

Financial Performance to March 2025

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 the end of 2024/25 and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators. The financial year is currently being closed, and the final position may change.

4 Revenue Budget

Monitoring has completed on the revenue budgets for 2024/25, and a summary of the total position is shown below.

Directorate	Reforecast Budget Qtr3 £'000	Yearend Adjusts £'000	Total £'000	Spend £'000	Balance £'000	Spent %
Executive & Resources						
Pay	1,951	76	2,027	1,908	119	94%
Other	3,210	199	3,409	3,614	-205	106%
	5,161	275	5,436	5,522	-86	102%
Service Delivery						
Pay	17,481	352	17,833	17,998	-165	101%
Other	367	0	367	366	1	100%
	17,848	352	18,200	18,364	-164	101%
Corporate Governance						
Pay	2,248	0	2,248	2,195	53	98%
Other	2,596	70	2,666	2,714	-48	102%
	4,844	70	4,914	4,909	5	99%
Contribution to Reserves	1,080	-4,383	-3,303	-2,900	-403	88%
Pay and Prices Contingency	680	-130	550	0	550	0%
Capital	871	3,923	4,794	4,587	207	96%
Income	-1,306	-107	-1,413	-1,815	402	128%
Total	29,178	0	29,178	28,667	511	98%

The position to December 2024 can now be reported with exceptions identified shown in the following table:

Service Area	Variance	-Over/ Under £'000
Executive and Resources	Executive pay A balance of £275,000 was authorised in qtr1 to cover additional executive pay for 2024/25. Due to retirements and resignations over the period, a balance remains unspent at the end of the year	78
	Pensions deficit payments Payments of pension deficits are payable following an unfavourable pensions scheme valuation. This payment was not required during 2024/25	56
	Resources pay Additional pay costs following re evaluation of posts in Workshops and Technical Services	-40
	Additional resources required during the year in Technical Services covering systems administration	-28
	Debt charges No borrowing undertaken for capital expenditure during 2024/25	200
	Uniforms and clothing Additional expenditure on issue of firefighting gloves in line with Service scale of issue	-30
	Increased use of stock items recognised in the year	-28
	Laundry Lower spend during the year due to new issue of PPE and uniform	60
	Consultancy Additional communications consultancy required during 2024	-15
	Repairs and Maintenance Increase in unplanned and reactive maintenance during this year	-30
	Business Rates Savings in business rates due to appeals outcomes in 2023	50
	Electricity Additional spend in this area along with increased unit rates. Expenditure on utilities at Telford to be rescoped following first year of occupancy	-100
	Contract Cleaning Increased expenditure due to expanded cleaning at Telford; budget to be rescoped following first year of occupancy	-25

Service Area	Variance	-Over/ Under £'000
	Fuel Costs Savings due to reduced rate of fuel	28
	Investment Income Higher returns due to increased interest rates on investments made	154
Corporate Governance	ICT pay Further underspends due to staff vacancies in this area	70
	Legal Expenses Further legal expenses related to protracted fire incident	-30
Service Delivery	Area command pay Pay adjustments necessary following the move competent pay for some officers	-30
	Further overspends on watches due to modified duties and sickness	-44
	Training pay Additional officer costs following establishment of management roles	-34
	Total	262
	It is proposed that variances are transferred to/from reserves as follows: STP Staff Reserve	28
	Major Projects Reserve	234
	Total	262

Airwave – payment of credits owing

In December 2023, the Competition Appeal Tribunal (the Tribunal) took the decision to uphold the Competition and Markets Authority's (CMA) decision to impose a charge control mechanism on Motorola in respect of the revenue Airwave can earn from its charges.

Motorola lodged an application for permission to appeal the Tribunal's decision to the Court of Appeal (CoA), but in the meantime commenced issuing credit notes and discounting invoices to reflect the charge control impact from 1 August 2023 onwards. These credit notes have been applied to the totality of the invoice to the Home Office and therefore need to be apportioned to the various authorities including all Fire and Rescue Authorities (FRA) in England.

Since an appeal request has been lodged with the CoA, any credit which is currently applied and accepted may have to be repaid if subsequently it is decided to overturn the Tribunal's decision and in turn set aside CMA's charge control. Motorola have been clear in their communications that this is the basis on which the credits are being applied.

As a result, and on the recommendation of the National Fire Chiefs Council Finance Committee, the Home Office continued to invoice FRAs in England at the original rate and did not apply the credit notes to the invoices the Home Office sends to FRAs. Instead, it provided the total value of the credit to Buckinghamshire Fire and Rescue Service who agreed to hold the total credit that relates to Fire England until a final court decision was reached. Following Motorola's unsuccessful appeal, monies remaining with Buckinghamshire Fire after the conclusion of the legal process have been shared between all FRAs in England based on their percentage share of the credit. A total of £216,000 has been returned to the Fire Authority as its share of the funds held.

This balance has been allocated against 2024/25 costs in this area, and it is proposed that the resulting underspend is transferred to the ICT Reserve.

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
Repairs and maintenance to Shrewsbury station kitchen, to comply with health & safety requirements	Buildings Maintenance	25
Purchase of panels to maintain hot house training facility at Telford station	Buildings Maintenance	44
Executive Leadership training costs for 2 officers	Training	21
Training on hazardous materials	Training	2
Provision of additional fitness equipment	Equipment Replacement	10
Participation in control room stress survey	Training	5
Total		107

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	9,143
ICT	782
Income Volatility	687
Service Transformation Programme Staff	566
Service Delivery	3
Training	199
Operational Equipment	260
Buildings Maintenance	379
Usable Capital Receipts	58
Total	14,932

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 December 2024 is shown below, and indicators will be finalised as the accounts are concluded.

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	14,635
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	19,742	5,045

Indicator	Set 2024/25 £'000	Actual 2024/25 £'000
investigation.		
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	14,635

Current Investments

Funds currently invested are shown below:

Counterparty	£m
Bournemouth Council	2.00
Santander	2.00
Handelsbanken	0.80
North East Lincoln Council	2.00
Debt Management Office	1.70
Total	8.50

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 December is £456,601 – an average rate of return of 4.8%.

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.