



OFFICIAL

Reserves Strategy 2023/24 to 2027/28

Finance & Resources Committee

Date: 20 October 2023

Agenda Item:

06

Submitted By: Chief Finance and Procurement Officer

Purpose To seek endorsement of the Authority's Reserves Strategy 2023/24 to 2027/28.

Recommendations That Members approve the Reserves Strategy 2023/24 to 2027/28.

Summary The level of usable reserves of stand-alone fire and rescue services is of particular interest at a national level, and it is recognised that there is a need for greater transparency around reserves. The reserves strategy is approved annually at Finance and Resources Committee and Full Authority approves the use of reserves to support the revenue budget in February as part of the budget setting process. It is proposed that £0.500m is transferred from the pay and prices reserve to the service support reserve to support the development of the data and digital strategy.

Local Government (Access to information) Act 1972

Exemption Category: Nil

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Background papers open to inspection: Nil

Annexes: Reserves Strategy 2023/24 to 2027/28

1 Introduction

- 1.1 It is a requirement that local authorities publish their reserves strategy either as a separate document on their website or include it a part of the budget setting process. The Reserves Strategy is formally approved at Finance and Resources Committee and then subsequently published on the Authority's website. In addition, the planned use of usable reserves over the next four years to support the Medium-Term Financial Plan is presented to Full Authority as part of the budget setting process.
- 1.2 Reserves are an essential tool of good financial management; they allow authorities to manage unpredictable financial pressures and plan for their future spending to facilitate long-term budget stability.

2 Information

- 2.1 At a national level there has been considerable debate about the level of general reserves that are being held by local authorities. Whilst there is no specified minimum general reserve level, a broad rule of thumb adopted by most Chief Finance Officers in Local Government has been that an appropriate and prudent level is one that is equivalent to 5% of the budget.
- 2.2 The current level of reserves for West Yorkshire as at the 1 April 2023 were £5.000m of general fund balances and £35.986m in earmarked reserves, equating to a total usable reserve balance of £40.986m. The general fund balance of £5m represents 4.8% of the revenue budget.
- 2.3 If the Authority were to spend its reserves over and above its cash balance, we would have to borrow either on a short or long-term basis, thus adding pressure to the revenue budget in the form of interest payments. The current policy of utilising our own cash rather than taking out new loans has saved the Authority over £8.8m (net) in loan interest payments over the past 12 years.
- 2.4 In determining the appropriate level of reserves required by the authority, the Chief Finance and Procurement Officer is required to form a professional judgement on this, considering the strategic, operational, and financial risk facing the authority. This is completed based on guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and includes an assessment of the financial assumptions underpinning the budget over the medium to long term. This includes issues such as uncertainty surrounding future funding settlements, pay awards, changes to pension schemes rates, volatility of the retirement profile.
- 2.5 In October 2022 the National Fire Chiefs Council with the guidance of the Fire Finance Network conducted a review of Fire and Reserves and forecasts about future levels of reserves to 2026/27. This survey which was coordinated by the Somerset Technical Team. A copy of the full report is attached for information, the main highlights from the report are:
 - Total usable reserves for English Fire and Rescue Services (FRS) on the 1st of April 2022 is £807m, an increase of £28m from the previous year, this is primarily due to unspent Covid19 grants. Usable reserves have increased significantly from 2019/20 and 2021/22 from £682m to £807m.
 - Over the medium term, FRS forecast a significant reduction in useable reserves, with an estimated balance of £245m by 2026/27, a 70% reduction from 2021/22 levels.

- A large proportion of reserves are earmarked to be spent in 2022/23 for capital expenditure (34.4%) and revenue funding pressures (35.2%).

The table below shows a summary of all Fire and Rescue Authority Reserves as of the 31st of March 2021, this is the latest data published by the Home Office.

Standalone FRA reserve levels as at March 2021

Fire and Rescue Authority	General Fund £m	Earmarked reserves £m	Total resource reserves £m	Capital reserves £m	2021/22 Core Spending Power £m	Resource reserves as a percentage of Core Spending Power %
Avon	1.50	10.70	12.20	7.10	45.40	27%
Bedfordshire	2.40	13.50	15.90	0.70	31.40	51%
Berkshire	2.30	9.90	12.20	0.00	35.50	34%
Buckinghamshire	1.50	5.00	6.50	0.00	28.90	23%
Cambridgeshire	2.10	7.00	9.10	3.90	30.90	29%
Cheshire	2.30	18.90	21.20	1.60	45.20	47%
Cleveland	1.60	8.80	10.30	1.20	28.00	37%
Derbyshire	1.90	9.60	11.50	2.40	39.60	29%
Devon and Somerset	5.30	40.50	45.80	0.00	79.70	57%
Dorset and Wiltshire	2.80	20.60	23.40	0.00	58.80	40%
Durham and Darlington	1.50	6.20	7.70	0.00	30.10	26%
East Sussex	2.00	15.00	16.90	6.00	40.20	42%
Essex	4.40	13.50	17.80	9.70	75.40	24%
Hampshire	2.50	33.30	35.80	0.00	0.00	43%
Hereford and Worcester	1.50	14.20	15.80	5.50	33.30	47%
Humberside	6.40	7.40	13.70	0.00	45.60	30%
Kent	3.70	38.20	41.90	7.90	75.00	56%
Lancashire	6.50	10.80	17.20	19.70	57.60	30%
Leicestershire	2.60	19.20	21.80	0.00	37.10	59%
Merseyside	3.00	26.10	29.10	10.40	63.80	46%
Northamptonshire	3.00	1.90	4.90	0.60	24.10	20%
North Yorkshire	1.10	6.90	8.00	0.00	32.40	25%
Nottinghamshire	5.00	5.70	10.70	0.30	43.80	24%
Shropshire	1.60	4.20	5.80	11.50	23.40	25%
South Yorkshire	5.00	13.70	18.70	0.70	52.90	35%
Staffordshire	1.90	15.30	17.20	0.00	43.20	40%
Tyne and Wear	3.90	35.20	39.20	1.60	50.70	77%
West Midlands	5.80	36.90	42.80	2.30	100.90	42%
West Yorkshire	5.00	32.40	37.40	0.10	84.90	44%

2.6 It is proposed that £0.500m is transferred from the pay and prices reserve to the service support reserve. This will be used to fund the development of the data and digital strategy, especially the roll out of the One View System, the introduction of Power Apps and the development of the National Operations Guidance (NOG) library. It is recommended that the reserve is used to fund non-recurring costs, for example, the use of consultants, registration fees and employees employed on short term fixed contracts.

A detailed analysis of the Authority's earmarked reserves and their planned use is included with the Reserves Strategy, which is attached to this report.

2.6 In summary, it is planned, to use over £30.16m of earmarked reserves by the end of 2027/28 which will be primarily to fund the development of FSHQ. It is projected that earmarked reserves will be utilised as follows:

- £25.080m on the redevelopment of FSHQ. Using the capital reserve to fund the rebuild it means that the Authority does not have to make a Minimum Revenue Provision (MRP) to the revenue budget over the life of the asset, which is 40 years.
- £2.00m to support the Medium-Term Financial Plan in the event of the comprehensive spending review been less favourable than forecast, this would be primarily due to inflationary factors not built into base funding. There is a forecast deficit of £0.695m from 1/4/24 which is due to the increase in maintenance costs for the new command and control system, if the Authority does not have precept flexibility for 2024/25, the deficit will need to be funded in the short term from the Medium-Term Funding Impact Reserve.
- £0.084m on the final payment for the Command-and-Control System.
- £0.302m to support the legacy business rates and council tax collection fund deficits resulting from Covid19, which will be met from the Tax Income Guarantee reserve.
- £0.045m on Covid19 expenditure, which is the balance remaining of £2.76m of the Covid grant received since the start of the pandemic. This will be used to pay for overtime to cover leave that was cancelled due to Covid.
- £1.00m to fund in the short term the estimated increase in employer contributions resulting from McCloud/Sargeant pensions age discrimination ruling which come into effect from the 1st of April 2024. It has been assumed that the Authority will receive 90% funding of the increase cost, using the same methodology as in the increase experienced in April 2019.
- £0.550m on the implementation of the Data and Digital Strategy from the Service Support Reserve
- £0.142m on the administration of the pension remedy resulting from the McCloud/Sargeant case. The Authority received this grant in 2021/22 and will be fully spent by the end of 2025.

