

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 24 November 2021**

**Subject: Usage of in-year underspend**

**Report by: The Chief Fire and Rescue Officer**

**Author: Callum Faint, The Chief Fire and Rescue Officer**

**For: Decision**

### **Purpose**

1. The purpose of this report is to inform the Corporate Governance Committee of the proposed use of underspends identified in the current year, following a report to the Committee in September 2021, and to seek support and approval to utilise this for specific projects detailed in Table 1 in this report.

### **Recommendations**

2. It is recommended that the Committee;
  - a. Notes the improved working which has identified that in-year underspends of circa £600,000 can be released.
  - b. Supports the Chief Fire and Rescue Officer's decision regarding the usage of the identified underspend (as specified in Table 1) to bring about positive business improvements, with the resulting budget adjustments being within the approved Scheme of Virement.
  - c. Approve the addition of £190,000 to the capital programme for the purchase of a variable response vehicle (VRV).

### **Executive Summary**

3. Due to the necessary financial planning assumptions when preparing the Service's budget, it is not uncommon for underspends to occur. For example, the budgets are constructed on the basis that there are no vacancies at any point in the year and that all staff in roles are at the top of their pay scale. However, there is almost always a period where not all roles are filled and a reasonable number of staff are not at the top of their pay scales, resulting in an underspend.
4. In addition to the above, and in preparation for the removal of the Day Crewing Plus (DCP) duty system the Chief Fire and Rescue Officer and the Deputy Treasurer have reviewed budgets to ensure any change is financially viable and sustainable for the future.

5. This work has identified a number of areas where year-on-year underspends are evident. In the future this will be utilised to offset any associated costs with withdrawal from DCP, but until this comes into effect in 2024, this provides an opportunity for consideration of the re-investment of this money back into the Service to bring about business improvements. These underspends were reported to the Committee at its meeting in September 2021.
6. In previous years any identified underspend has been used at the end of the financial year to increase reserves either for significant projects, building works or to make provision for contingency situations.
7. Given that the reserve levels appear to be suitable and sufficient for foreseeable needs and risks, it is recommended that circa £600,000 of available funds in 2021/22 is not moved to reserves, but utilised as described in Table 1 below to improve the Service provision in this and future years.

## **Background**

8. The budgets and forecast spend of the Fire and Rescue Service are produced, agreed and signed off by the CFA on a yearly basis, as required. This is then monitored by the Corporate Governance Committee at regular intervals to ensure that financial controls and rules are followed to deliver a correct and balanced budget. The Committee received a financial monitoring report at its meeting on 15 September 2021, where it resolved that the CFO would bring forward proposals to fund priority development and improvement initiatives.
9. The Service's budgets are created based on a number of factors. For example, they are constructed on the basis that there are no vacancies at any point in the year and that all staff in roles are at the top of their pay scale. However, there is almost always a period where not all roles are filled and a reasonable number of staff are not at the top of their pay scales, resulting in an underspend.
10. In previous years any identified underspend has been used at the end of the financial year to increase reserves either for significant projects, building works or to make provision for contingency situations.
11. It is felt by the CFO and Treasurer that the current reserves are at a suitable and sufficient level to meet foreseeable risks and circumstances and ensure Service delivery is maintained.
12. It is also important that as well as looking back, the officers of the CFA look forward to plan for the future and known issues that may present themselves to the CFA. In this spirit and in anticipation for the removal of the Day Crewing Plus (DCP) duty system, the Chief Fire and Rescue Officer and the Deputy Treasurer have reviewed budgets to ensure any change is financially viable and sustainable for the future.

13. This work has identified a number of areas where year-on-year underspends are evident. In the future this will be utilised to offset any associated costs with withdrawal from DCP, but until this comes into effect in 2024 this provides an opportunity for consideration of the re-investment of this money back into the Service to bring about business improvements.
14. The two main areas of continued underspend are:
  - i. The On-Call budget. The budget is set at the level of 100% availability and the establishment level to fulfil that, along with turnout and attendance costs being accounted for. Whilst there is still the absolute drive to achieve this, the On-Call model (across the entire fire sector) is some way off this and results in a significant year-on-year underspend of around £250,000 per year, as Members will recall.
  - ii. New Dimensions Grant Funding. Through the National Resilience arrangements LFRS receives an annual grant of £875,000 a year to provide and maintain an Urban Search and Rescue Team for local, regional and national deployments if required. This grant is only allocated year-on-year and as such a pragmatic approach has always been taken to only budget for £500,000 per year, in case the budget is reduced or removed. To date this has not occurred and the additional £375,000 is identified as an underspend. In September, the Committee agreed to transfer this to reserves, to support future years' budgets.
15. The underspends highlighted in paragraph 14 are again evident in the current financial year. The DCP duty system changes are subject to public consultation through the Integrated Risk Management Plan process and will come into effect in 2024. Additional in-year underspends are identified in the latest budget monitoring report elsewhere on the agenda. Therefore, it is recommended that the identified in-year underspend is re-invested into the Service this year to bring about business improvements that are as yet, currently unfunded.
16. Table 1 (below) shows the recommended areas to re-invest the underspend into the Service and achieve business improvements and progress a number of areas in line with the most recent staff engagement survey (conducted in 2020 across the entire service) and the feedback provided.

