

Financial Performance to July 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;
- c) Approve the request for an ongoing staff resource in Workshops, and
- d) 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.

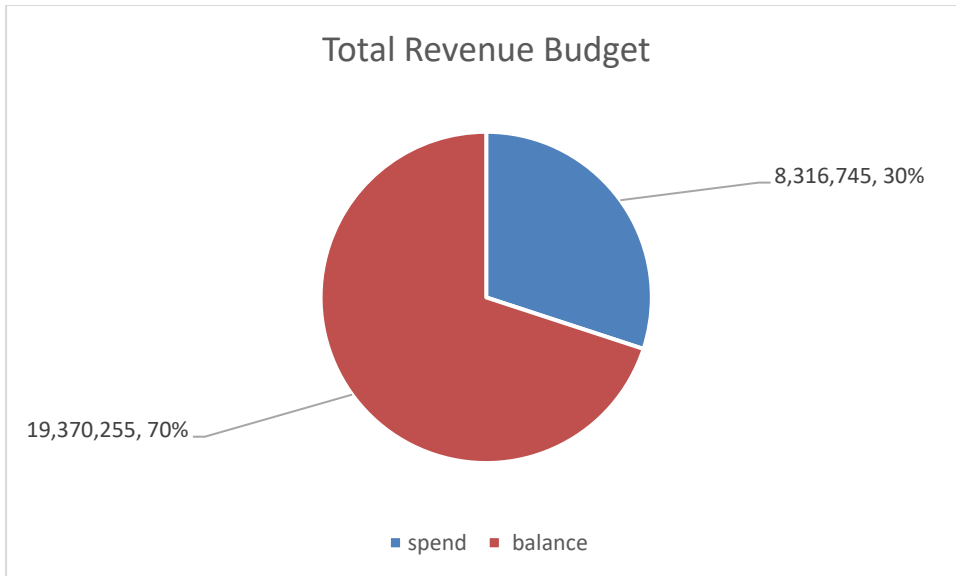
4 Revenue Budget

The Fire Authority approved a 2023/24 revenue budget of £26.562m in February 2023, split into three service areas:

- Executive and Resources
- Service Delivery
- Corporate Governance.

Each of these areas has a pay budget and a non-pay budget, and these are monitored with budget holders on a monthly basis.

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

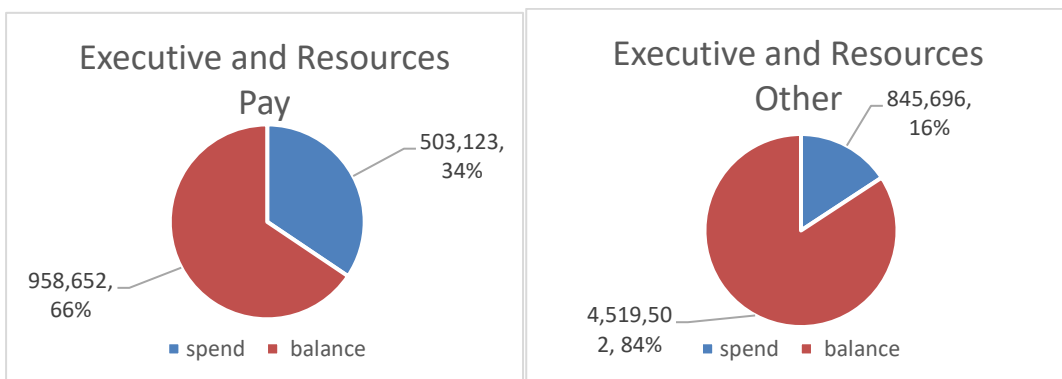


Expenditure on pay budgets is 31% on average; this is in line with estimated spend at this point in the year. Areas such as On Call firefighters and overtime payments would be a month behind as these activities are paid for in the following month; however, there are also a number of officers who have 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 15%. Some areas may not have incurred high levels of spend to date, for example the corporate finance budgets, while others may have already paid annual maintenance or support contracts (subscriptions, ICT contracts, equipment maintenance).

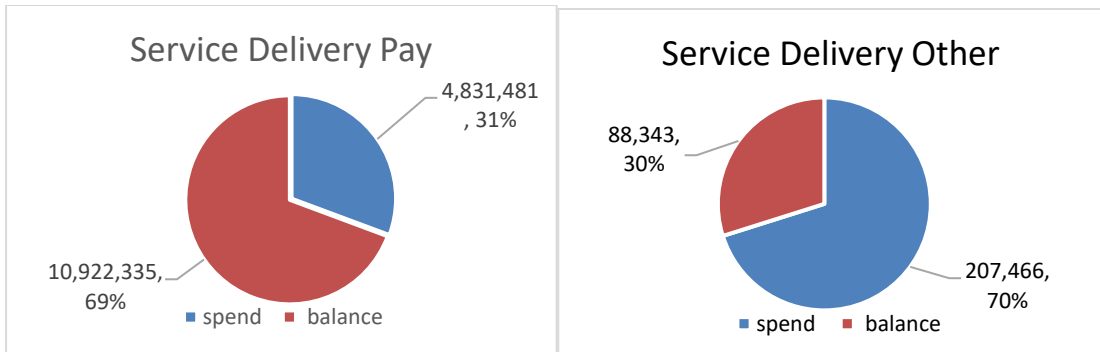
The graphs below illustrate spend to date across each of the service areas.

