

Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on 8 July 2025

Financial Monitoring - Provisional Outturn 2024/25

(Appendices A - D refers)

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Executive Summary

This report presents the financial outturn position for 2024/25, and the impact of this on usable reserves. The revenue outturn position shows an underspend of £0.569m after proposed transfers to earmarked reserves. The Capital outturn expenditure for the year is £4.091m which is also in line with the previous forecast.

Recommendation

The Committee is asked to:

- Note the Revenue Budget provisional revenue outturn set out in paragraph 2.
- Note the Capital Budget provisional outturn set out in paragraph 10.
- Note and endorse the revised Capital Budget for 2024/25 set out in paragraph 11.
- Approve the transfer of 2024/25 slippage to the 2025/26 capital budget set out in paragraph 11.
- Note and endorse the transfer to earmarked reserves set out in paragraph 9 and year end reserve levels.

1. This report presents the financial outturn position for 2024/25, and the impact of this on usable reserves. The draft 2024/25 financial statements have been prepared using this provisional information and presented to the External Auditors following by the Audit Committee.

Revenue Provisional Outturn

2. The annual budget for the year was set at £75.155m. The provisional outturn position shows net expenditure of £74.586m, giving a total underspend for the financial year of £0.569m. The total underspend is made up of a (£0.774m) underspend relating to non-pay costs, and a £0.205m overspend relating to pay costs.
3. The detailed provisional revenue outturn is set out in Appendix A the major variances of note shown separately in the table below:

Area	Overspend/ (Underspend) £m	Reason and Action
Service Delivery - Pay	0.648	As reported previously to the Committee the variance is largely due to higher than budgeted pay assumptions. On call and support staff budgets are mainly within allocated budgets. The budget for 2025/26 has taken account of the higher than budgeted pay award therefore no further action taken.

Area	Overspend/ (Underspend) £m	Reason and Action
Prevention and Protection - Pay	(0.509)	The outturn variance is due to vacancies as reported through the year, this underspend has increased further as efforts to reduce the number of vacancies continue. The budget for 2025/26 has been adjusted for expected vacancies, no further action taken.
Training Centre – non pay	(0.111)	A number of budgets were slightly underspent at the end of the year resulting in the underspend of just over £0.1m, no further action taken.
Property – non pay	(0.168)	The underspend relates to a number of factors including lower than budgeted utility costs and maintenance costs.
Bank Interest	(0.449)	The underspend reflects slippage on the capital programme, higher than budgeted interest rates and additional returns from a more proactive investment strategy. The underspend is presented after a £0.5m transfer to the capital reserve reflecting additional returns on grants received.

Future Pressures

4. 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%) whereas the latest rate of inflation is now 3.5%, which will put pressure on budgets in 2025/26.
5. The grey book pay award has also been agreed at 3.2% effective from July, this compares to the budgeted assumption of 3%, at the time of writing the green book pay award has not been agreed.
6. Finally, the Spending Review was announced on 11 June which sets out the future departmental spending plans. All fire functions and associated budgets have transferred from the Home Office to the Ministry of Housing, Communities and Local Government (MHCLG) as of 1 April 2025 which means fire funding is now embedded within MHCLG's departmental totals which has increased by 1.2% in real terms over the period of the Spending Review. The impact on the fire service will emerge later in the year and with certainty for Lancashire in the Provisional Settlement that is traditionally announced in December.

Savings Targets

7. 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 Reserve

8. The General Reserve exists to cover unforeseen risks and expenditure that may be incurred outside of planned budgets. In February the Authority approved the minimum level of General Reserve as advised by the Treasurer at £3.85m. Following the provisional outturn the level of the General Reserve at 31 March 2025 is

£5.556m as set out in the table below, this is above the minimum level of General Reserve set by the Authority.

	£'m
Opening balance of LFRS general fund 1 April 2024	(4.987)
Forecast revenue underspend	(0.569)
Forecast closing balance of general fund 31 March 2025	(5.556)

Earmarked Reserves

9. Earmarked reserves are all funds that have been identified for a specific purpose. Appendix B sets out the proposed transfers to earmarked reserves not previously approved of £1.677m. The balance of all the earmarked reserves is £28.926m as at the 31 March 2025; this includes the Capital Reserve of £18.501m and private finance initiative (PFI) reserves of £5.036m.

