



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 24/45

MEETING	Finance & Audit Committee
DATE OF MEETING	11 September 2024
SUBJECT OF THE REPORT	Financial Monitoring Report - Quarter 1 2024-25
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	To note and comment upon
EXECUTIVE SUMMARY	<p>This report provides an analysis of the current financial position for the 2024-25 financial year, reflecting actual spending to 30 June 2024.</p> <p>The revenue budget shows a forecast positive variance of £1,192k at the current time, mainly due to variances on employee costs and additional investment interest income.</p> <p>A revised Capital Programme total of £16.05m is shown in Section 4, reflecting carry forwards from last year and some further in-year changes.</p>
RISK ASSESSMENT	<p>Financial sustainability remains a key focus as a strategic risk and as such the monitoring of the financial position is a critically important factor in financial planning and decision making for the Authority. Any anticipated financial outcome arising will therefore feature in the medium-term financial planning and budget setting process.</p>
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None for the purposes of this report

<p>RECOMMENDATION</p>	<p>Members are asked to note and comment upon the current financial position as at 30 June 2024.</p>
<p>BACKGROUND PAPERS</p>	<p>Medium Term Finance Plan 2024-25 to 2027-28</p>
<p>APPENDICES</p>	<p>Appendix A – Revenue Budget Summary 2024-25 Appendix B – Summary of Reserves 2024-25 Appendix C – Capital Budget Summary 2024-25 Appendix D – Prudential Indicators Appendix E - Current Borrowing and Investments</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Name: Ryan Maslen, Deputy Assistant Chief Officer - Financial Services and Treasurer Email: ryan.maslen@dwfire.org.uk Tel no: 07500 669442</p>

1. Introduction

- 1.1 This report provides an update of the revenue budget position for the 2024-25 financial year, covering the period to 30 June 2024. The net revenue budget was set in February 2024 at £73.9m.
- 1.2 Appendices A and C show the summary revenue and capital projections. Variations have been “traffic lighted” to highlight the major variances, with those in excess of £20,000 (under or overspending) shown in pink, those between £10,000 and £20,000 in yellow and those below £10,000 in green. Appendices D and E provide information on treasury management activity.

2. Major Variations from Revenue Budget

- 2.1 Employees (note 1)
 - 2.1.1 The report shows an overall projected underspend of £873k for Employee costs, representing 1.45% of the budget amount. This is based on actual costs to date and projected costs based on previous spend profiles, along with anticipated staffing numbers for the remainder of the financial year. The variance will fluctuate depending on levels of operational activity and through vacancy management. The projections include the impact of the agreed wholetime staff pay award, 4% from July 2024, and the currently offered corporate staff pay award.
 - 2.1.2 The most significant variance within the employees section is a forecast underspend of £795k for on-call costs. There are several contributory factors to this, linked to operational activity which has seen a reduction of over 500 incidents compared to the same period last year, the introduction of the new Automatic Fire Alarms (AFA) policy resulting in a reduction in the number of AFA’s attended of 15%, on-going contractual reviews and overall staffing numbers.
 - 2.1.3 In light of the resourcing and savings programme work that has been ongoing over the Summer period, on-call recruitment activity and establishment levels have also been closely managed to minimise the potential for compulsory redundancies.
- 2.2 Other non-pay related costs (note 2)
 - 2.2.1 The forecast overspend on premises costs is due to additional reactive maintenance costs that have been incurred at Marlborough following the flood damage. These costs will be recovered via our insurance arrangements.
 - 2.2.2 Small variances are expected across a number of other expenditure lines such as Personal Protective Equipment (PPE) costs, equipment costs, mileage costs and subscriptions.

2.3 Income (note 3)

2.3.1 Whilst the budgeted income target for investment returns has been increased in 2024-25, performance continues to exceed the targeted level. Cash balances are monitored daily and a pro-active approach to maximising returns is being taken to take advantage of the ongoing uplift in yield returns available.

2.3.2 Final grant allocations for 2024-25 were confirmed after the budget was formally set in February and an additional £30k has been received.

2.4 Funding (note 4)

2.4.1 Overall funding is forecast to increase by £26k due to final allocations of business rates funding and associated Government grants. This is the only variation from the wider funding position advised to the Fire Authority at the February meeting.

3. Reserves and Balances (note 5)

3.1 Appendix B shows the details of reserves and balances.

3.2 General balances stood at £3.102m as at 1 April 2024. This is planned to increase to £3.157m this year.

3.3 Earmarked reserves (£15.8m) and grants (£2.0m) stood at £17.8m as at 1 April 2024. Appendix B shows the breakdown of reserves brought forward and the budget forecast indicates an overall reduction of £727k, mainly from planned use of reserves included in the original budget. There will undoubtedly be further changes required during the year.

