

Financial Performance to March 2024

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 Fire Authority is recommended to:

- a) note the position of the revenue budget;
- b) approve virements to the revenue budget, where requested;
- c) approve the amendments to the capital programme, and
- d) note performance against prudential indicators to date in 2023/34.

3. Background

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

4. Revenue Budget

Monitoring is completed on the revenue budgets for 2023/24, and a summary position is shown below. This has been undertaken alongside closedown of the financial accounts, and there will be adjustments made as the accounts are completed.

Area	Budget £m	Spend £m	Balance £m
Executive and Resources			
Pay	1.497	1.487	0.010
Other (inc contingency)	4.170	1.396	2.774
Service Delivery			
Pay	16.023	16.135	-0.112
Other	0.385	0.431	-0.046
Corporate Governance			
Pay	2.150	2.185	-0.035
Other	2.337	2.515	-0.178
Total	26.562	24.149	2.413

Budgets that were set by the Authority in February 2023 have been adjusted as variances were reported to members during the year. These adjustments included significant underspends on debt charges, as no borrowing for the capital programme has yet been undertaken. There were underspends within the on call system budgets due to reduced operational activity, and additional costs in wholetime overtime, which are being reduced by new training initiatives.

Interest on investments was also higher than anticipated due to rate increases within the year.

Further variances have been identified during the final quarter of the year and these are shown in the table below.

	(Over) / Under spend £'000
Service Delivery	
Watches – total expenditure for 2023/24 has exceeded budgeted levels, due to long term ill health and secondments	-111
On call duty system- costs have been lower than anticipated in a number of areas; staff numbers and lower incident levels have led to an underspend in activity led costs. Claims for lone working and administration are higher than anticipated.	
Additional hours	-55
Drills	28
Attendances	33
Training	18
National insurance	5
Pension	19
Sick pay	16

	(Over) / Under spend £'000
Executive and Resources	
Debt charges – underspends due to no borrowing undertaken for capital projects	600
Interest on investments – returns on investments have increased due to increases in Bank Rate	170
Pensions – contribution for ill health retirements into the pensions account	-57
Facilities:	
Business rates – refunds following successful rates appeal process	229
Buildings maintenance – major additional expenditure at Wellington and Tweedale has resulted in an overspend	-25
Consultancy – business rates appeals process consultant	-28
Utilities – anticipated use of electricity exceeded due to dual running during building refurbishment	-63
Furniture – additional furniture required at Telford	-7
Corporate Governance	
ICT – a significant increase in unavoidable software charges has resulted in an overspend in this area.	-62
Legal Costs – legal issues around the Greenways major incident has resulted in additional costs of £25,000.	-25
Pay and Price Contingency – a balance remains on the pay and prices contingency following allocation of pay awards and inflationary increases. This will be utilised in future years where required, to mitigate future pressures.	206
Total	891

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:

- Reach pole for operational incident (£3,600)
- Additional Career Path Gateway process (£9,096)
- Extension of HR Manager role (£9,934)
- HR Officer for culture and values project (£43,427)
- CadCorp support for CRMP (£5,250)

- Training facilities removal (£2,698)

5. Capital Programme

Additional capital scheme – Thermal imaging cameras

Thermal imaging cameras are used by firefighters to enable vision in smoke logged areas and to assess fire behaviour. The technology used in the cameras has evolved rapidly and this has resulted in the current ones becoming obsolete, and repair components not being available. Newer cameras perform better, with greater resolution and temperature differentiation, and improved maintainability (particularly in battery technology and the use of removable batteries, which enables cameras to remain available rather than having to be sent away for battery repair). It is proposed that all cameras be replaced with an upgraded model to ensure commonality and standardisation of training. Suitable cameras are available through existing frameworks.

Members are asked to approve an additional capital scheme to the programme for 2023/24, totalling £120,000. The scheme can be funded from Major Projects Reserve.

Prudential indicators will be updated accordingly.

6. 2023/24 Prudential Indicators

In line with CIPFA's 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	£2.0m
Handelsbanken	£2.0m
Debt Management Office	£2.0m
Nat West	£1.0m
Total	£7.0m

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.

The interest on investments earned to the end of March is £534,295 – an average rate of return of 4.7%.

7. Financial Implications

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

8. Legal Comment

There are no direct legal implications arising from this report.

9. Initial Impact Assessment

An Initial Impact Assessment has been completed.

10. Appendices

There are no appendices attached to this report.

11. Background Papers

There are no background papers associated with this report.