

## Financial Performance to March 2020

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011 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) Note, and approve where appropriate, virements to the revenue budget, and
- c) 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 encompasses 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. Final adjustments are still being made for the year end position. Variances identified to the end of March so far can be reported as follows.

	<b>(Over) / Under spend £'000</b>
<b><u>Executive and Resources</u></b>	
<b>Pay and Price contingency</b> – a balance remains on the contingency at the end of March, this will be rolled forward to accommodate any additional pensions costs	198
<b>Debt charges</b> – funds were added to the budget for additional debt charges as a result of the Telford development and other new schemes – this has not yet been required	125
<b>Interest on Investments</b> – a larger number of investments has resulted in additional income	59
<b>Utilities</b> – further adjustments are required to gas and electricity budgets at the end of the year – this follows previous reported balances of £27,000.	(45)
<b>Hydrants</b> – outstanding works have been accrued and there remains a balance on the budget for Hydrants Maintenance	18
<b>Diesel</b> – rising fuel prices during the financial year have resulted in the current budget being exceeded. This will be adjusted using the prices contingency going forward.	(26)
<b><u>Service Delivery</u></b>	
<b>On Call System – Additional Hours</b> - this budget has been exceeded; spend includes meeting attendance, appliance changeovers, completion of development folders, fitness tests etc, but does not include operational incidents or fire safety	(47)
<b>Area Command - Officers</b> – this budget has funded the secondment for preliminary work on the major project at Telford	(78)
<b>Prevention and Protection</b> – £50,000 was transferred to Protection to complete a review into high rise buildings, a balance can be reported as this project will now be carried out using growth posts from April 2020	24

	<b>(Over) / Under spend £'000</b>
<b>Corporate Governance</b>	
<b>ICT Salaries</b> – a technician vacancy has led to underspends in this area. In addition, budget used to fund temporary secondments has a balance at the end of the year	53
<b>ICT</b> – expenditure against this budget has increased due to higher radio costs and call costs on usage of mobile data terminals and tablets. Changes in the provision of network printers has also resulted in higher costs. These areas will be adjusted in 2020/21	(110)
<b>Total</b>	<b>171</b>

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

### **Strategic Alliance**

The Strategic Alliance's review of ICT provision within the Service and at Hereford & Worcester Fire and Rescue Service resulted in the recruitment of an ICT and Digital Transformation Manager in 2019/20. The costs of recruitment and the salary of the post holder are shared between the two Services; members are asked to note the transfer of £36,000 from the Service Transformation Staff Reserve, to cover the Service's share of the costs.

## **5 2019/20 Prudential Indicators**

In line with Chartered Institute for 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, 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 March 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:

Santander	£2.00m
Nationwide	£2.00m
Barclays	£1.00m
Lloyds	£2.00m
Handelsbanken	£2.00m
Debt Management Office	£1.20m
Kingston Upon Hull County Council	£2.00m
Fife Council	£2.00m
Eastleigh Borough Council	£1.00m
Cornwall Council	£2.00m
Thurrock Council	£2.00m
<b>Total</b>	<b>£19.20m</b>

The interest on investments earned to the end of December is £159,000 – an average rate of return of 0.79%.

## **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 Appendix**

Revenue Budget Directorate Summary

## **10 Background Papers**

There are no background papers associated with this report.

Directorate	Budget	Spend	Balance	% Spent
<b>Executive &amp; Resources</b>				
<b>Pay</b>				
Executive	804,471.61	794,058.53	10,413.08	99%
Resources	490,130.04	501,752.70 -	11,622.66	102%
<b>Other</b>				
Equipment & Uniforms	458,699.00	493,651.01 -	34,952.01	108%
Executive	140,986.00	128,099.38	12,886.62	91%
Facilities	982,460.00	1,016,295.52 -	33,835.52	103%
Finance	109,503.00 -	1,154,693.21	1,264,196.21	-1054%
Fleet	291,324.00	307,133.43 -	15,809.43	105%
Hydrants	117,738.00	43,865.82	73,872.18	37%
Workshops	208,566.52	227,592.73 -	19,026.21	109%
	<b>3,603,878.16</b>	<b>2,357,755.91</b>	<b>1,246,122.25</b>	<b>65%</b>
<b>Service Delivery</b>				
<b>Pay</b>				
Area Command	10,487,348.73	10,598,640.77 -	111,292.04	101%
Control	695,236.33	716,907.72 -	21,671.39	103%
ESMCP	-	46,225.47 -	46,225.47	
Operations	526,825.65	487,205.22	39,620.43	92%
Prevention	940,476.72	933,703.41	6,773.31	99%
Training	1,092,021.32	1,121,897.71 -	29,876.40	103%
<b>Other</b>				
Area Command	5,000.00	7,579.40 -	2,579.40	152%
Animal Rescue	8,000.00	2,254.35	5,745.65	28%
Business Fire Safety	1,000.00 -	0.00	1,000.00	0%
Community Fire Safety	50,084.00	36,936.68	13,147.32	74%
Health & Safety	4,200.00	4,512.70 -	312.70	107%
ESMCP	-	63,309.04	63,309.04	
Operations	26,000.00	18,619.52	7,380.48	72%
Prevention	11,475.00	968.00	10,507.00	8%
Arson/Risk Reduction	500.00	2,153.28 -	1,653.28	431%
Training	179,561.00	185,413.36 -	5,852.36	103%
	<b>14,027,728.75</b>	<b>14,099,708.55 -</b>	<b>71,979.80</b>	<b>101%</b>
<b>Corporate Governance</b>				
<b>Pay</b>				
Corporate Communications	315,498.17	324,109.70 -	8,611.53	103%
Corporate Services	309,514.27	302,012.01	7,502.26	98%
HR and Occ Health	348,417.33	330,221.39	18,195.94	95%
IT and Comms	390,714.77	326,289.30	64,425.47	84%
Strategic Alliance	-	48,753.63 -	48,753.63	
<b>Other</b>				
Corporate Communications	10,000.00	1,266.08	8,733.92	13%
Corporate Services	37,460.00	10,590.08	26,869.92	28%
Development	200,695.00	151,965.56	48,729.44	76%
Equality & Diversity	20,900.00	10,327.36	10,572.64	49%
HR and Occ Health	197,263.00	204,221.47 -	6,958.47	104%

IT and Comms	1,229,783.00	1,353,030.67 -	123,247.67	110%
Insurance	329,832.25	331,175.92 -	1,343.67	100%
Members	86,136.00	74,041.60	12,094.40	86%
Pensions	405,120.00	407,325.71 -	2,205.71	101%
Strategic Alliance	-	5,106.72 -	5,106.72	
Service Transformation	10,500.00	-	10,500.00	0%
	<b>3,891,833.79</b>	<b>3,880,437.20</b>	<b>11,396.59</b>	100%
	<b>21,523,440.70</b>	<b>20,337,901.66</b>	<b>1,185,539.04</b>	94%
<b>Pay and Prices Contingency</b>	764,639.31	-	764,639.31	0%
	<b>764,639.31</b>	-	<b>764,639.31</b>	0%
Non Pay Budgets	5,122,785.77	3,864,326.42	<b>1,258,459.35</b>	75%
Pay Budgets	17,165,294.24	16,473,575.24	<b>691,719.00</b>	96%
<b>Total</b>	<b>22,288,080.01</b>	<b>20,337,901.66</b>	<b>1,950,178.35</b>	<b>91%</b>