3 Financial Implications

3.1 The management of usable reserves is important for sound financial management and the production of a sustainable Medium Term Financial Plan. The earmarking of reserves for specified future projects and potential liabilities means that funding has been set aside and cannot be used for other purposes. This facilitates improved planning and transparency.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

5.1 There are no Human Resource and Diversity Implications

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	No
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7 Health, Safety and Wellbeing Implications

7.1 There are no Health, Safety and Wellbeing Implications.

8 Environmental Implications

8.1 There are no environmental implications.

9 Your Fire and Rescue Service Priorities

9.1 The reserves strategy supports all the fire and rescue service priorities.

10 Conclusions

10.1 It is a requirement that the Authority reviews and approves its Reserve Strategy on an annual basis. The use and management of reserves will be the key to financial stability especially at a time when the Authority is facing funding uncertainty.

WEST YORKSHIRE FIRE AND RESCUE SERVICE

RESERVES STRATEGY 2023/24 TO 2027/28

1 What are Reserves

- 1.1 Reserves are an essential part of good financial management in that they help the fire authority manage with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors in developing the Medium Term Financial Plan and setting the annual budget. In setting the budget the fire authority decides what it will spend and how much income it needs from council tax to supplement government funding. The fire authority may choose to fund some of its spending from its reserves and balances in the short term until long-term savings initiatives are realised.
- 1.2 Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.
- 1.3 The requirement for a local authority to maintain financial reserves is acknowledged in legislation and thus preventing the authority to over committing financially. These are:
 - The requirement to set a balanced budget as set out within the Local Government Finance Act 1992.
 - The requirement of the authority to make arrangements for the proper administration of their financial affairs and the appointment of a Chief Finance Officer (section 151 officer) to take responsibility for the administration of those affairs.
 - In accordance with the Local Government Finance Act 1988 (Section 114), the Chief Finance Officer must report if there is or is likely to be unlawful expenditure or an unbalanced budget.
 - The Local Government Act 2003, places a duty on the Chief Finance Officer to give positive assurance as part of the budget setting process of the adequacy of balances.
 - The Local Government Finance Act 1992 requires fire authorities as a precept authority to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
 - The external auditors' responsibility to review and report on the authority's financial standing as per the annual external audit report.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) published LAAP Bulletin 99 in July 2014 which provides guidance on the management of reserves which has been adopted by the authority. CIPFA bulletin 13 was issued in March 2023 which gives further guidance on local authority reserves.

2 National Framework

- 2.1 The National Framework which was published in May 2018 includes a section on reserves, the main components of which are:

- General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. These should be established as part of the medium term financial planning process.
- Each fire and rescue authority should publish their reserves strategy on their website. The strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan.
- Information should be set out in a way that is clear and understandable for members of the public and should include:
 - How the level of general reserve has been set.
 - Justification for holding a general reserve larger than five percent of budget
 - Whether the funds in each earmarked reserve are legally or contractually committed, and if so, what amount is committed and,
 - A summary of what activities or items will be funded by each earmarked reserve and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

3 Determining the Level of Reserves

- 3.1 Reserves are an essential tool to ensure long-term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term.
- 3.2 Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum there, there are sufficient balances to support the budget requirements and provide adequate contingency for budget risks.
- 3.3 In accordance with the authority's financial regulations, the authority holds reserves which fall into two distinct categories:
 - General Reserves – these are necessary to fund any day to day cash flow requirements and also to provide a contingency in the event of any unexpected events or emergencies; and
 - Earmarked Reserves – these have been created for specific purposes and involve funds being set aside to meet known or predicted future liabilities. By establishing such reserves, it will smooth the expenditure profile and avoid liabilities being met from Council Tax in the year that payments are made.

- 3.4 The Authority also has a number of provisions on the Balance Sheet which, provide funding for a liability or loss that is known with some certainty will occur in the future but the timing and amount is less certain.
- 3.5 There is not a recognised formula for determining the level of reserves that each fire authority should maintain. It is up to each authority to consider the local circumstances and the potential issues/risks that may occur across the medium term. In determining the level of reserves for the Authority the risks and issues that should be taken into consideration will include the following:
- The risk that specific fire revenue grants are not continued, unlike revenue support grant and business rates top up grant, these grants are paid as Section 31 grants and are not included within baseline funding levels.
 - To provide cover for extraordinary or unforeseen events occurring: given the purpose of the fire and rescue service is to respond to emergency situations, there is always the potential for additional, unexpected and unbudgeted expenditure to occur.
 - The commitments falling on future years as a result of capital plans and proposals to improve the asset base. Having reserves mitigate the impact on the revenue budget of borrowing and/or revenue contributions to capital and would support projects/programmes that will support revenue efficiencies.
 - The risk on inflation, especially pay awards. In 2022/23 the agreed pay award for grey book employees was 3% above budget provision which had to be met from existing budgets. This cost an additional £1.2m. Although the pay award for operational staff has been agreed for 2023/24, the green book pay award is outstanding. If inflation remains high and the budget provision does not cover the cost, the pay award would need to be met from the pay and prices reserve until efficiencies within existing budgets are identified.
 - Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax.
 - Spread the cost of large-scale projects which span a number of years, for example the redevelopment of the FSHQ site.
- 3.6 The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. However, given the high level of influence of third parties such as the Local Government Employers and Government departments on its income and expenditure there is always the risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.
- 3.7 Reserves only provide one off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.

3.8 The Authority has set its' guideline Prudential indicator for the General Reserve at 5% of annual budget which is a commonly used benchmark across the fire sector. The Authority also uses the Risk Register to determine the level of General Fund Reserve. This Risk Register details fifty four separate risks the Authority faces, which has an estimated financial liability of £5m. The General Fund reserve equates to 4.8% of the annual budget, slightly lower than the guideline of 5%.

4 Reserves Position 1 April 2023

4.1 The level of cash fluctuates during the year due to the timing of Government grants, notably the top up grant which we received £35 million in July 2023. If the Authority wanted to utilise reserves which exceeds our working cash flow balance, we would need to borrow.

4.2 The current balance of reserves is summarised in the table below:

Type of Reserve	Balance at 1/4/23
General Fund	£5,000,000
Earmarked Reserves	£35,987,763

4.3 The general fund reserve is not specified for a determined use: it is maintained for cash flow purposes.

4.4 Earmarked reserves are funds that are set aside to meet costs for specific purposes in future financial years. These reserves allow the Authority to adopt a more flexible approach to budget management and meet cost pressures in future years. Some reserves are a result of the receipt of a Government grant that has been given for a specific purpose, others are from the transfer of revenue budgets to reserves for future costs.

