

Financial Performance to December 2022

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:

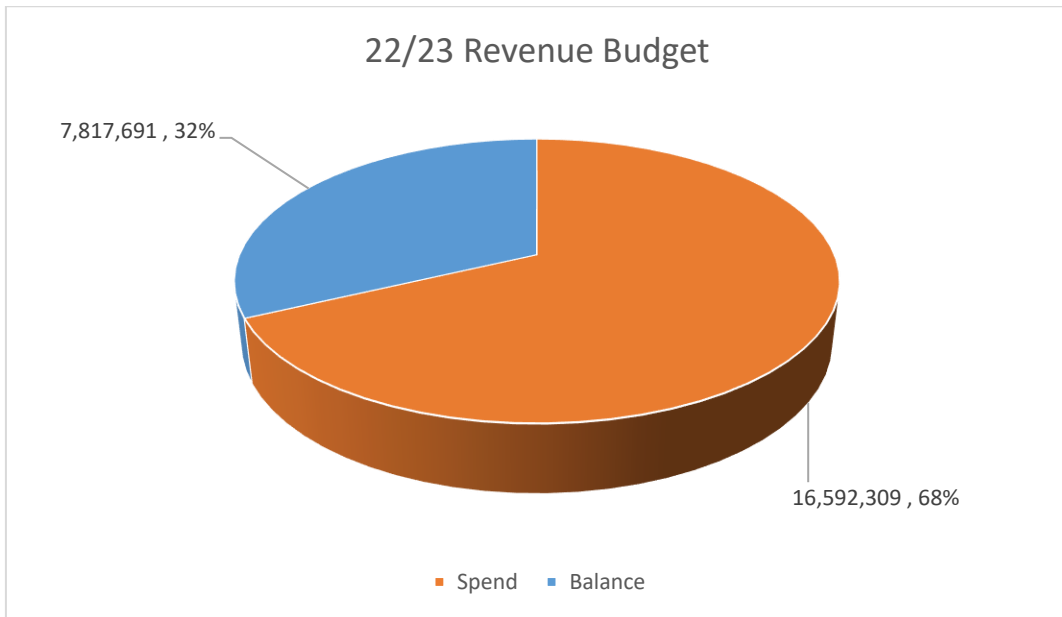
- a) Note the position of the revenue budget;
- b) Approve virements to the revenue budget, where requested;
- c) Approve the capital scheme for replacement of officers' cars, and
- d) Note performance against prudential indicators to date in 2022/23.

3 Background

This report presents a review of financial performance to date for 2022/23, and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

4 Revenue Budget

Monitoring has begun on the revenue budgets for 2022/23, and a summary of the total position is shown below.

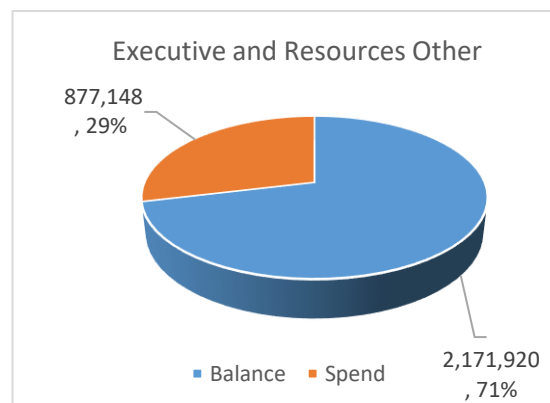
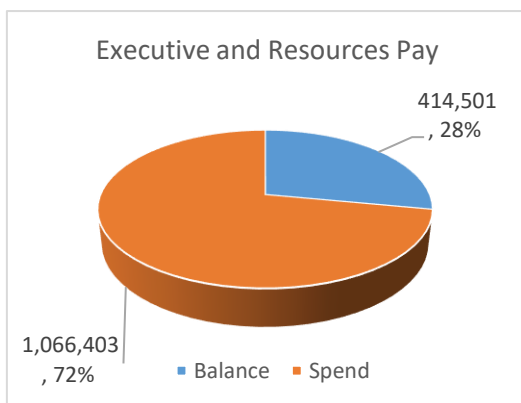


Expenditure on pay budgets is 72% on average; this is lower than anticipated spend at this point in the year. Areas such as on call firefighters and overtime payments would be a month behind as these activities are paid for in the following month; however, there are also a number of officers who have been seconded to complete projects in other organisations, and these costs will be recharged.

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.

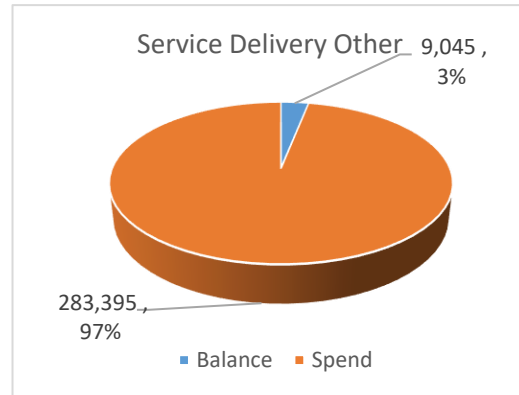
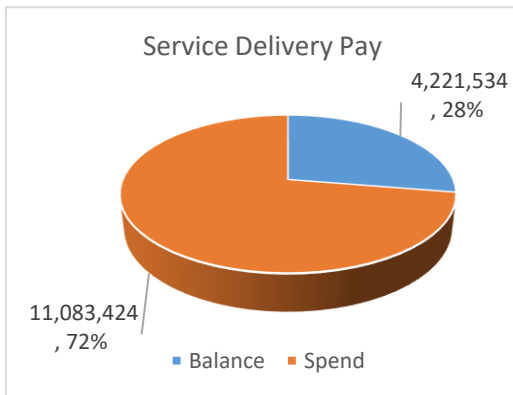
Executive and Resources



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.