Capital Budget Provisional Outturn

10. The revised Capital Budget for 2025/26 approved by the CFA in February 2025 was £5.213m. Total capital expenditure for the year was £4.091m, with slippage of (£1.123m) proposed to be transferred to the 2025/26 Capital Budget and a net overspend of £0.070m. The table below sets out the provisional outturn for the main programmes and projects and Appendix C sets out the detailed provisional outturn.

Area	Budgeted Items	Revised Budget (£m)	Year to Date (£m)	Slippage / (accelerated) spend 2025/26 (£m)
Operational Vehicles	<p>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:</p> <ul style="list-style-type: none"> • Pumping appliances are in the procurement process. • Aerial ladder appliance – delivery due early April 2025. • Large climate change vehicle in the procurement process and the small one at specification stage. 	1.409	1.649	(0.240)
Other vehicles	<p>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 update against the original budget is provided below:</p> <ul style="list-style-type: none"> • Four Toyota Rav4 are now delivered and two small vans are due for delivery April 2026. • Two double cab vans are in the procurement process and delivery expected May 2025. • Two rescue team vans have slipped due to delivery and conversion lead times, expected May 2025. 	0.529	0.597	(0.068)

Area	Budgeted Items	Revised Budget (£m)	Year to Date (£m)	Slippage / (accelerated) spend 2025/26 (£m)
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"> • Body Armour – the trial period has been completed and procurement process underway. • Flow meters and hose reel are on trial in Blackpool. It is anticipated there will be an additional budget requirement. • Breathing apparatus compressor is on order with an early 2025/26 lead time. • CCTV on appliances was put on hold in December pending specification requirements. • RTC phase 4 is due for completion in June 2025. 	1.359	0.975	0.384
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"> • The enhancement of facilities at Blackpool (W30) has incurred some initial costs however will see final completion in 2025/26. • Most Drill Tower replacement works have slipped due to unsuccessful initial award of the contract. • Wylfra training props programme is due to start on site April 2024. • Options appraisal is underway for suitable land acquisition. • Estates improvements will continue into 2025/26. • Elements of the Preston upgrade have been delayed to early 2025/26. 	1.066	0.580	0.487

Area	Budgeted Items	Revised Budget (£m)	Year to Date (£m)	Slippage / (accelerated) spend 2025/26 (£m)
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"> • The replacement systems for the management of stock, assets and pooled PPE, public switched telephone network. Existing contracts have been extended. • The incident ground radios project has also slipped to next year due to other interdependencies with the breathing apparatus project. • Firewall project is complete however delivery will slip to 2025/26. • North West Fire Control (NWFC) Computer Aided Dispatch has been extended until spring 2026. • Community Fire Risk Management Information System (CFRMIS) replacement is undergoing the procurement process into 2025/26. • Retained duty system (RDS) alerters and Officer Pagers scoping has changed and will slip to 2025/26. 	0.850	0.290	0.561
		5.213	4.091	1.123

11. The original approved capital programme for 2025/26 was £12.761m. This has been updated for £1.123 of slippage outlined previously giving a revised Capital Budget for 2024/25 of £13.884m. The revised 2024/25 Capital Budget and funding is set out in Appendix D.

Potential Financial Risks

12. Throughout the year some sensitivity analysis was undertaken of several potential scenarios that have not been reflected in the monitoring report that, if they materialise, may give rise to an increase in revenue and capital expenditure. As this is the outturn report there are no risks to this position report however, this is subject to audit therefore may change following completion of the audit. Any material changes will be reported back to the Resources Committee.

