

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 20 September 2023

Subject: Financial Monitoring to end July 2023

Report by: The Treasurer

Author: Manjora Bisla (Finance Manager)

For: Discussion and Decision

Purpose

1. The purpose of this report is to present the financial monitoring to the end of July 2023. This report is the first in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of July 2023 (Financial Period 4 in the 2023/24 year).

Recommendations

2. The Committee is asked to note the revenue budget and capital programme position as at the end of July 2023; and make any observations it sees fit.

Executive Summary

3. This report indicates the current financial position compared to the Revenue Budget and Capital Programme.
4. The revenue position currently shows an overall forecast overspend of £341,000; this is planned to be funded from the budget strategy reserve.
5. The forecast position shows the pressures the Service is facing as a direct consequence of general inflation and recent pay awards. The overspends have been partially offset by the On Call service being below establishment, underspends in staffing in support services, savings in transport costs and interest income. Members will also be aware that the 2022/23 and 2023/24 pay awards for firefighters exceeded the budget provision.
6. The capital programme is reporting spend of £506,000 to date. Slippage of £3,626,000 has been identified and is being kept under review.

Revenue Budget

7. The revenue budget position is summarised in Table 1 below. The forecast overall overspend is approximately £341,000.

Table 1 - 2023/24 Revenue Budget	Annual Budget £000	Forecast Outturn £000	Variance £000
Employees	33,641	33,868	227
Premises	3,218	3,566	348
Transport	986	864	(122)
Supplies and Services	3,744	3,972	228
Capital Financing	6,036	6,036	0
Total Expenditure	47,625	48,306	681
Income	(47,625)	(47,965)	(340)
Overspend/(Underspend)	0	341	341

8. The following notes relate to issues currently highlighted:

Employees

- i. Firefighter's pay is forecasted to overspend by £938,000. This is largely as a result of the recent pay awards agreed for 2022/23 (£460,000) and 2023/24 (£252,000), as well as the recruitment drive to bring in more firefighters ahead of the Day Crewing Plus exit in 2024/25. The forecast assumes the recruitment of 27 new firefighters across 2023/24.
- ii. Support staff pay is forecasting to underspend by £402,000. A pay award of £1,925 per person (FTE) for Green Book staff was proposed in March 2023, which would cost an additional £126,000 over and above the 4% budgeted. It is unclear whether this will be accepted. However, this is more than offset by around £528,000 of underspends arising from vacant posts, employees not having yet reached the top of their salary bands and employees opting out of the Local Government Pension Scheme. A plan is in place to recruit to a number of vacant support staff roles over the next six months.
- iii. On Call staffing is currently forecasting an underspend of £333,000, largely due to being below full establishment. Work is still underway to increase the on-call availability across the service. In comparison to the Summer of 2022 where there was a significant increase in incidents due to the hot and dry weather, the Summer of 2023 was relatively stable with less reliance on on-call staff.
- iv. Training is forecasted to overspend by around £107,000. Due to delays in recruitment within the Learning and Organisational Development department, there has been a reliance on outsourcing training sessions

at a higher cost. The remaining £83,000 underspend is largely due to savings in firefighter pension costs as the financial impact of previous ill health retirements wind down.

Other Expenditure

- v. Premises costs are forecast to overspend by £348,000. Around £165,000 of this relates to Buildings repairs and maintenance costs due to the inflation increases, as well as a rise in the number of unplanned repairs required throughout the year. Cleaning costs are forecast to overspend by around £160,000 due to a number of years inflationary increases. These overspends follow trends over the past few years and will be addressed as part of the 2024/25 budget. The remaining £23,000 overspend is largely attributed to the inflationary increases in building insurance costs.
- vi. Transport costs are forecasting an underspend of £122,000. Around £101,000 of this is as a result of the fall in fuel prices. The remaining £21,000 underspend relates to savings on staff travel expenses.
- vii. Supplies and services are forecast to overspend by £228,000, largely due to inflation. Around £51,000 relates specifically to the increase in the Firelink ICT Contract. The remaining £177,000 relates to operational equipment, professional and consultancy fees and other contracts, including the impact of higher inflation.

Income

- viii. Due to favourable interest rates compared to budget interest receivable is forecast to be £340,000 more than budget.

Capital Programme

- 9. After inclusion of carry forwards totalling £5,171,000 the capital programme totals £8,731,000. This is summarised in Table 2 below.

Table 3 2022/23 Capital Programme	Programme after Carry Forwards	Actual YTD	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	3,090	17	2,713	377	0
Property	3,957	345	1,002	2,955	0
ICT	573	96	573	0	0
Equipment	817	48	817	0	
Fire Control	244	0	0	244	0
Life Safety Sprinkler	50	0	0	50	0
TOTAL	8,731	506	5,105	3,626	0

Vehicles

10. The forecast of £2,713,000 assumes seven new appliances and two new Variable Response Vehicles, one of which has arrived in service. The slippage relates to some vans that are expected to be received in 2024/25.

Property

11. Shortages in staffing levels have led to some delays in progressing the estates capital programme. A forecast of £1,002,000 has been estimated, covering refurbishment projects at Western and Market Bosworth Station. The procurement exercise for the Eastern and Southern Fire Station refurbishments will take place later this year, with anticipated works in late 2023/24 or 2024/25. The majority of the slippage relates to both of these stations.

IT and Equipment

12. Expenditure is currently forecast to budget and will continue to be monitored.

Fire Control

13. Slippage of £244,000 is forecasted for the Fire Control Project. This represents the balance of the £1,800,000 capital grant awarded by the government for the Tri-Service Control Project. Derbyshire Fire and Rescue Service is the lead on this project and will keep LFRS informed on any planned expenditure for the year.

Report Implications/Impact

14. Legal (including crime and disorder)
There are no legal implications arising from this report.
15. Financial (including value for money, benefits and efficiencies)

These are included in the main body of the report.

16. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

It is important to be aware of how the budget is progressing as it enables early action to be taken to address any issues that arise.

17. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

There are no staff, service user or stakeholder implications arising from this report.

18. Environmental

There are no environmental implications arising from this report.

19. Impact upon "Our Plan" Objectives

The Finance and Resources strategic aim of demonstrating value for money is supported by the effective monitoring and review of the revenue and capital budgets throughout the year.

Background Papers

Budget Strategy 2023/24 to 2025/26 (CFA 8 February 2023)

<https://leics-fire.gov.uk/wp-content/uploads/2023/02/item-9-budget-strategy.pdf>

Revenue and Capital Outturn 2022/23 (CFA 21 June 2023)

<https://leics-fire.gov.uk/wp-content/uploads/2023/06/item-10-revenue-and-capital-outturn-202223.pdf>

Officers to Contact

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