4.5 Detailed below are the Authority's reserves, an explanation of their purpose and forecast balance at the 31/3/2028.

RESERVES AS A RESULT FROM GRANTS

Description	Balance 1/4/23	Estimated Balance 31/3/28	Purpose and Origin of the Reserve
Council Tax Reform	£27,000	£27,000	This was a one off grant received in 2012/13 from Central Government to assist with the costs associated with the reform of business rates. To date, no expenditure has been charged to this reserve.
Body Bag Decontamination	£40,000	£40,000	This grant was received in 2012/13 and 2013/14 from Central Government.
Control Room	£83,936	£0	This is the remainder of grant for the New Control Project which West Yorkshire manage on behalf of both West and South Yorkshire. This reserve will be fully used once the final payment to Systel has been paid.
Enhanced Logistics	£191,219	£0	This was a grant initially received in 2011/12 for the provision of the purchase of the new command unit. This is now complete and a replacement of the vehicle will be charged to this reserve if required in the future.
Transparency	£69,211	£69,211	This is a central government grant to enable organisations to meet the requirements of data transparency. To date, no expenditure has been charged to this reserve.
Business Rate Appeals	£1,301,160	£1,301,160	This reserve is used to manage the volatility on the revenue budget from business rate appeals. A grant is received from government each year to ease the potential cost which is based in the NNDR1 returns from the 5 district councils.
Tax Income Guarantee	£302,216	£0	This reserve holds the grant that government has provided to cover 75% of irrecoverable local tax deficits relating to council tax and business rates. The grant has been paid in full in 2021/22 and will be used against the deficit spread over the next three years.
Covid19	£44,788	£0	This reserve holds the grant relating to supporting ther costs associated with Covid 19.
Pensions Admin Remedy	£142,141	£0	The government has provided a grant to pay for the software and administration costs associated with the implementation of the McCloud Sargeant pension remedy
Serious Violence Duty	£4,592	£0	The government has provided a grant to pay for the costs associated with the implementation of The Police, Crime, Sentencing and Courts Acts 2022

RESERVES AS A RESULT FROM REVENUE ALLOCATIONS

Description	Balance 1/4/23	Estimated Balance 31/3/28	Purpose and Origin of the Reserve
Emergency Services Mobile Communications Programme (ESMCP)	£258,000	£0	This reserve has been established to recognise the risk that Government funding for ESMCP will cease once the system goes live, to counter balance this it is expected that annual costs will reduce once implemented. This reserve will fund those contracts for which the Authority will be contractually committed to after this date.
Insurance Claims	£393,017	£393,017	This reserve will be used for any uninsured losses the authority may face in future years e.g. mesothelioma and to support any additional contributions required by our insurance arrangements with the Fire and Rescue Indemnity Company (FRIC)
Service Support Reserve	£549,832	£0	This reserve was established in 2013/14 with the purpose to fund any expenditure that is not included in the MTFP but will generate savings or improve ways of working.
Pension Equalisation Reserve	£3,821,633	£2,821,633	This reserve is used to ease the potential cost of increased ill health retirements which have to be met from revenue. Any underspend on the ill health revenue budget is transferred to this reserve at the end of the financial year. Currently this budget is £1.6 million and annual spend is in the region of £1.5 million. This reserve will also be used to fund in the short term, the increase in employer pension contributions resulting from the McCloud/Sargeant actuarial review in 2024.

Description	Balance 1/4/23	Estimated Balance 31/3/28	Purpose and Origin of the Reserve
Industrial Action	£610,302	£610,302	The industrial action reserve was established in October 2022, when the fire sector was facing a period of industrial action by firefighters. Although the immediate threat of industrial action has subsided, the introduction of the Minimum Services Level Bill and the White Paper of fire service reform may see an increase in the potential for industrial action.
Reserve for Pay and Prices	£1,069,075	£569,075	This reserve will be used to fund any pay awards that are in excess of that included within the Medium Term Financial Plan or any other inflationary increases not provided for in the annual budget.
Capital Finance Reserve	£25,079,641	£0	The purpose of this reserve is to ease the cost of financing the capital plan in future years. Property new builds and major refurbishments will be funded from the capital finance reserve. Any underspending on capital financing charges and the revenue budget are initially transferred to this reserve which may then be used to pay additional voluntary capital charges as per the Authority's Minimum Revenue Provision Policy.
Medium Term Funding Impact	£2,000,000	£0	This reserve has been established to mitigate any funding shortfalls as a consequence of the Fair Funding Review and the Comprehensive Spending Reviews which have not been included within the Medium Term Financial Plan

5 Review of Reserves

5.1 The Authority's reserves will be reviewed as part of the following processes:

- The reserves will form part of the budget setting process and the level and use of reserves will be considered when setting the annual budget and

Medium Term Financial Plan. This will include the approval at Full Authority Committee.

- The Reserves Strategy will be reviewed annually by the Finance and Resources Committee in October.
- Reserves are reviewed and externally audited during the closure of the Authority's accounts and are included in the Statement of Accounts. There is a statutory requirement to detail the movement between reserves during the year and show the opening and closing position in the Movement in Reserves Statement and the Expenditure and Funding Analysis. The Statement of Accounts is approved at the Authority's audit committee.
- The minimum level of General Fund Reserves will be assessed during the year by the financial appraisal of risks on the Authority's risk register. The Risk Management Strategy Group which meets quarterly whose aim is to manage the register and identify and assess risks. This group is chaired by the Deputy Chief Fire Officer and is attended by internal audit, a member champion and those responsible for the key risks within the organisation.



OFFICIAL

Quarterly Financial Review

Finance & Resources Committee

Date: 20 October 2023

Agenda Item:

07

Submitted By: Chief Finance and Procurement Officer

Purpose	To present a Quarterly Review of the financial position of the Authority
Recommendations	a) That members note the content of the report b) That members approve the revised revenue budget c) That members approve the revised capital plan
Summary	The purpose of this report is to present an overview of the financial performance of the Authority in the first 5.5 months of the current financial year. The report deals with revenue and capital expenditure.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: None

Annexes:

- Appendix A – Revision to Capital Plan
- Appendix B – Capital Expenditure
- Appendix C – Investments
- Appendix D – Prudential Indicators

1 Introduction

- 1.1 Expenditure is monitored throughout the year against the approved revenue budget with reports presented to departments, cost centre managers and directors. A high-level summary report is presented to Management Team on a monthly basis. The purpose of the report is to monitor progress against the approved revenue budget; provide a forecast outturn for the financial year; provide an explanation of any major variations, and to show the impact of any variations on the revenue balances of the Authority.

2 Information

2.1 Revenue Budget Revision

When the revenue budget is approved an amount is included in contingencies for any budget increases/decreases that were not included within the original budget. Growth and savings included within the approved original budget which have yet to be expended or realised are included within the general contingency.

As reported at Finance and Resources in July, a budget review has been undertaken with budget holders which has resulted a number of transfers to/from contingencies since the last report.

The following require transfers to/from the general contingency budget:

2.2 Employees

- a) Since the budget was approved in February, there have been four additional leavers and eleven employees that will be retiring in 2023/24 before their forecast retirement date. This has resulted in a forecast underspend of £0.300m which will be transferred to contingencies.
- b) Included within the 2023/24 is a cost pressure for an increase in detached duty payments of £0.100m. Detached duties are whereby a firefighter is transferred to another fire station to cover a shift which is below strength, this could be due to sickness, training, or annual leave. Due to the high levels of sickness and an increase in employees catching up with training lost due to Covid, this budget is forecast to overspend. The £0.100m cost pressure will be transferred from contingencies to employee budgets to fund the forecast overspend.
- c) The retained (on call) employee budget is forecasting an under spend of £0.200m. Although this budget is subject to variation during the year, the forecast has been calculated on retained activity in previous years and as such the budget underspend can be moved to contingencies.
- d) There have been some small adjustments to budgets for National Insurance, pensions, secondee transfers and the provision of overtime for the AFSA conference amounting to a net movement from contingencies of £0.026m.