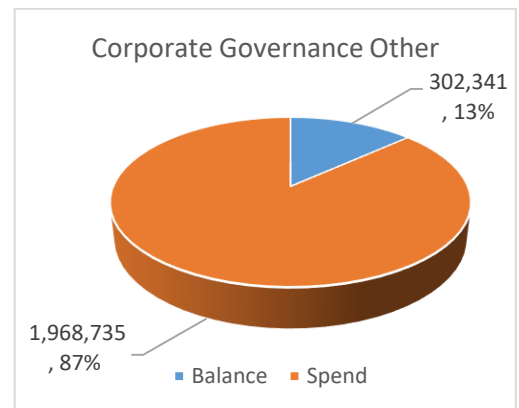
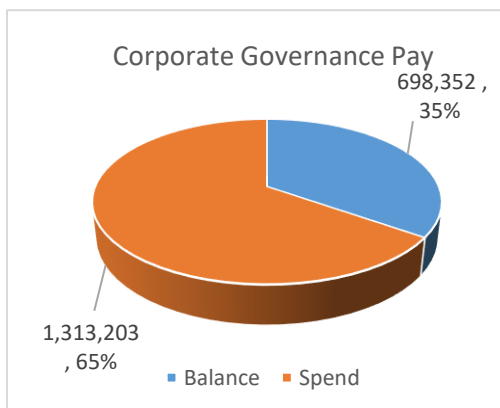
Corporate finance costs will have no spend until later in the year; additional income has been received during the year, some of which will be used to fund capital in future years.

Service Delivery



Other – some costs incurred in Training that were not anticipated; costs committed in protection that will be funded from government grant. Fire safety spend now in line following delay in supplies of smoke alarms.

Corporate Governance



Other – Annual ICT costs such as the wide area network, are fully paid, and all insurance premiums have also been paid for 2021/22.

The position to December 2022 can now be reported with exceptions identified shown in the following table:

	(Over) / Under spend £'000	% of Budget
<p>Service Delivery</p> <p>Overtime – additional shifts have been required to cover attendance at training courses, and staff on modified duties.</p> <p>On call duty system 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.</p> <p>Retaining fee 60 7%</p> <p>Turnouts 60 18%</p> <p>Attendances 30 56%</p> <p>Pension 75 11%</p> <p>National Insurance 50 51%</p> <p>These are directly linked to savings above</p> <p>It is proposed that savings identified in the On Call duty system are ringfenced to support the On Call Sustainability project. The On Call budget will be reviewed during 2023/24 and funds diverted to better align with on call activity and improvement</p> <p>Training (37) 22%</p> <p>Additional training has been undertaken or planned in a number of areas, including recruitment, drone training and first aid emergency response, which has exceeded budgeted levels</p>		
<p><u>Executive and Resources</u></p> <p>Pensions Consultancy – additional costs have been incurred this year due to a change in pensions administration provider. This includes an extension to the contract with the previous provider for continuation of support through transition and external audit.</p> <p>Pay Contingency – the flat rate award made to staff on green book terms and conditions was higher than budgeted contingency – this has been built into the revenue budget from 2023/24</p>	(36)	-
Total	65	

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:

- Uplift of current HR Officer to a HR Manager post for 12 months (£18,000)
- Introduction of 2 watch manager posts in Fire Control for 2 years (£93,000)
- Introduction of Development officer for 12 months (£36,000)
- Purchase of scoop stretchers (£4,000)
- On call sustainability consultancy (£13,000)
- Clinical Governance – trial of new provider (£5,000)
- Introduction of replacement fleet management system (£20,000)
- Additional costs for face fitting of masks (£6,000)

5 Capital Programme

Activity on the schemes in the current capital programme are reported separately on the agenda.

One of the schemes within the capital programme is the replacement of officers' response vehicles, which is spread over a number of years. The replacement programme will begin in 2022/23, however the current remaining scheme is not sufficient to complete the purchase of the first tranche of vehicles. This will be funded from borrowing and capital receipts from the sale of the existing fleet.

Members are asked to approve an increase in the current scheme of £170,000, to facilitate this replacement.

6 2022/23 Prudential Indicators

In line with the Chartered Institute for 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 (£10.508m)

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 (£13.508m)

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 (£10.508m)

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 Building Society	£1.00m
Santander	£2.00m
Handelsbanken	£2.00m
Barclays	£2.00m
Debt Management Office	£1.80m
Nationwide Building Society	£2.00m
Nat West	£1.00m
Total	£11.80m

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 December is £104,000 – an average rate of return of 1.33%.

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.