

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 22 November 2023

Subject: Financial Monitoring to end September 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 September 2023. This report is the second in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of September 2023 (Financial Period 6 in the 2023/24 year).

Recommendations

2. The CGC is asked to:
 - a. Note the revenue budget and capital programme position as at the end of September 2023 and make any observations it sees fit.
 - b. Note the capital overspend of £422,000 to be funded from the Capital Fund Reserve and Estates Strategy Reserve, reducing resources available for future years' budgets.

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 £482,000, an increase of £141,000 compared with the position reported at the end of July. This overspend is planned to be funded from the Budget Strategy Reserve.
5. The forecast position reflects the pressures being faced as a 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 £772,000 to date. Slippage of £5,637,000 has been identified and is being kept under review. An overspend of £422,000 is currently anticipated, largely as a result of urgent unplanned estates works. The overspend is planned to be funded from the Capital Fund Reserve and Estates Strategy Reserve, reducing resources available for future years' budgets.

Revenue Budget

7. The revenue budget position is summarised in Table 1 below. The forecast overall overspend is £482,000.

Table 1 - 2023/24 Revenue Budget	Annual Budget £000	Forecast Outturn £000	Variance £000
Employees	33,641	33,935	294
Premises	3,218	3,546	328
Transport	986	887	(99)
Supplies and Services	3,744	4,107	363
Capital Financing	6,036	6,036	0
Total Expenditure	47,625	48,511	886
Income	(47,625)	(48,029)	(404)
Overspend/(Underspend)	0	482	482

8. The following notes relate to issues currently highlighted:

Employees

- i. Firefighter's pay is forecast to overspend by £905,000. This is largely 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 £387,000. A pay award of £1,925 per person (FTE) for Green Book staff was agreed on 1 November 2023, costing an additional £126,000 over and above the 4% budgeted. However, this is more than offset by around £513,000 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 6 months.

- iii. On Call staffing is currently forecasting an underspend of £256,000, 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 forecast to overspend by £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 £75,000 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 £328,000. Around £165,000 of this relates to Buildings repairs and maintenance costs due to 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 £145,000 due to a number of year's inflationary increases. These overspends follow trends over the past few years and will be addressed as part of the 2024/25 budget. The remaining £18,000 overspend is largely attributed to the inflationary increases in building insurance costs.
- vi. Transport costs are forecasting an underspend of £99,000. The forecast savings from fuel costs that were reported at period 4 have reduced to £50,000 as fuel prices have started to rise once again. Following some amendments to our insurance policy, savings of £25,000 are forecast on vehicle insurance. Savings of around £21,000 on staff travel expenses are still anticipated. The remaining underspend of £3,000 relates to other transport related costs.
- vii. Supplies and services are forecast to overspend by £363,000. Around £51,000 relates specifically to the inflationary increase in the Firelink ICT Contract. Approximately £161,000 of the overspend relates to a 5 year condition survey across the estate, an independent culture review of the service and some consultancy fees for the Reinforced Aerated Autoclaved Concrete (RAAC) review. The remaining £151,000 relate to operational equipment and other contracts, including the impact of higher inflation. To the extent that some of these pressures will persist, these will be reflected in the 2024/25 budget.

Income

- viii. Due to favourable interest rates compared to budget, interest receivable is forecast to be £340,000 more than budget.
- ix. Unbudgeted income of £64,000 is due to be received following the successful prosecution of a high rise building owner for fire safety breaches. Of this £37,000 has actually been received to date with the balance due in February 2024.

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 2 2023/24 Capital Programme	Programme after Carry Forwards	Actual YTD	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	3,090	328	1,633	1,475	18
Property	3,957	271	1,307	3,054	404
ICT	573	148	225	348	0
Equipment	817	25	351	466	0
Fire Control	244	0	0	244	0
Life Safety Sprinkler	50	0	0	50	0
TOTAL	8,731	772	3,516	5,637	422

Vehicles

10. Vehicle purchases have been subject to supplier delays, resulting in slippage of £1,475,000. £1,100,000 of this relates to the supply of 7 new appliances which are expected to arrive in service in early 2024/25. The remaining slippage relates to several vans which have been delayed due to supplier resourcing issues.

The second Variable Response Vehicle is anticipated to arrive in service in November 2023. A slight overspend of around £18,000 is anticipated in relation to this, to be funded from the Capital Fund Reserve.

Property

11. A forecast spend of £1,307,000 has been estimated, with £661,000 of this being for refurbishment projects at Western and Market Bosworth Station. Unplanned urgent boiler replacement works at Eastern and Central Station have been identified, costing £559,000; whilst the estates contingency budget of £155,000 will fund part of these costs, the remaining unfunded balance of £404,000 will be funded from the Estates Strategy Reserve. Since this will reduce resources available for future years budgets, this will need to be taken into account in the budget setting report for 2024/25.

As previously reported, the majority of the slippage relates to refurbishments at Eastern and Southern Station. Revised cost estimates for both of these stations indicate that the forecast expenditure is likely to exceed the approved budget. Value engineering work is underway to identify whether the scope and scale of the scheme can be revisited in order to bring costs down. Any residual budget shortfall following this work will need to be addressed as part of the 2024/25 budget setting process.

Following an independent review across our estate to determine the presence of Reinforced Aerated Autoclaved Concrete (RAAC), Wigston Station was identified as having RAAC. Whilst it does not have an operational impact on the service, various options are being explored to address this.

ICT

12. Updated forecasting has highlighted slippage of £348,000 relating to various projects including performance reporting software, Microsoft 365 and others.

Equipment

13. The forecast spend of £350,000 includes anticipated expenditure on Road Traffic Collision (RTC) equipment and other firefighting equipment. The majority of the slippage relates to the replacement of the Breathing Apparatus Equipment, with work to commence in 2024/25.

Fire Control

14. Slippage of £244,000 is forecast 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 is the lead on this project and will keep LFRS informed on any planned expenditure for the year.

Report Implications/Impact

15. Legal (including crime and disorder)
There are no legal implications arising from this report.
16. Financial (including value for money, benefits and efficiencies)
These are included in the main body of the report.
17. 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.
18. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)
There are no staff, service user or stakeholder implications arising from this report.
19. Environmental
There are no environmental implications arising from this report.
20. 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>

Financial Monitoring to end July 2023 (CGC 20 September 2023)

<https://leics-fire.gov.uk/wp-content/uploads/2023/09/Item-6.pdf>

Officers to Contact

Manjora Bisla, Finance Manager, LFRS

Manjora.Bisla@leics-fire.gov.uk

0116 210 5503

Stuart McAvoy, Head of Finance, Leicester City Council

Stuart.McAvoy@leicester.gov.uk

0116 454 4004