Executive and Resources



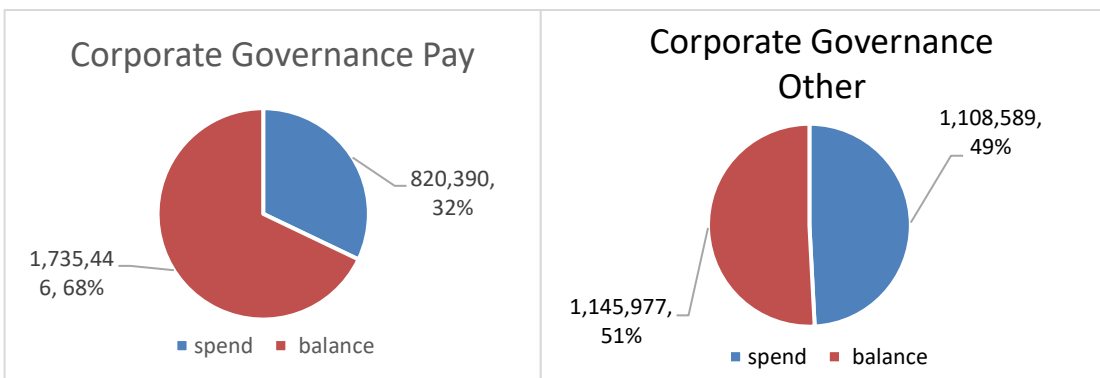
Other - A number of subscriptions have been fully paid; some consultancy costs will be covered by future rates refunds following revaluation. Some corporate finance costs will have no spend until later in the year.

Service Delivery



Other – there has been some expenditure relating to the protection department that will be covered by transfer of government grant.

Corporate Governance



Other – some annual ICT costs, such as ongoing maintenance and support agreements, have been paid. Insurance premiums have also been paid for 2023/34 and a number of development courses have been purchased.

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

	(Over) / Under spend £'000	% of Budget
<u>Service Delivery</u>		
Overtime – the overspend in this area is currently running over budgeted levels. This is likely to reduce following restructure of the training delivery timetable. Overtime activity is being monitored and reviewed by senior management on a regular basis.	(30)	35%
On Call Duty System Underspends have been identified in a number of areas, due to reduced numbers and activity.		
Retaining Fee	25	3%
Drills	35	20%
Turnouts	20	5%
National Insurance	13	8%
<u>Executive and Resources</u>		
Debt charges – no borrowing has yet been undertaken; therefore, a saving can be reported.	200	15%
Interest on Investments – the increase in interest rates has resulted in a higher return on investments made.	100	83%
<u>Corporate Governance</u>		
ICT pay – there are savings here due to vacancies in the department.	24	6%
Total	387	

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 are as follows:

- 'Say So' reporting hotline (£5,000)
- Clinical Governance support (£10,000)
- 360degree assessments package for senior managers (£3,000)
- Operational Support Technician – Workshops – see below (£4,100)
- Wholtime apprenticeships scheme (£13,000)
- Hazmat training programme (£10,050)
- Enhances DBS checks (£3,000)
- Talentlink recruitment WME costs (£5,900)

Operational Support Technician - Workshops

The agenda for the Service Management Team meeting in July 2023 included a proposal to increase the current establishment in Workshops and introduce an Operational Support Technician.

Senior managers were supportive of the proposal and agreed to fund a temporary post to March 2024, with the permanent post to be considered as part of the budget setting process from November 2023.

This post will support the mechanics by carrying out some service and repairs to operational equipment, thereby ensuring that the mechanics can increase focus on fire appliances having regular safety inspections, which is essential regarding transport law. The post will also add resilience and provide an opportunity to plan for future requirements within Workshops regarding succession planning.

Specialist training by providers is required to carry out service and repairs to operational equipment to ensure the required skill level. The temporary role has been filled; however, it is not appropriate to make the financial commitment in terms of training in a temporary post.

The Committee is asked to recommend that the Fire Authority agree to this post being made permanent immediately, in order that necessary training can be put in place with a successful, permanent candidate.

The cost of the post including on costs is £32,953.

5 2023/24 Prudential Indicators

In line with the Chartered Institute of Public Finance and Accountancy'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 July 2023 is shown below.

Capital Financing Requirement (£8.445m)

This is the amount required by the Authority to fund its capital investment and has increased due to the anticipated borrowing for Telford and other capital schemes. 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:

Lloyds Bank	£1.00m
Santander	£2.00m
Handelsbanken	£1.00m
Barclays	£2.00m
Debt Management Office	£5.20m
Nationwide Building Society	£2.00m
Nat West	£1.00m
Total	£14.20m

The Authority's Treasury advisors view other local authorities as safe counterparties as they are unlikely to go bust, however Treasury staff monitor any issues very closely.

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 July is £215,388 – an average rate of return of 4.19%.

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.