- e) In 2020, the Fire Authority approved the budget for the creation of a project team to manage the implementation of the replacement command and control system, this covered the period December 2020 to November 2023. Due to the delays in the procurement of the new system, the go-live date has been pushed back to January 2025. The cost of maintaining the team for the remainder of 2023/24 will cost £0.085m which will be met from contingencies. The funding of the team in 2024/25 will be subject to a revenue bid as part of the budget setting process.

2.3 Non-Employee Budgets

- f) A revenue bid of £0.390m was included for the delivery of breathing apparatus training at another external location whilst the Multi-Purpose Training Centre (MPTC) is out of action as the FSHQ site has been developed. It has been confirmed that the access to the MPTC will be available until the end of March 2024, so this revenue bid in 2023/24 is not required. A new bid for 2024/25 will be submitted and will be included in the 2024/25 budget calculations.
- g) The development of Power Apps requires funding of £0.095m in 2023/24. Microsoft Power Apps enables the building of applications and systems that are specific to the work of the Authority. By using this technology, our applications will be simpler and easier to produce, reducing reliance on complicated coding and system development. Power Apps will replace outdated workflows and fully digitise process thus facilitating smarter working which will in turn improve productivity and efficiency.
- h) Due a reduction in the number of recruits than that forecast in the 2023/24 budget, this has resulted in a saving of £0.030m on training meals. This underspend has been transferred to contingencies.
- i) Due to a change in policy which was approved at September Management Team, the fire safety team will no longer be fitting fire-retardant products which will save £0.022m per annum. The theory is that the provision of retardant products is counterproductive, evidence suggests that people think they are safe to smoke in bed when the Authority provides smoke retardant bedding. The team now fit heat detectors in kitchens alongside standard detection provided elsewhere in the home.

2.4 Income

- j) Two secondees have left the organisation resulting in a reduction in budgeted secondment income of £0.100m, this has required a movement from contingencies to the income budget.

The table below details the current contingencies budget position following the above transfers, which has resulted in an increase in general contingencies of £0.536m:

	<u>Opening Balance 1/4/23</u> £000	<u>Transfer to/from Contingencies</u> £000	<u>Closing Balance</u> £000
General Contingency	4,146	536	4,682
Employee Contingency	0		0
TOTAL CONTINGENCIES	4,146	536	4,682

Expenditure Monitoring

- 2.5 This report is based on expenditure to mid-September 2023 and includes the first five salary payments of 2023/24. The projected outturn is based on current years' expenditure and is forecast to the end of the year based on previous expenditure profiles. Overall, the latest forecast indicates there will be an under spending of £0.229m in the current financial year.
- 2.6 An improved budget monitoring report for managers was introduced in 2018/19 which highlights those areas of concern using a Red, Amber, Green (RAG) rating. For those budgets that are forecast to overspend or under spend a red "cross" will be inserted against the budget line and for those within 5% of budget, an amber mark will be inserted. For those budgets where there is either a red or amber indicator, the budget holder will be required to provide an explanation as to the reason for the projected overspend. This has brought increased accountability to budget holders and is reported to Management Team on a monthly basis.
- 2.7 The table below summarises the forecast with an explanation of the causes detailed below:

	<u>Revenue</u> <u>Budget</u> £000	<u>Forecast</u> £000	<u>Variance</u> £000
Employees			
Wholetime	57,231	57,194	-37
Retained	2,534	2,509	-25
Control	2,479	2,452	-27
Support Staff	12,148	12,113	-35
Contingency Crews	200	190	-10
Employee Contingency	667	667	0
Pensions	1,600	1,600	0
Training	1,176	1,139	-37
Other Employee	558	563	5
TOTAL	78,593	78,427	-166
Premises	5,890	5,861	-29
Transport	2,477	2,473	-4
Supplies and Services	6,888	6,856	-32
Contingency - General	4,681	4,681	0
Support Services	327	327	0
Capital Charges	8,055	8,055	0
Income	-2,611	-2,609	2
Net Expenditure	104,300	104,071	-229

An explanation of the variances over £25k per expenditure category are explained below:

2.8 Employees -£223,000

Whole time Fire Fighters -£37,000

As detailed in section 2.2, although the budget has been adjusted for additional leavers and early retirements, there has also been a reduction in the number of budgeted recruits. The recruits course which commenced in September was budgeted for fifteen recruits and has a cohort of thirteen. It is planned that the January course will be increased to compensate for these shortfalls. This will be reviewed in the winter and the budget may be adjusted accordingly.

Control Staff -£27,000

The forecast underspend is due to control staff vacancies, the team has had a number of retirements and due to the recruitment and training process there is a time lag in filling these vacant posts. Some of this underspend has been offset by increased overtime which is used to fill the vacant posts.

Support Staff -£35,000

This projected under spend on support staff is attributable to support staff vacancies that are currently vacant and that are in the process of been filled. Due to the length of the recruitment process there is a time lag in filling vacant posts, the target for the recruitment cycle is 84 days. The budget for posts that were vacant on the 1st of April 2023 are held separately in the contingency budget and are not included in the forecast.

Training -£37,000

There is a forecast underspend on external training. During Covid the majority of training courses were cancelled, during last year and this year, employees are catching up with training that was missed. In order to address this expected increase in training, an additional budget of £0.250m was approved for 2023/24. This will be reviewed later in the year to see if there has been a budget over provision and an adjustment will be made accordingly.

2.9 Premises -£29,000

It is forecast that premises budgets will underspend by £29k, this is predominately on annual contracts and servicing. This budget is reactive and is dependent on the number of call outs on our annual contracts so it subject to variation during the year. This is subject to detailed monitoring by both property and finance teams.

2.10 Supplies and Services -£32,000

The net underspend is spread over a number of budget headings within supplies and services. There is a small forecast overspend on the purchase of equipment and the payment of expenses which has been offset by underspends on clothing, consultants' fees, and subscriptions. These areas of expense are closely monitored, and some budget adjustments may be identified during the calculation of the 2024/25 budget.

3 Impact on Revenue Balances

3.1 The projected under spending will have the effect of increasing the general fund balance which is detailed in the table below:

Description	Usable Reserves £000
General Fund	5,000
Earmarked Reserves	15,705
Impact of forecast	229
Forecast Usable Reserves at 31/3/2024	20,934

4 Contact Procedure Rules

4.1 A requirement of the Authority's constitution, which was approved at Full Authority in February 2021, is to report to Finance and Resources Committee the approval of waivers to the Contract Procedure Rules (CPR) over £75,000.

4.2 In the second quarter of 2023/24, there has been two waivers that have been signed by the Chief Finance and Procurement Officer:

- A waiver was approved for the maintenance of Breathing Apparatus (BA) sets totalling £0.753m over eight years (£0.094k per annum). A separate procurement was undertaken earlier in the year to purchase BA reducers which extends the life of our existing BA sets by up to eight years. The reducers were purchased from Draegar who also have the current contract for the servicing and maintenance of BA sets. It is therefore not practical to move to a different supplier as they will not have the expertise in the Draegar BA set, but it would also require the Authority to train the new supplier on recording the servicing and repairs on the EMS system.
- A waiver for £0.085m was approved for the extension of the existing contract for the Authority's stock management and purchasing system, called Opex, for three years. This system has been in place for over twenty years and has been updated many times to meet our requirements. The replacement of the system was subject to a capital bid in 2023/24 but due to other ICT projects currently in progress (i.e.) replacement of the control system, introduction of One View and the rollout of Office 365, it has been decided to postpone the replacement for another three years.

