

Financial Performance to December 2024

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;
- c) Approve amendment to capital scheme, and
- d) Note performance against prudential indicators to date in 2024/25.

3 Background

This report presents a review of financial performance to date for 2024/25, and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

4 Revenue Budget

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

Directorate	Original Budget £'000	Reforecast Budget Qtr2 £'000	Spend £'000	Committed £'000	Balance £'000	Spent %	Variances Qtr2 £'000	Reforecast Budget Qtr2 £'000
Executive & Resources								
Pay	1,676	1,956	1,380	2	574	71%	-38	1,918
Other	3,110	3,167	2,551	229	387	88%	-65	3,102
	4,786	5,123	3,931	231	961	81%	-103	5,020
Service Delivery								
Pay	17,599	17,232	13,221	-	4,011	77%	212	17,444
Other	328	328	266	44	18	94%	27	355
	17,927	17,560	13,487	44	4,029	77%	239	17,799
Corporate Governance								
Pay	2,300	2,251	1,638	1	612	73%	-63	2,188
Other	2,429	2,538	2,208	83	247	90%	37	2,575
	4,729	4,789	3,846	84	859	82%	-26	4,763
Contribution to Reserves	261	1,231	-	-	1,231	0%	110	1,121
Pay and Prices								
Contingency	910	810	-	-	810	0%	-	810
Capital	1,771	871	139	-	732	16%	-	871
Income	-1,206	-1,206	-1,352	-	146	112%	-	-1,206
Total	29,178	29,178	20,051	359	8,768	70%	-	29,178

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

Service Area	Variance	-Over/ Under £'000
Executive and Resources	Technical Services pay Equipment contracts manager and procurement officer posts are vacant	38
	Uniform Additional pool kit has been purchased to cater for changing size profile of workforce	-35
	Increased expenditure is necessary where firefighters have dual contracts	-50
	Fleet - diesel Reducing fuel costs have resulted in an underspend in this area	50
	Investment Income Increased levels of return due to higher interest rates on investments	100
Corporate Governance	ICT pay Temporary systems engineer post is likely to be vacant until the end of the financial year	33
	Planning & Performance pay Vacancies in systems administrator posts	30
	Legal costs Legal costs incurred due to incident prosecution	-37
Service Delivery	Area Command pay Costs for 4 additional posts due to long term sick and modified duties	-226
	Costs for additional station manager due to long term sick	-96
	Training pay Driving instructor post is currently vacant	50
	Officer vacancies due to secondment cover in Transformation & Collaboration	60
	Training expenses Costs for recruitment training have been incurred but regular recruitment is not featured in the training budget	-27
	Total	-110

		£'000
	It is proposed that variances are transferred to/from reserves as follows:	
	Equipment Replacement Reserve	-35
	Training Reserve	83
	STP Staff Reserve	-258
	Major Projects Reserve	100
	Total	-110

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
Wellbeing facilities	Buildings Maintenance	2
CFO training and development	Training	9
Total		11

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	9,039
ICT	529
Income Volatility	687
Service Transformation Programme Staff	558
Service Delivery	9
Training	264
Operational Equipment	231
Buildings Maintenance	448
Usable Capital Receipts	58
Total	14,678

5 Update to Capital Programme

New guidance has been issued from the Driver and Vehicle Licensing Agency (DVLA) regarding increasing rolling road brake tests on HGV safety inspections from April 2025. Workshops do not have rolling road brake testing inhouse and are reliant on contactors locally, this will become more problematic following the introduction of increased standards.

As part of the capital programme for 2025/26, members considered and approved a scheme to replace the vehicle lifts in Workshops. Following assessment, it has been confirmed the lifts are in good working condition and will not require replacement for 5 years.

It is proposed that the capital scheme in 2025/26 for vehicle lifts is rescoped to purchase brake rollers instead of lifts and moved forward to 2024/25. This will ensure that the rollers are in place to meet the improved standards from 1 April 2025.

The scheme for replacement lifts is in place at £40,000, members are asked to increase the scheme to £45,000 to accommodate purchase of the brake rollers.

6 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.

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	14,872
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 investigation.	19,742	5,045

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	14,872
---	--------	--------

Current Investments

Funds currently invested are shown below:

Counterparty	£m
Lloyds Bank	2.00
Santander	2.00
Handelsbanken	1.50
Broxbourne Council	1.85
Debt Management Office	2.50
Total	9.85

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 £346,112 – an average rate of return of 4.85%.

7 Financial Implications

The financial implications are as set out in the main body of the report.

8 Legal Comment

There are no direct legal implications arising from this report.

9 Initial Impact Assessment

An Initial Impact Assessment has been completed.

10 Appendices

There are no appendices attached to this report.

11 Background Papers

There are no background papers associated with this report.