

## Financial Performance to March 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 Fire Authority is recommended to:

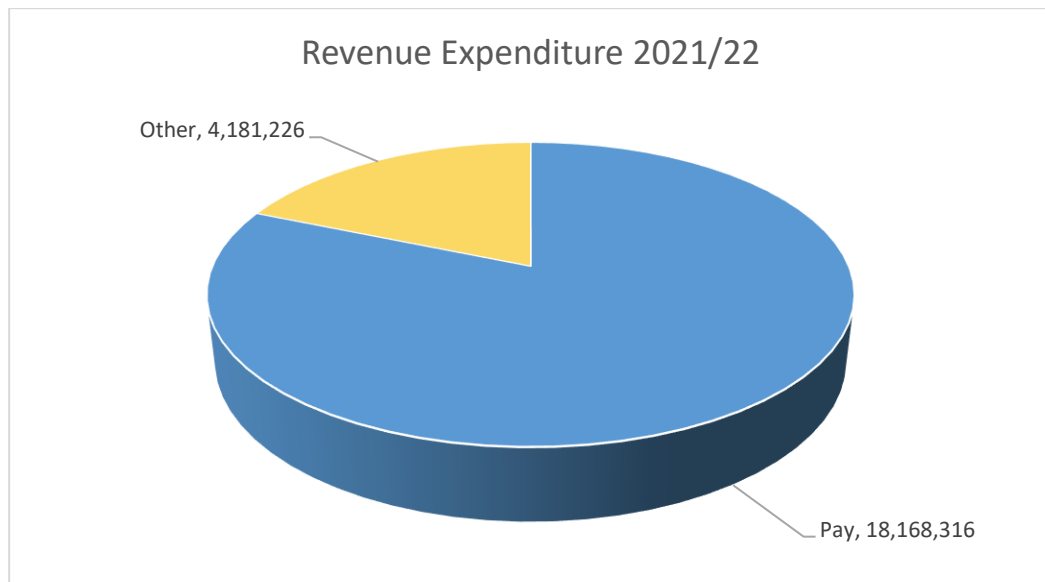
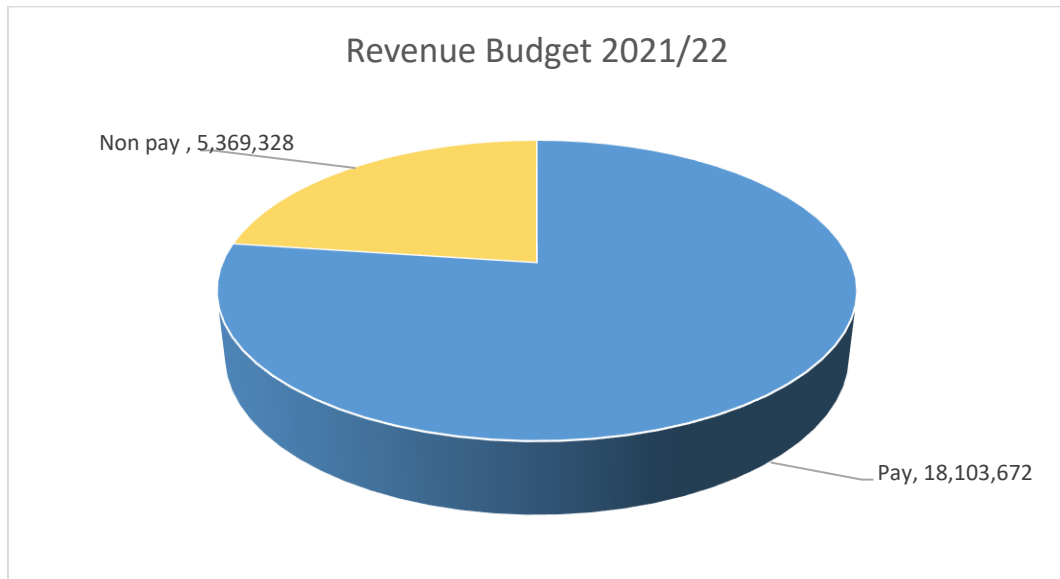
- a) Note the position of the revenue budget;
- b) Approve virements to the revenue budget, where requested, and
- c) Note performance against prudential indicators to date in 2021/22.

