

Financial Performance to December 2019

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,
- c) Approve proposed changes to the current capital programme, and
- d) Note performance against prudential indicators to date in 2019/20.

3 Background

This report presents a review of financial performance to date for 2019/20, and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

4 Revenue Budget

Monitoring has continued on the revenue budgets for 2019/20, and a summary of the budget by individual service areas is attached as an appendix. The position to December can now be reported with exceptions identified shown in the following table:

	(Over) / Under spend £'000	% of Budget
<u>Service Delivery</u>		
Area Command – On call staff		
Projected spend to the end of the year has been reviewed:		
National Insurance	53	39%
Attendance	21	42%
Pension contributions	(34)	(6%)
Turnouts	46	15%
Drill Hours	23	31%
A reduction in claims for turnouts and attendances by on call staff is due, in the main to several stations implementing a locally managed shift system at weekends. This shift system has enabled on call staff to improve their work/life balance whilst still maintaining their contractual obligation. This also ensures that during the hours of high availability (weekends) staffing levels remain as close to optimum as is possible with such a flexible system.		
Pensions budgets will be refreshed again to incorporate increases in employer contributions		
<u>Executive and Resources</u>		
Utilities – net savings across electricity and gas have been identified, these will continue to be monitored as year end adjustments are made	27	12%
Contract Cleaning - Costs of the current contract is lower than budgeted	23	55%
Income – budget adjustment following closure of SFRMS	(50)	(100%)
<u>Corporate Services</u>		
Ill health pensions – additional payments required for historical tax refunds to pensioners. It is proposed that this is transferred from the Pensions Reserve	(41)	(36%)
Injury pensions – pensions and compensation payments to existing pensioners will exceed budgeted levels	(30)	(22%)

	(Over) / Under spend £'000	% of Budget
ICT – the introduction of the FSR on call availability system, and the associated improvements to enable activity claims to be submitted for payment, have led to increased costs in this area. Costs have also increased in a number of systems maintenance contracts. The ICT Reserve will be used to cover these costs during 20/21, while a review is carried out across the budget as whole	(100)	(9%)
Pay and Price Contingency – funds were brought forward from the General Fund in 2018/19 to cover potential back pay of the 2018 firefighter pay award – this is not required	228	-
Total	166	

Variances and additional expenditure within the limits of delegated powers include (£6k) for staff survey feedback presentation costs and (£4k) for workshops diagnostic software.

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

5 Capital Programme

The Committee will receive a capital update report on this meeting's agenda. The report details changes in two of the Service's capital schemes that require a change to be approved.

- a) **Major Incident Room** – it is recommended that this scheme is formally closed, as officers are now equipped with mobile devices and improved access to information that enables them to work dynamically
- b) **Building Improvements at Tweedale** – the Committee received an update last year regarding this scheme to address the drill tower, the drill yard and the appliance bay doors. Entrust have identified a reinforced rendering scheme which will prevent further bricks falling from the tower. This work, together with the provision of a line safety training balcony and resurfacing of the drill yard can be completed with an additional £40,000 of capital funding. Members are asked to recommend that the scheme is increased to accommodate this change.

6 2019/20 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, in particular, 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 (£3.595m)

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 (£6.595m)

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 £5.698m, well within the indicator. No temporary borrowing has been necessary.

Operational Boundary (£5.698m)

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:

Coventry City Council	£2.0m
Santander	£2.0m
Handelsbanken	£2.0m
Barclays	£2.0m
Lloyds	£2.0m
Coventry Building Society	£1.0m
Thurrock Council	£1.6m
Blaenau Gwent	£2.0m
Cornwall Council	£2.0m
Nationwide Building Society	£2.0m
London Borough of Hounslow	£2.0m
Total	£20.6m

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 £145,800 – an average rate of return of 0.79%.

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

Appendix – Revenue Budget Directorate Summary

11 Background Papers

There are no background papers associated with this report.

Shropshire and Wrekin Fire and Rescue Authority
Revenue Budget Directorate Summary

Appendix to report on
Financial Performance to December 2019
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
30 January 2020

Directorate	Budget	Spend	Committed	Balance	% Spent
Executive & Resources					
Pay					
Executive	804,472	584,344	-	220,127	73%
Resources	490,130	376,831	-	113,299	77%
Other					
Equipment & Uniforms	458,699	320,303	51,086	87,310	81%
Executive	140,986	114,573	85	26,328	81%
Facilities	1,032,460	768,210	45,834	218,415	79%
Finance	100,503	1,067,507	500	1,167,510	-1062%
Fleet	291,324	237,291	12,953	41,080	86%
Hydrants	117,738	1,126	2,400	116,464	1%
Workshops	208,567	182,850	6,400	19,316	91%
Total Executive	3,644,878	1,515,771	119,258	2,009,849	45%
Service Delivery					
Pay					
Area Command	10,596,349	7,705,923	-	2,890,426	73%
Control	695,236	510,803	-	184,433	73%
ESMCP	-	34,649	-	34,649	-
Operations	526,826	432,046	-	94,779	82%
Prevention	940,477	705,052	-	235,424	75%
Training and Development	1,092,021	791,932	-	300,090	73%
Other					
Area Command	5,000	2,301	400	2,299	54%
Animal Rescue	8,000	1,404	-	6,596	18%
Business Fire Safety	1,000	101	-	1,101	-
Community Fire Safety	50,084	24,631	150	25,303	49%
Health & Safety	4,200	3,604	512	84	98%
ESMCP	-	69,421	3,056	66,365	-
Operations	26,000	9,729	-	16,271	37%
Prevention	11,475	590	-	10,885	5%
Arson/Risk Reduction	500	540	-	40	108%
Training	179,561	125,342	1,592	52,627	71%
Total Service Delivery	14,136,729	10,279,025	5,710	3,851,994	73%
Corporate Governance					
Pay					
Corporate Communications	315,498	259,323	-	56,175	82%
Corporate Services	309,514	226,711	-	82,804	73%
HR	348,417	248,651	-	99,766	71%
IT and Comms	390,715	217,473	6,000	167,242	57%
Strategic Alliance	-	25,427	-	25,427	-
Other					
Corporate Communications	10,000	1,037	-	8,963	10%
Corporate Services	37,460	2,961	-	34,499	8%
Development	200,695	116,014	12,913	71,768	64%
Equality & Diversity	20,900	7,250	142	13,507	35%
HR and Occ Health	197,263	150,991	150	46,122	77%
IT and Comms	1,129,783	1,216,792	138,985	225,994	120%
Insurance	329,832	330,206	129	503	100%
Members	86,136	50,832	-	35,304	59%
Pensions	334,120	261,205	-	72,915	78%
Strategic Alliance	-	5,107	-	5,107	-
Service Transformation	10,500	-	-	10,500	0%
Total Corporate Governance	3,720,834	3,119,981	158,319	442,533	88%
Pay & Prices Contingency	785,639	-	-	785,639	0%
Non Pay Budgets	4,992,786	2,865,032	274,231	1,853,522	63%
Pay Budgets	16,509,655	12,119,166	6,000	4,384,489	73%
Total	22,288,080	14,914,777	283,287	7,090,016	68%