

## Financial Performance to December 2023

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 or Joanne Coadey, Head of Finance, on 01743 260215.

### 1 Purpose of Report

This report provides information on the financial performance of the Service, and seeks approval for action, where necessary.

### 2 Recommendations

The Committee is asked to recommend that the Fire Authority:

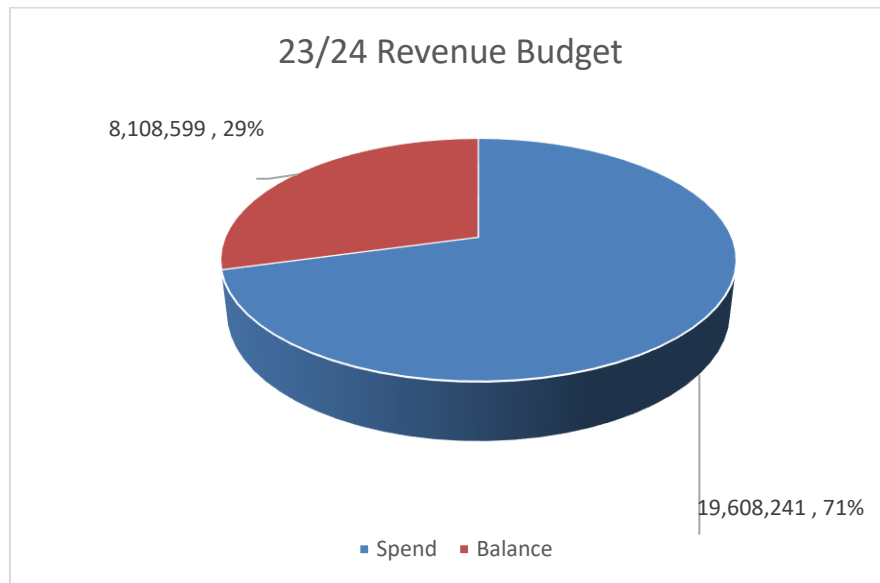
- a) Note the position of the revenue budget;
- b) Approve virements to the revenue budget, where requested, and
- c) Note performance against prudential indicators to date in 2023/24.

### 3 Background

This report presents a review of financial performance to date for 2023/24, and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

### 4 Revenue Budget

Monitoring continues on the revenue budgets for 2023/24, and a summary of the total position is shown below.

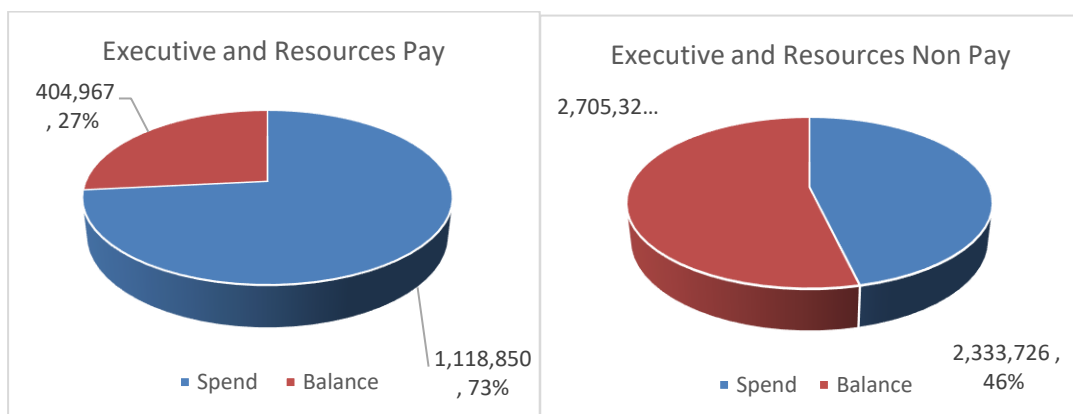


Expenditure on pay budgets is 71% on average; this is lower than anticipated spend at this point in the year. Areas such as on call firefighters and overtime payments would be a month behind as these activities are paid for in the following month.

In terms of non pay budgets, average spend across all budgets (removing grant income) is 56%. Some areas may not have incurred high levels of spend to date (corporate finance budgets, training, legal), where others may have already paid annual maintenance or support contracts (subscriptions, ICT contracts, equipment maintenance). There are also borrowing costs that will not be spent this year due to timeliness of the capital programme.