5 Capital Expenditure Monitoring

5.1 Introduction

At its meeting on the 23rd of February 2023 the Authority approved a five-year capital programme of £87.807m which included slipped schemes from 2022/23 totalling £19.330m, £1.137m of schemes approved in 2022/23 and £28.617m of new schemes in 2023/24 adding to a total capital budget of £47.947m for the current financial year.

5.2 Revised capital plan 2023/24

In conjunction with the review of revenue budgets, managers were also asked to review the capital schemes for which they are responsible for. This has resulted in £5.013m been requested to be slipped into the next financial year and £0.338m been removed from the capital plan.

A brief explanation of the movements is provided below and are detailed in Appendix A:

Slipped Schemes:

- Some £2.154m of the FSHQ development is required to be slipped into 2024/25, we have received a cash flow projection from Willmott Dixon which shows that the allocation of capital in 2023/24 will not be fully spent. Overall, the project is expected to overspend which is subject to a separate report on this agenda.
- As with the FSHQ redevelopment, we have received an updated cash flow from the contractors who are rebuilding Keighley Fire Station. This shows that £1.289m can be slipped into 2024/25, this scheme is on budget and on track.
- Included within the capital plan is £0.200m for feasibility studies for the rebuild of Halifax and Huddersfield Fire Stations. Feasibility studies are initially charged to the revenue budget and then transferred to the capital scheme once the contract has been signed. The Authority is not in a position to progress these two rebuilds which requires these budgets to be slipped into 2024/25.
- The printer solution capital scheme includes the purchase of printers for the new FSHQ, because FSHQ will not be completed until Winter 2024, £0.102m of this budget needs to be slipped into the next financial year.
- Due to the short delay in awarding the contract for the replacement of the control system, £2.445m of this capital budget will not be spent in this financial year. We have received a cash flow projection from Frequentis, the new system supplier, which indicates that £0.927m of the budget needs slipping into 2024/25.
- £0.050m of the ladder replacement scheme requires slipping to 2024/25. This scheme is directly linked to the fleet replacement programme which has been subject to a small delay.

- There are two ICT capital schemes which require slipping into 2024/25 which are directly related to the implementation of the replacement control system. These schemes are the Emergency Service Network /Data Service Network (ESN/DSN) servers and the transfer of the data centre from the Service Delivery Centre (SDC) to Ossett Fire Station totalling £0.290m.

Removal from the Capital Plan:

- Following in depth appraisal it has shown that the replacement of the procurement system and the introduction of digital humans will no longer be progressed at this current time. These may be subject to a new capital bid in future years.
- The capital scheme for the replacement of ballistic helmets costing £0.025m will be funded centrally through National Resilience, thus the funding is no longer required.
- The schemes for the enterprise services management implementation and assist technology are complete and the budget remaining can be removed from the capital plan. The capital scheme for smoke alarms is overstated by £0.100m, which requires a reduction to the scheme budget.

Addition to Capital Plan

- The purchase of Station End Equipment, which is subject to a separate report on this agenda requires an increase in the capital plan of £0.817m.

5.3 Capital Payments 2022/23

The actual capital payments to date total £10.899m, which represents 23.19% of the revised capital plan. If commitments are included in this, the actual expenditure to date is £39.408m, which equates to 83.85% of the capital plan.

Due to the procurement process for capital schemes, a large proportion of capital expenditure occurs in the latter part of the financial year.

As with revenue budget monitoring a RAG rating system has been introduced to capital budget monitoring which will improve accountability of capital scheme managers.

A summary of the capital plan including slipped schemes is attached to this report in Appendix B, which shows details of expenditure on each individual scheme. This includes the revisions and approvals explained in sections 6.2 and 6.4 of the report.

5.4 Approvals under financial procedure 3.11

Under financial procedures 3.11 the Management Board can approve expenditure on schemes in the approved capital plan up to an amount of £100,000 along with a requirement to report these approvals to the Finance and Resources Committee.

Since the last Finance and Resources Committee in July, the Management Board have approved virements between two capital schemes totalling £65,000.

These are detailed in the table below:

Schemes Approved by Management Board

Date	Directorate	Scheme	Approval	Virement
09/08/2023	Service Support	Vehicle pits Bradford & Pontefract	£17,000	
		Ilkworth Boiler Asbestos	£7,000	
		Ludo Charging Points		-£24,000
		Electric Vehicle Charging Bradford - Electric Vehicle Charging	£41,000	-£41,000
			£65,000	-£65,000

5.5 Capital Receipts

There have been no capital receipts received in this financial year.

6 Treasury Management

6.1 The Authority approved its Treasury Management Strategy on the 23rd of February 2023 in accordance with the CIPFA Code of Practice on Treasury Management. As per the 2021 CIPFA Prudential Code for Capital Finance in Local Authorities and 2021 CIPFA Treasury Management in the Public Services Code of Practice there is a new requirement for 2023/24 that quarterly monitoring information is provided on prudential indicators. The indicators are required to assist members understand and evaluate the prudence and affordability of the Authority's capital expenditure plans and borrowing and investments plan undertaken in support of this.

The Prudential Indicators are detailed in Appendix D

6.2 In the current financial year, the Authority is continuing to benefit from a positive cash flow through the early payment of Government grant and revenue balances.

Consequently, in the current financial year treasury management activity has been limited to investments. The table in Appendix C shows the Authority currently has total investments of £58.7m split between ten counter parties with rates of interest receivable between 1.95% and 5.45%. This was boosted at the end of July when the Authority received £35.4m in pension Top Up Grant.

Investments information is provided in Appendix C.

7 Debtors

7.1 The Authority receives income for services provided; these include special services, training courses, fire safety certificates, and licences for telecom masts on premises. In most cases the services provided are a result of an emergency which means that it is not possible to raise a charge in advance of the service and consequently debtor accounts are raised.

7.2 The level of outstanding debt owed to the Authority to the end of September 2023 is £202,007 which can be profiled as follows:

Less than 60 days - £153,160

Greater than 60 days - £ 53,847

7.3 The procedure for issuing accounts and debt collection is provided by Kirklees Council under a Service Level Agreement. A summary of the procedure for collecting outstanding debt is detailed below:

21 days first reminder letter

28 days second reminder letter

35 days instigation of debt recovery system

As detailed above, there is currently £132,218 of debt which is at the recovery stage. However, previous experience suggests that the Authority will recover all of the outstanding debts.

8 Creditors

8.1 The Authority is required to pay all non disputed invoices within 28 days of receipt. In the first six months of the current financial year the Authority has received 3,838 invoices and paid 95% of them within 28 days, of which 61% were autopaid.

9 Financial Implications

9.1 The financial implications have been detailed in each section of the report.

10 Legal Implications

10.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

11 Human Resource and Diversity Implications

11.1 There are no human resource and diversity implications associated with this report.

12 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	No
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13 Health, Safety and Wellbeing Implications

13.1 There are no health safety and wellbeing implications associated with this report.

14 Environmental Implications

14.1 There are no environmental implications associated with this report.

15 Your Fire and Rescue Service Priorities

15.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below;

- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and wellbeing of all our people.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.
- Plan and deploy our resources based on risk.

16 Conclusions

16.1 This report identifies that the Authority is currently forecast to under spend its revenue budget in 2023/24 by £0.229m. During the last period there has been a review of both revenue and capital budgets. This has resulted in a net transfer to revenue contingencies of £0.514m, the slipping of £5.013m of the capital plan into 2024/25 and the removal of £0.338m from the current plan altogether.