Table 1.

| Underspend Amount | Description                        | Commentary/Rationale   |
|-------------------|------------------------------------|--|
| £100,000          | Purchase of mobile devices (iPads) | Following the introduction of Oracle (Leaning management system and training records) it has highlighted the increased need for computer terminals to access materials and sign off training records. This could be achieved by more fixed terminals at the stations but this was felt to tie people to the station and the environment. Crews have also provided feedback that more mobile devices would enable them to undertake more functions and activities whilst out in appliances - the mobile solutions would allow for both needs to be met as they can be linked to the MDM ensuring all relevant ICT compliance issues are maintained and can even be remotely "stunned" or if needed "killed" to protect the network and data. Capital purchase will actually save two years revenue costs relating to the data packages. |
| £90,000           | Health and Wellbeing lead          | <p>The Health and Wellbeing Lead will support with the delivery and on-going development of the Leicestershire Fire and Rescue Service Health and Wellbeing Plan. This aims to develop an approach to wellbeing that focusses on initiatives that increase employee wellbeing and improve productivity as well as providing support for employees who experience ill health.</p> <p>This will be a fixed term contract (likely 2 years) to enable the establishment, delivery embedding of Health and Wellbeing into the Service. This is NOT permanent growth in the Service. The provision of materials, events, packages etc. are expected to be funded out of this allocation.</p>   |
| £190,000          | Variable Response Vehicle          | Given current Tactical Response Vehicle (TRV) levels within the Service, it is necessary to ensure that a designated "spare" of the vehicle type (in accordance with "Dear Chief Officer Letters"). Equally the anticipated increase in these types of vehicles as the Service moves away from DCP, there is the need to increase the vehicle type. The purchase of a Variable Response Vehicle (VRV) will allow the Service to meet the need to a designated spare and explore the possibilities of using this vehicle type further in the future - with the aim of providing one vehicle to On-Call stations that can be mobilised with a crew of 2, 3, 4 or 5 depending on availability - effectively replacing two vehicles currently in use (long term reduction in the fleet numbers).   |
| £20,000           | HMICFRS Resource Fund              | In preparation for the HMICFRS inspection, the Senior Management Team feel it wise to allocate some funding to this area to support the delivery of materials and personnel to focus on HMI and if necessary do this quickly (outside of any capacity limitations of internal departments)   |

|                                 |                               |  |
|---------------------------------|-------------------------------|--|
| £100,000                        | Apprenticeship set up funding | Intended to meet the costs of establishing the Service so it is able to deliver apprenticeships internally to provide long term cost savings in relation to levy drawn down for apprenticeship courses. Given the recruitment needs over the coming 4-5 years this would appear to be a very wise investment of current underspend and will likely make wholetime recruit training cost neutral for the Service.   |
| £25,000                         | Staff recognition             | Pre-Covid - it was always intended to launch a staff recognition programme that provided positive recognition to outstanding achievements across the Service. This money would pay for those events and awards etc. - This WOULD NOT be used in any way for financial payments to staff. This is repeatedly mentioned in the staff engagement survey as a key area to be progressed.   |
| £50,000                         | Work wear/ Undress Uniform    | The current project underway is likely to change the work wear provision across the Service and there is a strong desire for staff to have formal "undress" uniform provision. The underspend would be used to establish a "Moss Bros" style stock of undress uniform along with reducing any burden of year 1 costs of a new uniform provision. This would be another example of the Service following through on the staff engagement survey and listening to staff, allowing them to have pride in their service. |
| £25,000                         | Hot fire training             | Funding allocated to ensure operational crews are exposed to hot fire/carbonaceous fire training whilst the Learning and Development centre project builds a new facility. Will minimise a number of training risks and ensure staff are suitably skilled and trained in this environment.   |
| <b>TOTAL</b><br><b>£600,000</b> |                               |  |

### Report Implications/Impact

17. Legal (including crime and disorder)

There are no legal implications arising from this report

18. Financial (including value for money, benefits and efficiencies)

The report has been developed by the CFO in conjunction with the Deputy Treasurer and the Finance Manager, who are both supportive of the re-investment of the identified 2021/22 underspend.