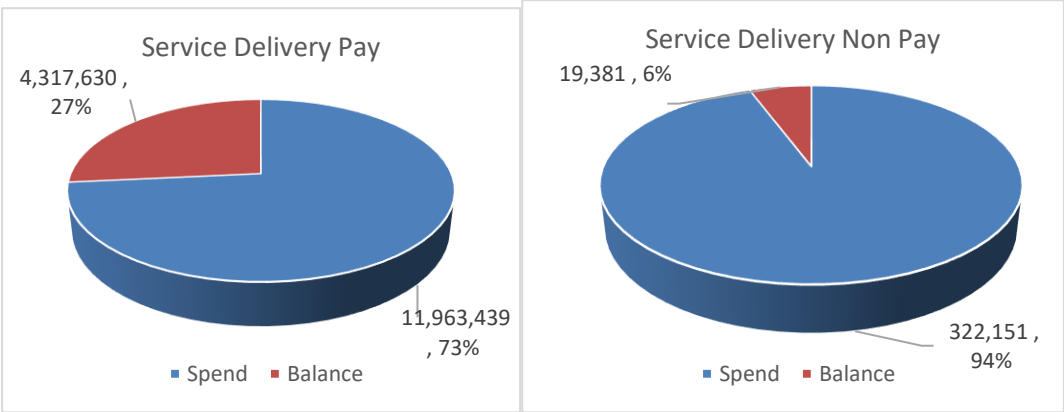
The graphs below illustrate spend to date across each of the service areas.

### Executive and Resources



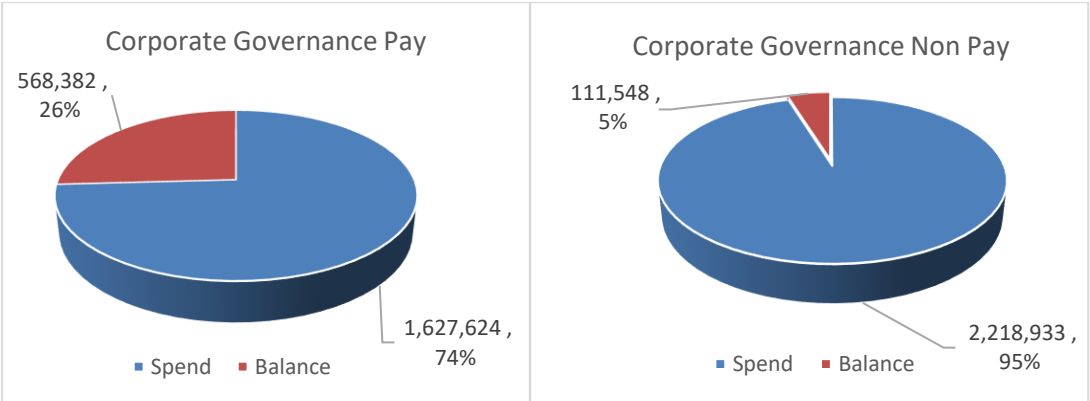
Other - A number of subscriptions have been fully paid, and rates bills across all sites are also paid. Spend is steady in the facilities budgets; some additional spend has been incurred in equipment and uniform. Corporate finance costs will have no spend until later in the year; additional income has been received during the year, some of which will be used to fund capital in future years.

**Service Delivery**



Other – some costs incurred in Training that were not anticipated; costs committed in protection that will be funded from government grant.

**Corporate Governance**



Other – Annual ICT costs such as the wide area network, are fully paid, and all insurance premiums have also been paid for 2022/23.

