

Financial Performance to June 2025, including Capital Programme update

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) note the position of the capital programme 2024/25;
- d) note the position of the capital programme 2025/26 to June 2025 and approve amendments to schemes, and
- e) note performance against prudential indicators to date in 2025/26.

3 Background

This report presents a review of financial performance to date for 2025/26 and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

4 Revenue Budget

The Fire Authority approved a 2025/26 revenue budget of £30.084m in February 2025, split into three service areas;

- Executive and Resources
- Service Delivery
- Corporate Governance.

Each of these areas has a pay budget and a non-pay budget, and these are monitored with budget holders.

Monitoring has begun on the revenue budgets for 2025/26, and a summary of the total position is shown below.

Directorate	Budget	Spend	Commit- ted	Balance	% Spent
Executive & Resources					
Pay	1,934	307	1	1,626	16%
Other	3,119	1,096	344	1,679	46%
	5,053	1,403	345	3,305	35%
Service Delivery					
Pay	18,487	4,693	-	13,794	25%
Other	279	63	83	133	53%
	18,766	4,756	83	13,927	26%
Corporate Governance					
Pay	2,740	530	0	2,210	19%
Other	2,599	555	533	1,511	42%
	5,339	1,085	533	3,721	30%
Contribution to Reserves	-2	-	-	-2	0%
Pay and Prices					
Contingency	404	-	-	404	0%
Capital	1,880	40	-	1,840	2%
Income	-1,356	-943	-	-413	70%
Total	30,084	6,341	961	22,782	24%

Significant variances in anticipated spend are shown in the table below.

Service Area	Variance	-Over/ Under £'000
Executive and Resources	Executive pay Structure review – posts vacant during first quarter S151 Officer 15 Procurement Officer 9 Debt Charges Slipped capital schemes and delayed borrowing – cash balances have been used to fund capital schemes until borrowing undertaken 1,000	
Corporate Governance	ICT Pay Structure review – posts vacant during first quarter ICT Technician – service desk level 1 10 Business Analyst 12 Developer 6 Data Analyst 12 Temporary Systems Engineer post agreed for resilience and Command & Control replacement support – post not yet filled 16 Vacant ICT Technician post vacant 10 2 Systems Analyst posts vacant 18 Transformation and Collaboration Pay – additional CRMP support officer has been temporarily appointed – to be funded from structural vacancies -50 Consultancy - In order to align with the Authority's strategic planning process, a Strategic Operational Assessment of Risk (SOAR) is to be developed to inform the next CRMP -20	
Service Delivery	Operations Pay Structure review – posts vacant during first quarter Health & Safety Manager 17 Control pay Funding for staff seconded to the Command & Control system replacement project – Apr to Jun 25 -65	
	Total	990

It is recommended that this balance is retained in contingency, and its use can be determined over the remainder of the year.

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
Funds made available for inter-service competitions	Training	10
Replacement of TomTom navigation devices	ICT	6
Patch to maintain website availability	ICT	20
Provision of 12mth Asset Management support role in Technical Services	STP Staff	38
Total		74

Pay award 2025/26

The pay award for 2024/25 for operational and Fire Control staff was agreed at 3.2%. As the revenue budget was set for 2025/26, considering discussions across the Fire sector on levels of pay award to provide for, pay contingency included an award of 2%.

The increase in pay award for the current year over and above the 2% provided for, is £114,000. This has been found from existing pay contingency balances. However, the additional 1.2% will need to be factored into the upcoming budget setting process before award for 2026/27 is considered.

The effects of the pay award for support staff will be considered in the financial performance report for quarter 2.

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	1,921
Extreme Incidents	219
Major Projects	4,891
ICT	480
Income Volatility	687
Service Transformation Programme Staff	275
Service Delivery	3
Training	221
Operational Equipment	271
Buildings Maintenance	448
Usable Capital Receipts	210
General Fund Balance	700
Total	10,903

5 Capital Programme 2024/25

At its meeting in February 2024, the Fire Authority approved its capital programme for 2024/25 and noted the planned programmes for a further four years.

Regular updates on spend and activity have been brought to members, and the table in Appendix A shows the position of the programme as at 31 March 2025.

Capital Programme 2025/26

Members approved the 2025/26 capital programme in February 2025, and these schemes have been added to the schemes approved previously that have not yet been completed.

Appendix B shows progress on the programme to June 2025, and schemes that make up the 2025/26 programme are indicated in bold italics.

Rescope of capital scheme – Emergency Mobile Comms – Replacement Network

This scheme was approved by the Fire Authority in 2016/17 to bridge any potential gap between Airwave and the new solution for emergency mobile communications. The Head of Digital and Data has confirmed that this is unlikely to be called upon in the next two years.

Following a review of the network estate, it has been identified that the network switches that form a critical part of this estate need replacement, as they will reach a point where updates and security patches can no longer be applied. The cost to replace all the switches across the estate is £92,000 and would prevent degradation of performance and improve the security of the Service's network.

It is proposed that, in order to make these security improvements, £92,000 of the replacement network scheme is allocated to a new scheme for replacement network switches, and a review of the network scheme is undertaken as the capital programme is reviewed for consideration by members in January 2026.

Inflationary increase to capital scheme – appliance replacement

This scheme was approved for 9 appliances using a cost per appliance of £300,000; due to the reconfiguration of one appliance to replace the rescue tender, the scheme now covers 8 vehicles at £355,000 per vehicle. Members are recommended to increase the scheme by a total of £140,000.

6 2025/26 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 June 2025 is shown below.

Indicator	Set 2025/26 £'000	Actual 2025/26 £'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.	17,378	16,620
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.	17,378	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 £5.045m, well within the indicator. No temporary borrowing has been necessary.	20,378	16,620

Current Investments

Funds currently invested are shown below:

Counterparty	£m
Lloyds Bank	0.9
North East Lincoln Council	2.0
Handelsbanken	1.1
Debt Management Office	0.8
Harlow Council	2.0
Nat West	1.8
Total	8.6

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 June is £187,000 – an average rate of return of 4.99%.

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

Appendix A

Capital Programme as at 31 March 2025

Appendix B

Capital Programme as at 30 June 2025

11 Background Papers

There are no background papers associated with this report.