quantified to provide an estimated worst-case scenario, these are set out in Appendix 3. Taking all these risks overall and adjusted for the remainder of the year (2 months), a potential worst-case scenario would impact the Revenue Budget and Capital Budget accordingly:

£m	Worst Case
Revenue Budget - unbudgeted costs	1.08
Capital Budget – Additional Expenditure	0.22

The potential worst-case scenario could be funded from available budgets but would reduce the general fund balance to below the minimum acceptable level agreed by the CFA.

### **Financial Implications**

As outlined in the report

### **Legal Implications**

None

### **Business Risk Implications**

None

### **Environmental Impact**

None

### **Equality and Diversity Implications**

None

### **Human Resource Implications**

None

## **Local Government (Access to Information) Act 1985**

### **List of background papers**

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: N/a



## Appendix 2

CAPITAL BUDGET 2024/25	Revised Programme	Actual as at 31st Jan 2025	Projected Year End Outturn	Projected slippage as at 31s Jan 2025	Estimated final cost	Over/ (Under) Spend
	£m	£m	£m	£m	£m	£m
<b>Vehicles</b>						
Operational Vehicles	1.409	0.924	1.411	-0.002	2.937	-0.006
Support Vehicles	0.529	0.560	0.710	-0.181	0.967	0.019
	<b>1.938</b>	<b>1.484</b>	<b>2.121</b>	<b>-0.183</b>	<b>3.904</b>	<b>0.013</b>
<b>Operational Equipment</b>						
Operational Equipment	1.359	0.959	0.998	0.361	1.840	-0.006
	<b>1.359</b>	<b>0.959</b>	<b>0.998</b>	<b>0.361</b>	<b>1.840</b>	<b>-0.006</b>
<b>Buildings Modifications</b>						
Update Preston Facilities	0.250	0.029	0.150	0.100	0.500	0.000
Development & Land Acquisition	-	-	-	0.000	0.340	0.000
Blackpool Dormitory	0.435	0.026	0.434	0.001	0.834	0.000
Drill tower replacements	0.125	0.075	0.085	0.040	1.208	0.000
Wylfa Prop	0.025	-	0.025	0.000	0.125	0.000
STC Props	-	0.004	0.004	-0.004	0.004	0.004
Estate Improvement Provision	0.232	0.019	0.102	0.130	0.632	0.000
	<b>1.066</b>	<b>0.153</b>	<b>0.800</b>	<b>0.266</b>	<b>3.643</b>	<b>0.004</b>
<b>ICT</b>						
IT Systems	0.850	0.197	0.402	0.448	2.438	-0.155
	<b>0.850</b>	<b>0.197</b>	<b>0.402</b>	<b>0.448</b>	<b>2.438</b>	<b>-0.155</b>
<b>Total Capital Requirement</b>						
	<b>5.213</b>	<b>2.793</b>	<b>4.321</b>	<b>0.892</b>	<b>11.825</b>	<b>-0.144</b>
<b>Funding</b>						
Capital Grant	-	-	-	0.000	0.000	0.000
Borrowing	-	-	-	0.000	0.000	0.000
Revenue Contributions	2.500	2.500	2.500	0.000	2.500	0.000
Earmarked Reserves	-	-	-	0.000	0.000	0.000
Capital Reserves	2.713	0.293	1.821	0.892	9.325	-0.144
Capital Receipts	-	-	-	0.000	0.000	0.000
<b>Total Capital Funding</b>	<b>5.213</b>	<b>2.793</b>	<b>4.321</b>	<b>0.892</b>	<b>11.825</b>	<b>-0.144</b>



## Appendix 3

Potential significant risks have been quantified to provide an estimated best case and worst-case scenario for each risk.

	Rev / Cap	Worst Case (Full Year) £m
Industrial Action (Risk 1a) – Costs based on reported figures from other fire authorities adjusted for inflation and size of authority.	Rev	2.5
Pandemic (Risk 1d) – Based on direct costs of COVID19, this was funded but this scenario assumes no funding provided.	Rev	1.3
Overspending and future financial pressures on MTFs due to increase in costs of goods and services and pay (Risk 2b) – based on highest one year CPI increase experienced of 13.5%	Rev	2.0
As above	Cap	1.3
Loss of Utilities (Risk 3) and ICT (Risk 4) – Includes additional repair costs, overtime, hire costs etc.	Rev	0.2
Operational Event (Risk 11) – large scale incidents and events can be significant however there are funding mechanisms such as Bellwin in place. This cost assumes a prolonged period of overtime that would not be met from national funding schemes.	Rev	0.5
<b>Revenue Total</b>		<b>6.5</b>
<b>Capital Total</b>		<b>1.3</b>