4. Capital Programme

4.1 The original Capital Programme for 2024-25 totalled £14.0m. Projects totalling £2.9m have been carried forward from 2023-24 and other in year changes result in a net increase of just over £2.0m. The revised Capital Programme for 2024-25 therefore currently stands at £16.05m.

4.2 Appendix C shows current and projected spending levels and sections 4.3 to 4.5 provide more detail. Final spending levels are likely to be less than currently shown due to some projects being deferred and delays in the availability and delivery of some assets impacting other wider projects. Further details will be provided at the December committee meeting when there will be greater certainty over the full impact.

4.3 Property/Estates

4.3.1 Building projects (note 6)

The key element of the planned estates works is the training centre project. Confirmed levels of spend and timelines are reliant on the completion of the required procurement process, which will proceed following the outcome of the ongoing planning discussions with Dorset Council.

The wider estates cyclical maintenance programme is underway at several sites. Works have recently started at Charminster and are planned to commence at Gillingham (quarter 3) and at Charmouth (quarter 4). A number of retention payments are due for work already completed later this financial year and work at Calne and Devizes will commence in quarter 4, with the majority of the work then being completed in 2025/26.

4.4 IT and Communications (note 7)

- 4.4.1 The hardware replacement programme is progressing, with procurement activity commencing to deliver this year's planned works. The SD WAN replacement procurement process has recently completed and roll out work will commence imminently. Plans for backup system replacements, website development and server upgrades are being developed.

Command & Control System – The tender process for the replacement system, being procured through the Networked Fire Services Partnership (NFSP), has recently concluded. Implementation plans and the associated timescales are now being developed. The full financial implications will be reported at the next Committee meeting, but initial estimates suggest implementation costs are lower than had previously been anticipated.

4.5 Vehicles and Equipment (note 8)

- 4.5.1 Vehicles – the Authority has ordered sixteen new super pumping appliances, with the first four due to be delivered in March 2025. The last four are scheduled to be delivered in the Summer of 2027. A number of other vehicles have been ordered and will be delivered in this financial year, including a Unimog in January 2025. In addition, there are several procurements to complete for other planned fleet replacements, which will commence in this financial year.

- 4.5.2 Operational & Other Equipment – the majority of equipment items relate to the large vehicle replacements and are therefore similarly on track.

5. Treasury Management

- 5.1 The Authority approved the Treasury Management Strategy for 2024-25 at its meeting in February. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and Treasury Management Code require that treasury management activity is reported quarterly as part of an authority's general revenue and capital monitoring.

- 5.2 The Authority has a statutory duty to determine and keep under review the affordable borrowing limits. During the first quarter the Authority has operated within the treasury and prudential indicators set out in the approved strategy. No difficulties are envisaged for the current or future years in complying with these indicators.
- 5.3 All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.
- 5.4 The Prudential Indicators are shown in Appendix D.
- 5.5 Borrowing
- 5.5.1 At the start of the financial year, the Authority had outstanding borrowing totalling £16.2m. The Authority also has an assessed Capital Financing Requirement (CFR) (for capital expenditure purposes), which is the Authority's underlying need to externally borrow to finance capital expenditure. This stood at £41.96m as at 1 April 2024, with the difference of £25.7m being the level of internal borrowing, commonly referred to as the level of under-borrowing.
- 5.5.2 The Authority borrowed £3m for 50 days in June 2024. This was planned to assist cashflow on a short-term basis and the funds have subsequently been repaid.
- 5.5.3 The Treasury Management Strategy assumes that new borrowing of £9.8m would potentially be undertaken in 2024-25. At the current time, given the ongoing high interest rates, any borrowing will only be undertaken on a short-term basis to support cashflow, avoiding locking in the Authority to longer-term borrowing at expensive interest rates.
- 5.6 Investments
- 5.6.1 Investments in the first quarter of 2024-25 were only made in 'Money Market Funds' and 'On-Call Deposits' with a maturity date less than one year, in accordance with the Authority's Annual Investment Strategy. Investment transactions totalled £21.21m, and disinvestment transactions totalled £19.36m. Net investments therefore increased by £1.85m, bringing the total invested at 30 June 2024 to £3.45m. (Total invested at 1 April 2024 was £1.6m).
- 5.6.2 During quarter 1 gross income from investments totalled £27k.
- 5.6.3 Details of investments as at 30 June 2024 are shown in Appendix E.

6. Summary and key points

- 6.1 The revenue budget shows a forecast outturn underspend of £1,192k at the current time. This is mainly due to positive variances on employee costs and additional investment interest income.

- 6.2 The overall Capital Programme budget for 2023-24 has increased to £16.05m at the current time, including carry forward requirements from last year and some in year changes.