16.2 Both the revenue and capital budgets will continue to be monitored closely during the year in conjunction with directors and budget holders.

Scheme	Original Capital Plan 2023/34	Slippage to 2023/24 £	Removal from Plan £
FSHQ Development	£22,731,916	£2,154,340	
Keighley Rebuild	£4,290,208	£1,289,215	
Halifax Rebuild	£100,000	£100,000	
Huddersfield Rebuild	£100,000	£100,000	
Print Solution	£174,000	£102,538	
Replacement Control System	£2,445,555	£926,568	
Data Transfer Centre	£250,000	£250,000	
Ladder Replacement	£195,513	£50,000	
ESN/DSN Server	£40,000	£40,000	
Digital Humans	£70,000		£70,000
Procurement System Replacement	£100,000		£100,000
Ballistic Helmets	£25,000		£25,000
Enterprise Services Management Implementation	£25,315		£25,315
Assist Technology	£17,969		£17,969
Smoke Alarms	£400,000		£100,000
TOTAL	£30,965,476	£5,012,661	£338,284

Appendix B

CAPITAL BUDGET MONITORING 2023/24 SUMMARY

Directorate	Capital Plan 2023/24						Capital Expenditure 2023/24			
	<u>2023/24</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to date
Property services	£1,902,380	£837,205	-£138,784	£138,784	£0	£2,739,585	£743,702	£554,960	£1,298,662	-£1,440,923
CRMP	£16,031,408	£11,190,716	£0	£0	-£3,643,555	£23,578,569	£15,260,459	£5,193,170	£20,453,630	-£3,124,939
ICT	£526,000	£791,540	-£95,315	£0	-£392,538	£829,687	£147,969	£117,233	£265,203	-£564,485
Procurement	£100,000	£0	-£100,000	£0	£0	£0	£0	£0	£0	£0
Employment Services	£0	£144,969	-£17,969	£0	£0	£127,000	£127,500	£0	£127,500	£500
Transport	£7,695,000	£6,244,200	-£11,602,093	£11,602,093	£0	£13,939,200	£10,352,845	£3,683,113	£14,035,959	£96,759
Operations	£3,098,500	£2,122,901	-£60,400	£1,297,955	-£976,568	£5,482,388	£1,830,198	£1,224,227	£3,054,425	-£2,427,964
Fire Safety	£400,000	£0	-£100,000	£0	£0	£300,000	£46,110	£126,629	£172,739	-£127,261
	£29,753,288	£21,331,531	-£12,114,561	£13,038,832	-£5,012,661	£46,996,429	£28,508,783	£10,899,334	£39,408,117	-£7,588,313

CAPITAL BUDGET MONITORING 2023/24
SERVICE SUPPORT - PROPERTY

Details of Scheme	Capital Plan 2023/24						Capital Expenditure 2023/24			
	2023/24	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Capital total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to Date
Rawdon - Facilities upgrade	£240,000	£0	£0	£0	£0	£240,000	£28,155	£11,587	£39,742	£-200,258
Otley - Showers	£65,000	£0	£0	£0	£0	£65,000	£0	£0	£0	£-65,000
Odsal boundary fence	£150,000	£0	£0	£0	£0	£150,000	£97,524	£0	£97,524	£-52,476
Ludo charging points	£300,000	£0	£-23,784	£0	£0	£276,216	£234,000	£0	£234,000	£-42,216
Fire alarm upgrades	£40,000	£0	£0	£0	£0	£40,000	£0	£0	£0	£-40,000
Bradford EV Charging points	£90,000	£0	£0	£0	£0	£90,000	£23,302	£27,471	£50,774	£-39,226
Dewsbury Showers	£50,000	£0	£0	£0	£0	£50,000	£0	£0	£0	£-50,000
Bingley - Upgrade works	£770,000	£0	£0	£0	£0	£770,000	£25,295	£37,445	£62,740	£-707,260
Fuel tanks - Garforth & Rawdon	£100,000	£0	£0	£0	£0	£100,000	£0	£11,167	£11,167	£-88,833
Mytholmroyd - drainage	£25,000	£0	£0	£0	£0	£25,000	£0	£5,528	£5,528	£-19,472
Wetherby - Kitchen	£50,000	£0	£0	£0	£0	£50,000	£35,940	£0	£35,940	£-14,060
Cookridge	£22,380	£464,754	£0	£0	£0	£487,134	£226,613	£218,123	£444,736	£-42,398
Leeds BA room	£0	£0	£0	£55,000	£0	£55,000	£10,517	£42,230	£52,747	£-2,253
Illingworth Boiler Replacement	£0	£0	£0	£66,784	£0	£66,784	£11,414	£55,370	£66,784	£0
Infill vehicle pits	£0	£0	£0	£17,000	£0	£17,000	£0	£0	£0	£-17,000
CCTV Upgrades	£0	£144,199	£-86,000	£0	£0	£58,199	£18,706	£30,755	£49,461	£-8,738
Health & Safety Upgrades	£0	£22,792	£0	£0	£0	£22,792	£0	£0	£0	£-22,792
L8 Upgrades	£0	£14,084	£-6,627	£0	£0	£7,457	£0	£0	£0	£-7,457
Mirfield Asbestos Removal	£0	£0	£0	£0	£0	£0	£722	£8,459	£9,181	£9,181
EV Charging Points	£0	£65,000	£0	£0	£0	£65,000	£16,600	£21,995	£38,595	£-26,405
Stanningley Boiler	£0	£27,323	£-22,373	£0	£0	£4,950	£0	£0	£0	£-4,950
Stanningley Charging Points	£0	£3,171	£0	£0	£0	£3,171	£3,171	£0	£3,171	£0
Odsal Fire Station	£0	£34,452	£0	£0	£0	£34,452	£2,256	£14,242	£16,498	£-17,954
Ilkley Dormitory Facilities	£0	£4,545	£0	£0	£0	£4,545	£3,304	£0	£3,304	£-1,242
Todmorden	£0	£12,324	£0	£0	£0	£12,324	£6,182	£2,399	£8,582	£-3,742
PPE Storage Shelters	£0	£44,560	£0	£0	£0	£44,560	£0	£68,189	£68,189	£23,629
Total Capital Expenditure 2023/24	£1,902,380	£837,205	£-138,784	£138,784	£0	£2,739,585	£743,702	£554,960	£1,298,662	£-1,440,923

CAPITAL BUDGET MONITORING 2023/24

Details of Scheme	Capital Plan 2023/24						Capital Expenditure 2023/24			
	2023/24	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Capital total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to Date
Halifax	£-100,000	£200,000	£0	£0	£-100,000	£0	£0	£0	£0	£0
Keighley	£0	£4,290,208	£0	£0	£-1,289,215	£3,000,993	£2,272,819	£797,181	£3,070,000	£69,007
Huddersfield	£-100,000	£200,000	£0	£0	£-100,000	£0	£0	£0	£0	£0
FSHQ Rebuild	£16,231,408	£6,500,508	£0	£0	£-2,154,340	£20,577,576	£12,987,640	£3,515,222	£16,502,863	£-4,074,714
FSHQ Fire Station/USAR	£0	£0	£0	£0	£0	£0	£0	£755,625	£755,625	£755,625
FSHQ TRTC refurbishment	£0	£0	£0	£0	£0	£0	£0	£89,883	£89,883	£89,883
FSHQ BA/ICT buildings	£0	£0	£0	£0	£0	£0	£0	£35,259	£35,259	£35,259
Total New Schemes 2023/24	£16,031,408	£11,190,716	£0	£0	£-3,643,555	£23,578,569	£15,260,459	£5,193,170	£20,453,630	£-3,124,939

