

Financial Performance to March 2021

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011 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 encompasses 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. Final adjustments are still being made for the year end position. Variances identified to the end of March so far can be reported as follows.

	(Over) / Under spend £'000	% of Budget
<u>Executive and Resources</u>		
Pay and Price contingency – a balance remains on the contingency at the end of March following allocation of inflation and pay award	74	
Debt charges – funds were added to the budget for additional debt charges for of the Telford development and other new schemes – this has not yet been required	141	19%
Diesel –there has been reduced spending due to limited travel during the pandemic	25	15%
Lease cars – a drop in the number of vehicle leases has reduced spend in this area – the budget is being transferred as a contribution to the emergency response vehicle scheme on the capital programme	36	70%
Workshops parts – the budget for vehicle parts was increased in 2020/21 to reflect the increasing cost of maintaining the Service’s fleet of operational vehicles, and expenditure has held at this budget during the financial year. Year end stock adjustments have resulted in additional usage costs of £40,000 this year.	(40)	34%
<u>Service Delivery</u>		
On Call System – as reported previously in the year, there has been reduced activity in the on call system due to the pandemic.		
Drills – there have been reductions in training activities away from stations, resulting in lower spend	23	5%
Turnouts – reduced operational activity, and a restriction in ridership numbers on appliances due to the pandemic, have resulted in an underspend	45	10%
Attendance – lower spend in this area due to reduced operational activity	18	35%
National Insurance – associated with the above savings	20	14%

	(Over) / Under spend £'000	% of Budget
Area Command		
Officers – this budget has funded the secondment for preliminary work on the major project at Telford	(80)	7%
Overtime – lower levels of overtime have been claimed during this year	40	25%
Prevention and Protection		
Rural Business Support Officers – a part year vacancy and reduced salary oncosts have resulted in savings in this area	19	13%
Business Inspecting Officers – there are pension savings reported in this area, including on costs on part year vacancy	30	31%
Corporate Governance		
Human Resources - an underspend has resulted from a vacant assistant post	24	76%
ICT Salaries – a technician vacancy has led to underspends in this area.	32	25%
ICT – this budget has been closely monitored this year and adjustments have been made to future budgets to reflect planned and reactive expenditure. There have been developments in a number of areas that were not anticipated, and the transition to a new Help Desk provider has attracted additional costs for set up.	(45)	3%
Total	362	

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

A virement for £20,000 has been approved using delegated powers, for a replacement training container at the Training Centre.

5 2020/21 Prudential Indicators

In line with Chartered Institute of Public Finance and Accountancy's (CIPFA) 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 March 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:

Santander	£2.00m
Barclays	£1.00m
Lloyds	£2.00m
Handelsbanken	£1.80m
Nat West	£0.70m
Broxtowe Borough Council	£2.00m
Cheltenham Borough Council	£2.00m
Liverpool City Council	£2.00m
Telford & Wrekin Council	£2.00m
Wirral Council	£2.00m
Thurrock Council	£2.00m
Total	<hr/> £19.50m <hr/>

The interest on investments earned to the end of March is £85,000 – an average rate of return of 0.35%.

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 associated with this report.

10 Background Papers

There are no background papers associated with this report.