

Financial Performance to June 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 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 2024/25.

3 Background

This report presents a review of financial performance to date for 2024/25 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 2024/25 revenue budget of £29.178m in February 2024, 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 2024/25, and a summary of the total position is shown below.

| Directorate | Budget | Spend | Commit- ted | Balance | % Spent |
|--|---------------|--------------|------------------------|----------------|--------------------|
| Executive & Resources | | | | | |
| Pay | 1,677 | 397 | 2 | 1,278 | 24% |
| Other | 3,110 | 766 | 256 | 2,087 | 33% |
| | 4,787 | 1,163 | 258 | 3,366 | 30% |
| Service Delivery | | | | | |
| Pay | 17,603 | 4,159 | - | 13,444 | 24% |
| Other | 326 | 113 | 5 | 209 | 36% |
| | 17,929 | 4,272 | 5 | 13,652 | 24% |
| Corporate Governance | | | | | |
| Pay | 2,297 | 571 | 0 | 1,726 | 25% |
| Other | 2,419 | 673 | 676 | 1,070 | 56% |
| | 4,716 | 1,244 | 676 | 2,796 | 41% |
| Contribution to Reserves Pay and Prices | 272 | - | - | 272 | 0% |
| Contingency | 910 | - | - | 910 | 0% |
| Capital | 1,771 | 44 | - | 1,727 | 2% |
| Income | -1,206 | -928 | - | -278 | 77% |
| Total | 29,178 | 5,794 | 939 | 22,444 | 23% |

Significant variances in anticipated spend are shown in the table below.

| Service Area | Variance | -Over/ Under £'000 |
|---|---|-------------------------------|
| Executive and Resources | Executive pay | |
| | Additional costs for executive cover to March 2025 | -275 |
| | Executive support | |
| | Additional costs for executive support to Sept 2025 | -12 |
| | Resources pay | |
| | Equipment Contracts Manager post is currently vacant | 26 |
| | Procurement post is currently vacant | 17 |
| Debt Charges | | |
| Slipped capital schemes and delayed borrowing | 900 | |
| Corporate Governance | Transformation & Collaboration pay | |
| | Additional staff to cover long term sickness | -15 |
| | Additional staff to support HMICFRS inspection | -23 |
| | ICT Pay | |
| | Temporary Systems Engineer post agreed for resilience and Command & Control replacement support – post not yet filled | 33 |
| | Salary increments agreed as part of departmental review – not yet required | 46 |
| | Planning & Performance pay | 43 |
| | 2 Systems Administrator posts are currently vacant | |
| | Development pay | 15 |
| | E Learning Author post is currently vacant | |
| | Total | 755 |
| | It is proposed that variances are transferred to/from reserves as follows: | |
| | <ul style="list-style-type: none"> • Major Projects Reserve • STP Staff Reserve | 900 -145 |
| | Total | 755 |

Virements that have been approved using powers delegated to the Chief Fire Officer, Treasurer and Head of Finance are shown in the table below

| Virement approved | Reserve | £'000 |
|---|-----------------------|--------------|
| Provision of high visibility jackets for incident command | Equipment Replacement | 9 |
| HazMat course for Group Managers | Training | 7 |
| Communications – Airwave antenna | ICT | 9 |
| Consultancy for CRMP process | STP Staff | 22 |
| FREC Trauma Care course | Training | 14 |
| Total | | 61 |

The position of the Authority's reserves, including previously approved transfers and the virements above, is shown in the following table.

| Reserve | £'000 |
|--|---------------|
| General | 577 |
| Pensions and Other Staff Issues | 2,059 |
| Extreme Incidents | 219 |
| Major Projects | 8,975 |
| ICT | 538 |
| Income Volatility | 687 |
| Service Transformation Programme Staff | 642 |
| Service Delivery | 9 |
| Training | 106 |
| Operational Equipment | 266 |
| Buildings Maintenance | 450 |
| Usable Capital Receipts | 58 |
| Total | 14,586 |

5 2024/25 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 June 2024 is shown below.

| Indicator | Set 2024/25 £'000 | Actual 2024/25 £'000 |
|---|----------------------------------|-------------------------------------|
| Capital Financing Requirement 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. | 19,742 | 14,172 |
| Operational Boundary 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. | 19,742 | 5,045 |
| Authorised Limit for External Debt 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. | 22,742 | 14,172 |

Current Investments

Funds currently invested are shown below:

| Counterparty | £m |
|------------------------|------------|
| Lloyds Bank | 0.7 |
| Santander | 2.0 |
| Handelsbanken | 1.5 |
| Debt Management Office | 0.6 |
| Nat West | 1.0 |
| Total | 5.8 |

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 June is £187,000 – an average rate of return of 4.99%.

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.