CAPITAL BUDGET MONITORING 2023/24
SERVICE SUPPORT- TRANSPORT

Details of Scheme	Capital Plan 23/24						Capital Expenditure 23/24					
	2023/24	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24		
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Capital total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to Date		
Vehicle Replacement	£7,445,000	£3,650,183	-£11,348,638	£253,455	£0	£0	£0	£0	£0	£0	£0	
Airwave hardware	£250,000	£0	£0	£0	£0	£250,000	£0	£0	£0	£0	-£250,000	
Vehicle Replacement	£0	£2,204,995	£0	£11,348,638	£0	£13,553,633	£10,352,845	£3,683,113	£14,035,959	£482,326		
Vehicle Telematics Upgrade	£0	£100,000	-£99,999	£0	£0	£1	£0	£0	£0	£0	-£1	
Vehicle replacement project	£0	£135,565	£0	£0	£0	£135,565	£0	£0	£0	£0	-£135,565	
Telematics Upgrade	£0	£100,000	-£99,999	£0	£0	£1	£0	£0	£0	£0	-£1	
Vehicle CCTV	£0	£53,457	-£53,457	£0	£0	£0	£0	£0	£0	£0	£0	
Total Capital Expenditure 2023/24	£7,695,000	£6,244,200	-£11,602,093	£11,602,093	£0	£13,939,200	£10,352,845	£3,683,113	£14,035,959	£96,759		

CAPITAL BUDGET MONITORING 2023/24
SERVICE SUPPORT - ICT

Details of Scheme	Capital Plan 2023/24						Capital Expenditure 2023/24					
	2023/24	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24		
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Capital total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to Date		
MDT Software	£100,000	£290,000	£0	£0	£0	£390,000	£140,085	£0	£140,085	£0	-£249,915	
Visitor Management Solution	£11,000	£0	£0	£0	£0	£11,000	£0	£0	£0	£0	-£11,000	
Prevention tablet refresh	£50,000	£0	£0	£0	£0	£50,000	£0	£0	£0	£0	-£50,000	
Data centre transfer	£250,000	£0	£0	£0	-£250,000	£0	£0	£0	£0	£0	£0	
ESN/DSN Server	£40,000	£0	£0	£0	-£40,000	£0	£0	£0	£0	£0	£0	
Digital Humans	£50,000	£20,000	-£70,000	£0	£0	£0	£0	£0	£0	£0	£0	
One View	£25,000	£0	£0	£0	£0	£25,000	£0	£0	£0	£0	-£25,000	
WAN	£0	£74,284	£0	£0	£0	£74,284	£0	£36,181	£36,181	£0	-£38,103	
UPS on Stations	£0	£88,599	£0	£0	£0	£88,599	£0	£0	£0	£0	-£88,599	
SIP Lines	£0	£15,000	£0	£0	£0	£15,000	£0	£0	£0	£0	-£15,000	
Upgrade of Gartan	£0	£50,000	£0	£0	£0	£50,000	£0	£0	£0	£0	-£50,000	
Enterprise Service Management Implementa	£0	£25,315	-£25,315	£0	£0	£0	£0	£0	£0	£0	-£0	
Print Solution	£0	£174,000	£0	£0	-£102,538	£71,462	£0	£71,462	£71,462	£0	£0	
ICT Station Equipment	£0	£35,687	£0	£0	£0	£35,687	£1,689	£9,590	£11,279	£0	-£24,408	
Additional resource for HR & Rostering	£0	£18,655	£0	£0	£0	£18,655	£6,195	£0	£6,195	£0	-£12,460	
Total Capital Expenditure 2023/24	£526,000	£791,540	-£95,315	£0	-£392,538	£829,687	£147,969	£117,233	£265,203	£0	-£564,485	

CAPITAL BUDGET MONITORING 2023/24
FINANCE - Procurement

Details of Scheme	Capital Plan 23/24						Capital Expenditure 2023/24					
	2023/24	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24		
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Capital total	Commitment s Opex	Total Exp SAP	Total	Over/(Under) spend to Date		
PO System	£100,000	£0	-£100,000	£0	£0	£0	£0	£0	£0	£0	£0	
Total Capital Expenditure 2023/24	£100,000	£0	-£100,000	£0	£0	£0	£0	£0	£0	£0	£0	

CAPITAL BUDGET MONITORING 23/24
SERVICE DELIVERY - OPERATIONS

Details of Scheme	Capital Plan 2023/24						Capital Expenditure 2023/24			
	2023/24	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to Date
New Control project	£1,000,000	£1,000,000	£0	£1,262,555	-£926,568	£2,335,987	£1,047,673	£506,329	£1,554,001	-£781,986
Hose Reels	£32,500	£0	£0	£0	£0	£32,500	£0	£0	£0	-£32,500
BA Cylinders	£450,000	£0	£0	£0	£0	£450,000	£409,013	£0	£409,013	-£40,987
BA Compressors	£130,000	£0	£0	£0	£0	£130,000	£147,593	£0	£147,593	£17,593
Dividing Breeches	£30,000	£0	£0	£0	£0	£30,000	£0	£0	£0	-£30,000
Gas Tight Suits	£10,000	£0	£0	£0	£0	£10,000	£0	£0	£0	-£10,000
Hydrants	£450,000	£0	£0	£0	£0	£450,000	£0	£183,720	£183,720	-£266,280
Ladders	£120,000	£75,513	£0	£0	-£50,000	£145,513	£0	£0	£0	-£145,513
PPV Fans	£42,000	£0	£0	£0	£0	£42,000	£0	£0	£0	-£42,000
Vehicle Stabilisation strut	£35,500	£0	£0	£0	£0	£35,500	£0	£38,236	£38,236	£2,736
2nd Thermal Image Camera	£220,000	£0	£0	£35,400	£0	£255,400	£0	£247,588	£247,588	-£7,813
Water Rescue Equip	£12,000	£0	£0	£0	£0	£12,000	£0	£0	£0	-£12,000
Wildfire PPE	£476,500	£0	£0	£0	£0	£476,500	£0	£0	£0	-£476,500
Layflat Hose	£50,000	£0	£0	£0	£0	£50,000	£20,963	£2,980	£23,943	-£26,057
BA Cleaning & drying Units	£40,000	£40,000	£0	£0	£0	£80,000	£43,980	£43,980	£87,961	£7,961
Particulate Flash Hoods	£0	£210,000	£0	£0	£0	£210,000	£0	£87,880	£87,880	-£122,120
Wildfire Vehicle	£0	£106,175	£0	£0	£0	£106,175	£0	£1,475	£1,475	-£104,700
Uniform	£0	£343,124	£0	£0	£0	£343,124	£117,978	£61,577	£179,555	-£163,569
Body Worn Cameras	£0	£67,515	£0	£0	£0	£67,515	£0	£0	£0	-£67,515
Gas Detector	£0	£35,100	£0	£0	£0	£35,100	£42,998	£0	£42,998	£7,898
Ballistic Helmets	£0	£25,000	-£25,000	£0	£0	£0	£0	£0	£0	£0
Wildfire Helmets	£0	£35,200	£0	£0	£0	£35,200	£0	£29,407	£29,407	-£5,793
Portable Scene Lighting	£0	£64,330	£0	£0	£0	£64,330	£0	£9,450	£9,450	-£54,880
Command Support	£0	£69,802	£0	£0	£0	£69,802	£0	£4,517	£4,517	-£65,284
Expansion Foam concrete	£0	£15,742	£0	£0	£0	£15,742	£0	£0	£0	-£15,742
Thermal Image	£0	£35,400	-£35,400	£0	£0	£0	£0	£0	£0	£0
Ops Contingency	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Replacement of Operational PPE	£0	£0	£0	£0	£0	£0	£0	£7,089	£7,089	£7,089
Water Hydrant	£0	£0	£0	£0	£0	£0	£0	£0	-£0	£0
Total Capital Expenditure 2023/24	£3,098,500	£2,122,901	-£60,400	£1,297,955	-£976,568	£5,482,388	£1,830,198	£1,224,227	£3,054,425	-£2,427,964

