

Financial Performance to December 2020

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 2020/21.

3 Background

This report presents a review of financial performance to date for 2020/21 and covers 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 2020/21, and a summary of the budget by individual service areas is attached as an appendix. The position to December 2020 can now be reported with exceptions identified shown in the following table:

	(Over) / Under spend £'000	% of Budget
<u>Service Delivery</u>		
Retained Duty System – costs have been lower than anticipated in a number of areas; this is due to reduced activity levels as a result of the pandemic		
Turnouts – limits on crew numbers per appliance	70	16%
Drills – savings due to no service level exercises, which would have resulted in longer sessions	20	4%
Prevention activity – this has been very limited, restricted to safe and well assessments by telephone	40	47%
Holiday Pay	30	18%
Pension	20	3%
National Insurance	50	35%
These are directly linked to savings above		
Station Maintenance – new protocols put in place due to the pandemic has increased cleaning on stations	(40)	(71%)
Retaining Fees – these costs, including acting up and CPD payments, will exceed budgeted levels	(20)	(2%)
<u>Executive and Resources</u>		
Investment Income – budgets have been reduced due to Covid 19 and a detrimental effect on returns; however more income than anticipated is likely to be achieved	25	26%
Pensions Consultancy – increased costs due to year end valuations and audit scrutiny	(11)	(183%)
<u>Corporate Services</u>		
Development – further funds have been requested to accommodate the recruitment process for Area Managers	(22)	(16%)
Pay and Price Contingency – a balance remains on the contingency for future pension costs – this is not required this year and has been removed from the budget from 2021/22	150	
Total	312	

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

Variances and additional expenditure within the limits of delegated powers include costs for promotion exercises and associated development (£40k), recruitment costs (£8k), equipment and uniform requests following operational review (£41k total), crash data management system (£8k), re-roofing costs at Wellington (£66k) and re-surfacing at Cleobury Mortimer. The requests were funded from Training, Equipment Replacement and Buildings Maintenance reserves.

Covid-19 – Grant and Expenditure

The Fire Authority received a total of £446,000 in grant and has been reporting expenditure to the Home Office via National Fire Chief Council (NFCC) returns. A total of £270,000 has been spent to the end of December.

Staffing costs	£94,000
PPE	£70,000
Cleaning and decontamination supplies	£50,000
Other expenditure – equipment, covid safe adjustments	£56,000
Total	£270,000

In addition, some savings have been identified due to the minimal movement and interrupted training of staff during 9 months of the year, and as the year progresses, further savings have been recorded, as shown above.

5 2020/21 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, 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 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 £5.698m, 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:

Coventry Building Society	£1.0m
Santander	£2.0m
Handelsbanken	£2.0m
Barclays	£2.0m
Lloyds	£2.0m
Thurrock Council	£2.0m
Broxtowe Borough Council	£2.0m
Cheltenham Borough Council	£2.0m
Nat West	£0.8m
Liverpool City Council	£2.0m
Spelthorne Borough Council	£2.0m
Telford & Wrekin Council	£2.0m
Total	£21.8m

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.

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The interest on investments earned to the end of December is £70,439 – an average rate of return of 0.4%.

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	Cost Centre	Budget	Spend	Committed	Balance	% Spent
Executive & Resources						
Pay						
Executive	FEXE	775,298	556,815	-	218,483	72%
Resources	FRES	533,415	416,635	-	116,780	78%
Other						
Business Continuity	FBCO	- 62,000 -	221,018	-	159,018	356%
Equipment & Uniforms	FEAU	537,701	386,557	53,292	97,853	82%
Executive	FEXE	118,586	70,020	-	48,566	59%
Facilities	FFAC	1,148,460	823,549	24,743	300,168	74%
Finance - Corporate Budgets	FFIN	1,583,569 -	15,487	-	1,599,056	-1%
Finance - Grants	FFIN	- 1,149,960	-1,105,645	-	44,315	96%
Fleet	FFLE	212,324	110,498	7,227	94,599	55%
Hydrants	FHYD	117,738	39,594	-	78,144	34%
Pensions	FPEN	280,120	224,464	-	55,656	80%
Workshops	FWRK	224,213	207,590	9,654	6,969	97%
		4,319,464	1,493,573	94,915	2,730,976	37%
Service Delivery						
Pay						
Area Command	FACM	10,677,178	7,802,393	-	2,874,784	73%
Control	FCON	766,355	553,008	-	213,347	72%
Operations	FOPS	603,007	421,519	-	181,488	70%
Prevention	FPRE	1,074,624	732,327	-	342,296	68%
Strategic Alliance	FSAL	-	105,986	- -	105,986	
Training	FTRN	1,201,063	894,416	-	306,647	74%
Other						
Area Command	FACM	5,000	400	-	4,600	8%
Animal Rescue	FARS	6,000 -	367	-	6,367	-6%
Business Fire Safety	FBFS	- -	131,963	-	131,963	
Community Fire Safety	FCFS	50,584	13,272	14,069	23,243	54%
Health & Safety	FHSA	4,200	2,869	-	1,331	68%
Operations	FOPS	20,000	11,450	-	8,550	57%
Strategic Alliance	FSAL	-	23,009	- -	23,009	
Training	FTRN	198,561	140,919	586	57,056	71%
		14,606,572	10,569,238	14,655	4,022,679	72%
Corporate Governance						
Pay						
Service Development	FCOM	360,440	254,031	-	106,409	70%
Corporate Services	FCOR	320,445	244,293	-	76,152	76%
Human Resources	FHUM	382,049	264,402	-	117,647	69%
IT and Comms	FICT	418,691	290,972	-	127,719	69%
ESMCP	FMCP	-	40,506	- -	40,506	
Other						
Corporate Communications	FCOM	15,000	14,372	-	628	96%
Corporate Services	FCOR	10,942	3,678	-	7,264	34%
Corporate Support	FCOS	3,000	824	63	2,113	30%
Development	FDEV	196,595	123,218	47,165	26,212	87%
Equality & Diversity	FEQU	16,900	5,431	-	11,469	32%
HR and Occupational Health Contracts	FHRC	209,000	118,176	-	90,824	57%
Human Resources	FHUM	30,433	19,708	-	10,725	65%
IT and Comms	FICT	1,318,140	1,109,203	135,763	73,174	94%
Insurance	FINS	375,436	361,082	-	14,354	96%
ESMCP	FMCP	-	28,769	8,840 -	37,609	
Members	FMEM	86,136	63,355	-	22,781	74%
Occupational Health	FOCH	23,500	17,012	450	6,038	74%
		3,766,708	2,959,033	192,281	615,394	84%
Pay and Prices Contingency	FFIN	528,255	-	-	528,255	0%
		23,221,000	15,021,844	301,851	7,897,304	66%