The Scheme of Virement approved by the CFA on 10 February 2021 permits the Chief Fire and Rescue Officer to vire money between any two budget ceilings, provided such virement does not give rise to a change in the Authority's policy. The maximum amount by which any budget ceiling can be

increased or reduced during the course of a year is £500,000. The virements proposed in Table 1 are within this sum.

The Scheme of Virement also permits this Committee to approve changes to the capital programme.

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

Approval of the recommendation will see mitigation added to some corporate risks, specifically the introduction of VRV's will ensure a suitable number of spare vehicles (of specific vehicle types) are available in line with extant guidance of Dear Chief Officer Letters (DCOL). DCOL letters were historically issued by the Home Office as a way of formally communicating and recording decisions, actions and information. Whilst no longer issued a number of DCOL are still the extant guidance for a number of matters, this includes the requirement for the provision of dedicated spare of a vehicle type when it forms over 10% of the fleet.

In addition to this, all elements will show an increase or additional support to Service Delivery and mitigate risks for the future – specifically will remove the financial burden of wholtime training, improve operational training and show an increased level of support around staff wellbeing.

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

A number of these items have arisen from the most recent staff engagement survey and are a direct result of it. Not only improving the Service for staff but also showing the value they bring to the Service in delivering on the vision and needs.

21. Environmental

There are no increased environmental issues arising from this report. As part of the research and development for this paper, the Service has engaged with vehicle suppliers to ascertain the market for electric Fire Engines. Two suppliers do now make electric fire engines for the UK market; however, these are of the traditional type and not the TRV or VRV type. The technology is still very new for this and is currently very costly (approximately two to three times the cost of a normal fire engine).

22. Impact upon "Our Plan" Objectives

The proposals all contribute towards "Our Plan" in a number of different areas. This is detailed below: -

- i. Mobile devices –
  - o Continue to undertake education and enforcement activities, targeting those most at risk.

- Implement improvements based on the staff survey results to improve the employee experience.
  - Give leaders the skills to engage and motivate their teams
  - Implement the findings from the multiculturalism and fire safety research
  - Improve engagement with our communities
- ii. Health and Wellbeing lead
- Implement improvements based on the staff survey results to improve the employee experience
  - Give leaders the skills to engage and motivate their teams
  - Design and deliver learning and development interventions that ensure we have a competent, professional workforce who can help our communities
  - Introduce a range of interventions that prevent workplace stress and help people manage stressful situations
- iii. Variable Response Vehicles
- Use our fire engines flexibly, aiming to attend life threatening incidents in an average of 10 minutes
  - Use our firefighters efficiently and flexibly to maximise our appliance availability
  - Implement alternative crewing arrangements in the event of the Service moving away from the current Day Crewing Plus duty system
  - Increase the availability of our On-Call appliances to respond to incidents
- iv. HMICFRS resource fund
- Implement our HMICFRS Improvement Plan
- v. Apprenticeships
- Use our firefighters efficiently and flexibly to maximise our appliance availability
  - Continue to collaborate with other blue light services and our partner agencies to support our purpose of safer people, safer places
  - Implement improvements based on the staff survey results to improve the employee experience
  - Design and deliver learning and development interventions that ensure we have a competent, professional workforce who can help our communities
- vi. Staff recognition
- Implement improvements based on the staff survey results to improve the employee experience
  - Give leaders the skills to engage and motivate their teams
  - Implement our HMICFRS Improvement Plan

- vii. Workwear/undress uniform
  - Implement improvements based on the staff survey results to improve the employee experience
  
- viii. Hot fire training
  - Use our firefighters efficiently and flexibly to maximise our appliance availability
  - Relocate and centralise our Learning and Development facilities
  - Continue to collaborate with other blue light services and our partner agencies to support our purpose of safer people, safer places
  - Design and deliver learning and development interventions that ensure we have a competent, professional workforce who can help our communities
  - Implement improvements based on the staff survey results to improve the employee experience

### **Officers to Contact**

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