

Financial Performance to December 2021

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:

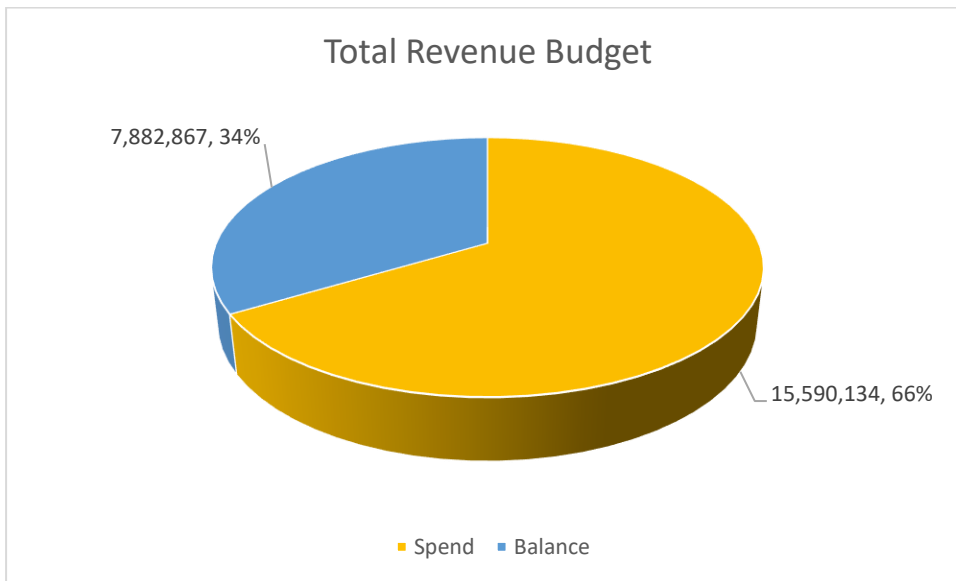
- a) Note the position of the revenue budget;
- b) Approve virements to the revenue budget, where requested, and
- c) Note performance against prudential indicators to date in 2021/22.

3 Background

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

4 Revenue Budget

Monitoring has begun on the revenue budgets for 2021/22, and a summary of the total position is shown below.

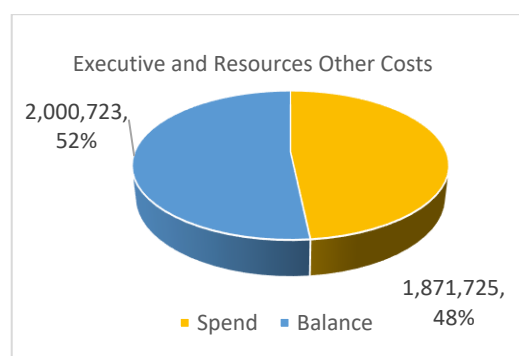
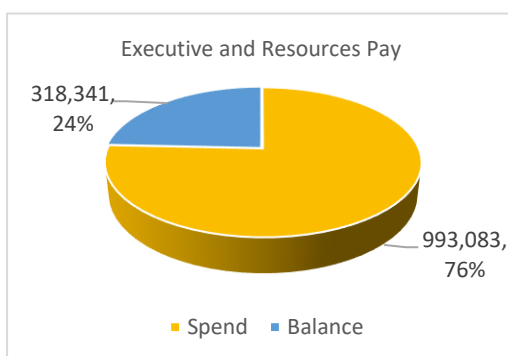


Expenditure on pay budgets is 75% on average; this is in line with estimated spend at this point in the year. Areas such as on call firefighters and overtime payments would be a month behind as these activities are paid for in the following month; however, there are also a number of officers who have been seconded to complete projects in other organisations, and these costs will be recharged. Spend in some areas of the budget continues to be higher due to pressures of the pandemic.

In terms of non pay budgets, average spend across all budgets (removing grant income) is 46%. Some areas may not have incurred high levels of spend to date (corporate finance budgets, training, legal), where others may have already paid annual maintenance or support contracts (subscriptions, ICT contracts, equipment maintenance).