The position to December can now be reported with exceptions identified shown in the following table:

	(Over) / Under spend £'000	% of Budget
<b>Service Delivery</b>		
<b>Overtime and national insurance</b> – expenditure in this area continues to run at levels higher than budget. Secondments into other areas of the Service, long term sickness and modified duties, and course attendances are all contributory factors.	(100)	50%
To mitigate this position, an external transferee process will commence in January, as will a new training delivery model, which will reduce the amount of overtime required while training is being delivered.	(50)	10%
<b>On call duty system</b> Costs have been lower than anticipated in a number of areas; staff numbers and a reduced number of incidents have led to an underspend in both fixed and activity led costs.		
<b>Retaining fee</b>	40	4%
<b>Turnouts</b>	50	16%
<b>Drills</b>	25	6%
<b>Hours</b>	60	12%
<b>Sick pay</b>	25	32%
<b>Pension</b>	80	10%
<b>National Insurance</b>	40	28%
These are directly linked to savings above		
<b>Training</b> Additional courses have been undertaken or planned in a number of areas, including hazmat training, which was not included in the planned programme.	(40)	21%
<b>Training – pay</b> Savings have arisen from a number of vacancies in this area:		
Driving instructor	40	4%
2 crew managers and 1 watch manager	110	11%
Additional costs due to secondment from retained support officers	(70)	7%

	(Over) / Under spend £'000	% of Budget
<b>Prevention</b> Savings have arisen due to a watch manager vacancy in the department	60	
<b><u>Executive and Resources</u></b>		
<b>Pensions deficit</b> – no payments have been required this year to cover deficits in the local government pension scheme	50	100%
<b>Audit fees</b> – there has been a significant increase in external audit fees from 2023/24, this will be reflected in future years	(50)	178%
<b>Utilities – gas</b> – estimated usage at Telford has now been corrected, resulting in a refund	30	52%
<b>Diesel</b> – a saving due to reduction in fuel prices	20	7%
<b>Business Rates</b> – an exercise reviewing business rates across a number of stations has identified a net refund of £150,000 – it is proposed that this is transferred to the Buildings Maintenance Reserve	150	-
<b><u>Corporate Governance</u></b>		
<b>ICT</b> – a number of vacant ICT Technician posts in the department have resulted in an underspend	30	7%
<b>Planning &amp; Performance</b> - a number of vacancies including systems administrators and a support officer have resulted in an underspend	70	19%
<b>Total</b>	<b>570</b>	

It is proposed that, unless specified, variances will be transferred to individual contingencies, where they will be managed with future variances.

Virements that have been approved using powers delegated to the Chief Fire Officer, Treasurer and Head of Finance:

- Replacement of air bags (£28,000)
- Purchase of rapid streaming camera and body worn cameras (29,000)
- Community Risk Management Plan – research and consultation (£50,000)

- Secondment of manager for command and control project and structural review (£9,000)
- Replacement of hydrants management system (£28,000)

## 5 2023/24 Prudential Indicators

In line with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance, the Treasurer is required to establish procedures to monitor performance against all forward looking prudential indicators and that net external borrowing does not (except in the short term) exceed the requirement to borrow for capital purposes.

The Fire Authority has established that it will receive regular monitoring reports during the year; the position to the end of December is shown below.

### Capital Financing Requirement (£8.445m)

This is the amount required by the Authority to fund its capital investment. This includes all capital investment expected to be made this year, less any contributions from revenue or grant.

### Authorised Limit for External Debt (£11.445m)

The Authorised Limit represents the amount required to fund the Authority's capital financing, plus a provision for temporary borrowing, should the receipt of revenue money be delayed, although this should happen very rarely. Borrowing currently stands at £5.255m, well within the indicator. No temporary borrowing has been necessary.

### Operational Boundary (£8.445m)

The Boundary represents the capital investment entered into by the Authority, including any loans to be taken during the year. Unlike the Authorised Limit, this may be exceeded, although this would require some investigation.

### Current Investments

Funds currently invested are shown below:

Santander	£2.00m
Handelsbanken	£2.00m
Barclays	£2.00m
Nationwide Building Society	£2.00m
Nat West	£1.40m
<b>Total</b>	<b>£9.40m</b>

The Authority's Treasury advisors view other local authorities as safe counterparties as they are unlikely to go bust.

Handelsbanken is a Swedish bank which remains on the Authority's current acceptable counterparties list for investment.

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The interest on investments earned to the end of December is £416,000 – an average rate of return of 4.67%.

## **6 Financial Implications**

The financial implications are as set out in the main body of the report.

## **7 Legal Comment**

There are no direct legal implications arising from this report.

## **8 Initial Impact Assessment**

An Initial Impact Assessment has been completed.

## **9 Appendices**

There are no appendices attached to this report.

## **10 Background Papers**

There are no background papers associated with this report.