Financial Implications

13. As outlined in the report.

Legal Implications

14. None.

Business Risk Implications

15. None.

Environmental Impact

16. None.

Equality and Diversity Implications

17. None.

Human Resource Implications

18. None.

Local Government (Access to Information) Act 1985

List of background papers NA

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

Appendix A: Revenue Budget Monitoring Statement

Appendix B: Transfers to Earmarked Reserves

Appendix C: Capital Budget Monitoring Statement

Appendix D: Revised Capital Budget 2025/26

Revenue Budget Provisional Outturn

Budget Monitoring Statement 31 March 2025 Outturn (£m)	Year to Date Budget	Year to Date Actual	Year to Date Variance	Year to Date Variance Pay	Year to Date Variance Non-Pay
Service Delivery					
Service Delivery	42.495	43.124	0.628	0.648	(0.019)
Prevention & Protection	3.744	3.294	(0.450)	(0.509)	0.059
Covid-19	0.000	0.000	0.000	0.000	0.000
Control	2.168	2.176	0.008	0.000	0.008
Youth Engagement (inc Princes Trust)	0.016	0.009	(0.007)	0.004	(0.011)
Special Projects (ISAR)	0.002	(0.012)	(0.014)	0.000	(0.014)
Strategy & Planning					
Service Development	2.412	2.413	0.000	(0.009)	0.009
Training & Operational Review	4.293	4.227	(0.067)	0.044	(0.111)
Fleet & Technical Services	3.442	3.517	0.075	0.092	(0.018)
Information Technology	3.397	3.266	(0.131)	(0.030)	(0.101)
Digital Transformation	0.897	0.841	(0.057)	(0.035)	(0.022)
People & Development					
Human Resources	0.966	0.972	0.006	0.002	0.004
Occupational Health Unit	0.310	0.355	0.046	0.016	0.030
Corporate Communications	0.414	0.424	0.010	0.045	(0.035)
Safety Health & Environment	0.320	0.336	0.016	0.007	0.009
Corporate Services					
Executive Board	1.262	1.245	(0.017)	(0.032)	0.015
Central Admin Office	0.651	0.625	(0.025)	(0.014)	(0.011)
Finance	0.229	0.276	0.047	0.045	0.002
Procurement	0.892	0.927	0.035	0.037	(0.002)
Property	3.970	3.774	(0.196)	(0.028)	(0.168)
External Funding	(0.002)	0.000	0.002	(0.053)	0.055
Subtotal	71.878	71.787	(0.091)	0.230	(0.321)
Pensions Expenditure	1.432	1.428	(0.004)	0.000	(0.004)
Other Non-DFM Expenditure	1.845	1.371	(0.474)	(0.025)	(0.449)
Subtotal	3.277	2.799	(0.478)	(0.025)	(0.453)
Grand Total	75.155	74.586	(0.569)	0.205	(0.774)

Transfers to Earmarked Reserves

Year End Transfers to Earmarked Reserves:

Transfers to Budget Holders Earmarked Reserves	£m
Property – delay in committed planned maintenance works.	0.551
Property – Utility volatility reserve.	0.395
ICT – delay in committed equipment planned for replacement in 2025/26.	0.231
Interest - capital reserve reflecting additional returns on grants received.	0.500
	1.677

Capital Budget Monitoring Statement

Capital Budget 2024/25	Revised	Actual	Variance	Year End Slippage	Outturn (savings) / overspend
Vehicles					
Operational Vehicles	1.409	1.649	(0.240)	1.436	0.027
Support Vehicles	0.529	0.597	(0.068)	0.736	0.024
Subtotal	1.938	2.246	(0.308)	2.172	0.051
Operational Equipment					
Operational Equipment	1.359	0.975	0.384	1.023	0.025
Subtotal	1.359	0.975	0.384	1.023	0.025
Buildings Modifications					
Update Preston Facilities	0.250	0.067	0.183	0.150	0.000
Development & Land Acquisition	-	-	-	-	-
Blackpool Dormitory	0.435	0.337	0.098	0.435	0.001
Drill tower replacements	0.125	0.077	0.048	0.085	(0.000)
Wylfa Prop	0.025	-	(0.003)	0.029	-
STC Props	-	0.028	0.000	(0.000)	(0.000)
Estate Improvement Provision	0.232	0.071	0.160	0.105	0.003
Subtotal	1.066	0.580	0.487	0.804	0.004
ICT					
IT Systems	0.850	0.290	0.561	0.393	(0.009)
Subtotal	0.850	0.290	0.561	0.393	(0.009)
Total Capital Requirement	5.213	4.091	1.123	4.391	0.070
Funding					
Capital Grant	-	-	-	-	-
Borrowing	-	-	-	-	-
Revenue Contributions	2.500	2.500	-	2.500	-
Earmarked Reserves	-	-	-	-	-
Capital Reserves	2.713	1.591	1.123	1.891	0.070
Capital Receipts	-	-	-	-	-
Total Capital Funding	5.213	4.091	1.123	4.391	0.070

Revised Capital Budget 2025/26

(£m)	2025/26 Original Budget	Slippage from 2024/25	2025/26 Revised Budget
Operational Vehicles	4.452	(0.309)	4.143
Operational Equipment	1.588	0.384	1.972
Buildings	3.948	0.487	4.435
ICT	2.774	0.561	3.335
Total Capital Requirement	12.761	1.123	13.884
Funding			
Revenue Contributions	2.500	0.000	2.500
Capital Reserves	10.261	1.123	11.384
Total Capital Funding	12.761	1.123	13.884