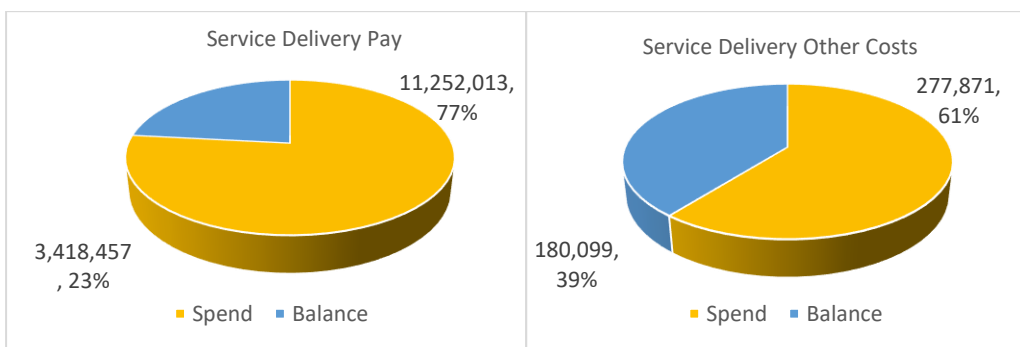
The graphs below illustrate spend to date across each of the service areas.

Executive and Resources



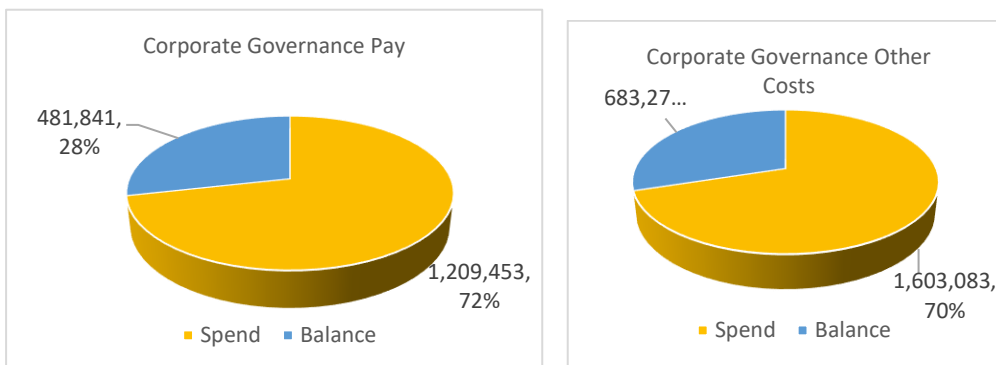
Other - A number of subscriptions have been fully paid, and rates bills across all sites are also paid. Maintenance work has been carried out at Tweedale. Spend is steady in the resources budgets; some corporate finance costs will have no spend until later in the year.

Service Delivery



Other – costs in this service area are steady; costs have been incurred in Training, for recruitment, fire investigation and road traffic collision (RTC) instructor courses. Fire safety spend is lower due to delay in supplies of smoke alarms.

Corporate Governance



Other – Annual ICT costs such as the wide area network, are fully paid, and all insurance premiums have also been paid for 2021/22.

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

	(Over) / Under spend £'000	% of Budget
<u>Service Delivery</u>		
Watches – a number of fixed term contracts are in place to cover long term sickness absence and secondments	(103)	2%
Overtime – the overspend in this area is being investigated; early indications are that watches were staffed with 1 firefighter over, to ensure that appliances were not taken off the run. In addition, as stations were operating in bubbles, staffing had to be maintained within, and not across, wholetime stations. This strategy has maintained appliance availability over the monitoring period.	(126)	72%
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 – lower levels of incidents and restricted ridership numbers have resulted in an underspend	70	21%
Drills – service level exercises have only resumed in late 2021, resulting in lower drills and training costs	100	24%
Prevention activity – fire safety and lone working visits have resumed in July 2021	60	11%
Holiday Pay	10	6%
National Insurance	50	35%
These are directly linked to savings above		
Fire Control – long term sickness absence, and inability to roster off shifts due to low staffing levels, have led to an overspend in this area.	(28)	1,400%
<u>Executive and Resources</u>		
Pensions Consultancy – additional costs will be incurred this year due to a change in pensions administration provider. This will include transfer and software costs.	(50)	-
Total	(17)	

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

Virements that have been approved using powers delegated to the Chief Fire Officer, Treasurer and Head of Finance are as follows:

- Further costs relating to the operational incident at Ketley (£22,000)
- Provision of personal issue dry suits (£9,000)
- Extension of on call sustainability post (£9,000)
- Procurement for research based on sustainability study (£38,000)

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 has been received during 2021/22.

Staff have continued to provide logistical support to the remaining vaccination centres, and a balance of £55,000 remained at the end of December 2021.

5 2020/21 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 2021 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:

Coventry Building Society	£1.00m
Santander	£2.00m
Handelsbanken	£2.00m
Barclays	£2.00m
Lloyds	£1.04m
Debt Management Office	£4.80m
Nationwide Building Society	£2.00m
Cheltenham Borough Council	£2.00m
Nat West	£0.30m
Slough Borough Council	£2.00m
Total	£19.14m

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 £28,728 – an average rate of return of 0.15%.

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.