### 3 Background

This report presents a review of financial performance to the end of 2021/22 and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

### 4 Revenue Budget

Monitoring is completed on the revenue budgets for 2021/22, and a summary of the position at the end of the year is shown below. There will be adjustments made as the accounts are completed.



Spend on pay is broadly in line with the budget that was set by the Authority in February 2021 and adjusted as variances have been reported to members during the year.

The budget for non pay costs include variances that have previously been reported to the Authority, plus the balance of the pay and prices contingency (£676k).

Further variances have been identified during the final quarter of the year and these are shown in the table below.

	(Over) / Under spend £'000	% of Budget
<b><u>Service Delivery</u></b>		
<b>Watches</b> – following earlier adjustments during the year, there is an unspent balance in this pay area	40	0.7%
<b>Overtime</b> – the overspend in this area has been investigated by officers and a pilot for recording and allocating overtime going forward is now under way. The overspend at the end of the year includes accrual of hours earned but not taken or paid, for the year 2021/22.	(37)	11%
<b>On Call Duty System</b> Costs have been lower than anticipated in a number of areas; this is due to reduced activity levels during the year.	21 23	8% 43%
<b>Turnouts</b>		
<b>Attendances</b>	33 23	11%
<b>Training</b>		
<b>Sick Pay</b> These are directly linked to savings above	(36)	15%
<b>Additional Hours</b> – costs in this area have exceeded budget, particularly around cleaning and administration	(85)	18%
<b>On Call Support Teams</b> – additional officers to cover sickness in this area has resulted in an overspend for the year		
<b>On Call Sustainability Project</b> – additional project costs not covered by contributions from the STP Staff Reserve	(43)	-
<b>Training</b>		
<b>Pay</b> - Vacant watch manager posts in this area have resulted in an underspend	38	11%
<b>Pay</b> - An additional area manager officers to cover sickness in this area has resulted in an overspend for the year	(67)	64%
<b>Skills courses</b> – additional training has been undertaken for Level 3 command and water safety	(25)	12%
<b>Flood support</b> – additional costs were incurred during the recent flooding incidents in the county – it is proposed that these are taken from the Extreme Incidents Reserve	(26)	-

	<b>(Over) / Under spend £'000</b>	<b>% of Budget</b>
<b>Executive and Resources</b>		
<b>Debt charges</b> – underspends due to no borrowing undertaken for capital projects	181	54%
<b>Mileage</b> – underspends due to minimal business journeys being undertaken	18	35%
<b>Pensions</b> – a contribution into the pensions account is required following an ill health retirement – it is proposed that this is taken from the Pensions Reserve	(83)	-
<b>Furniture</b> – additional furniture required for the temporary accommodation at Telford	(18)	180%
<b>Uniforms</b> – additional costs have been incurred for stationwear replacement and uniform for new recruits	(53)	46%
<b>Operational Equipment</b> – additional funds were allocated to cover unexpected incidents during the year; however, these costs have been covered within existing budgets. It is proposed that this is transferred to the Equipment Replacement Reserve at year end.	60	43%
<b>Operational Equipment Maintenance</b> – a balance remains in this budget which covers pre planned maintenance and reactive repairs	24	
<b>Corporate Governance</b>		
<b>ICT</b> – additional call costs have been incurred following the increase of data on MDTs	(40)	3%
<b>Total</b>	<b>(52)</b>	

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

### **Covid-19 – Grant and Expenditure**

A balance of £36,000 of the original Covid 19 grants remained at the end of March 2021; a further £248,000 was received earlier in 2021/22.

During the last quarter the Authority has received a further grant of £28,000 as the government distributed the Covid fund.

Staff have continued to provide logistical support to the remaining vaccination centres, and ventilation works carried out as part of the refurbishments at Tweedale and Ellesmere have also been funded from Covid grant.

A balance of £68,000 remained at the end of March 2022.

## **5 2021/22 Prudential Indicators**

In line with CIPFA'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 is shown below.

### **Capital Financing Requirement (£5.162m)**

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 (£8.162m)**

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 £5.418m, 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
Handelsbanken	£1.70m
Barclays	£2.00m
Debt Management Office	£4.80m
Nationwide Building Society	£2.00m
Cheltenham Borough Council	£2.00m
Nat West	£0.80m
Coventry Building Society	£1.00m
<b>Total</b>	<b>£16.30m</b>

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 March is £33,345 – an average rate of return of 0.17%.

## **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.