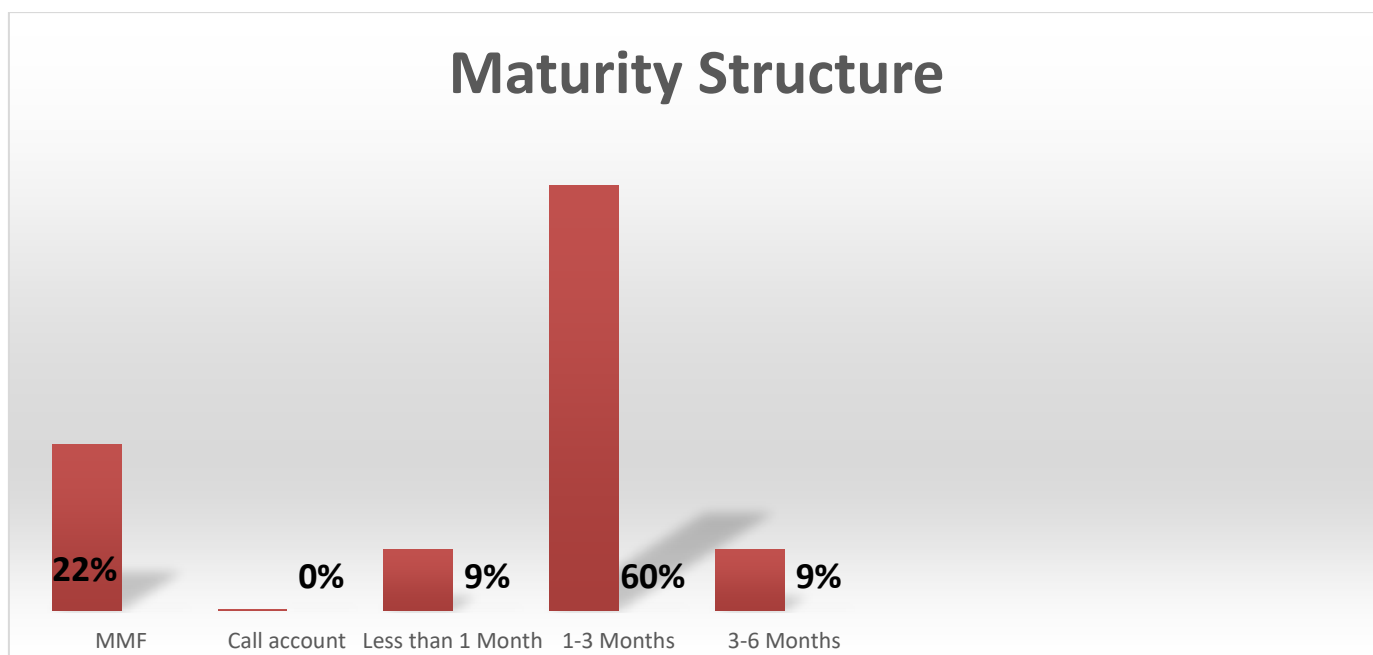
CAPITAL BUDGET MONITORING 2023/24
EMPLOYMENT SERVICES

Details of Scheme	Capital Plan 23/24						Capital Expenditure 2023/24			
	2023/24	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Capital total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to Date
Assist Technology	£0	£17,969	-£17,969	£0	£0	£0	£0	£0	£0	£0
Treadmills	£0	£127,000	£0	£0	£0	£127,000	£127,500	£0	£127,500	£500
Total Capital Expenditure 2023/24	£0	£144,969	-£17,969	£0	£0	£127,000	£127,500	£0	£127,500	£500

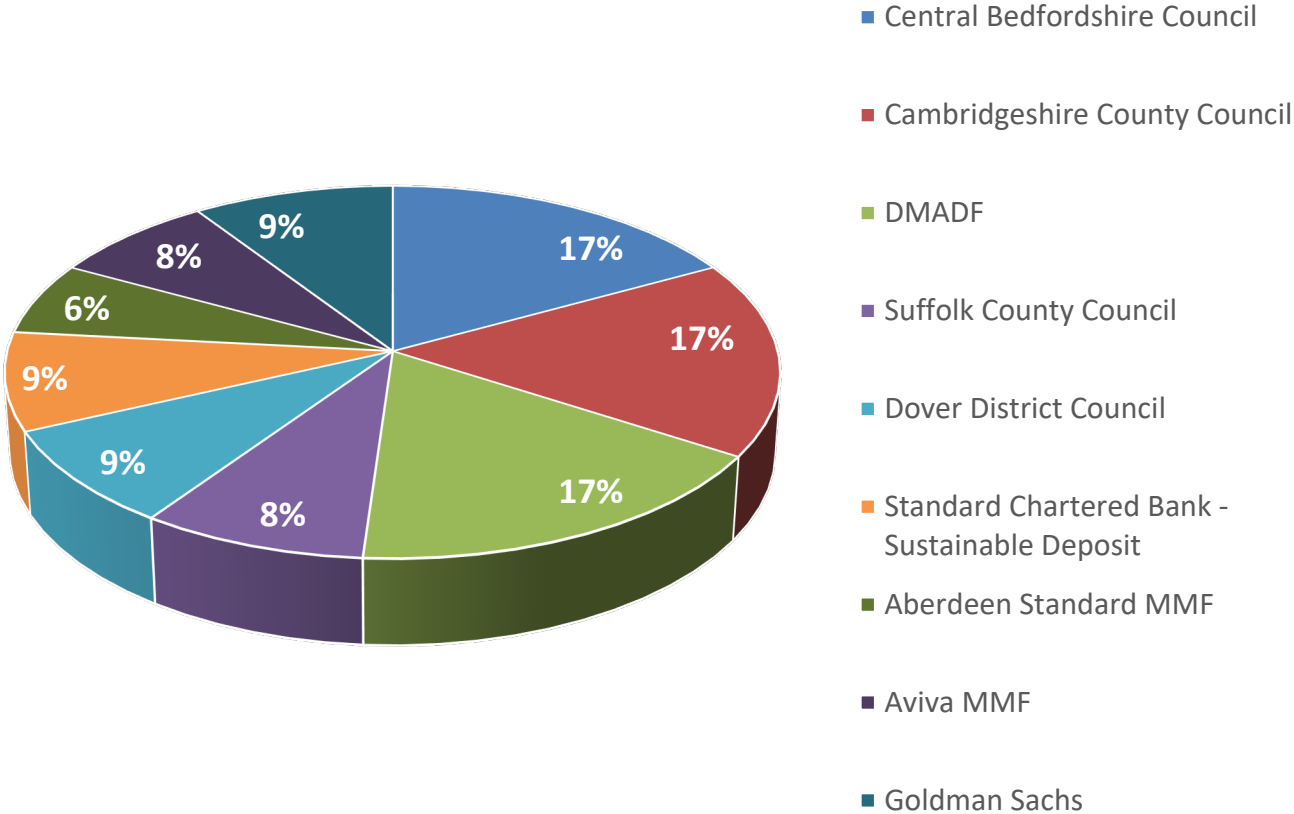
CAPITAL BUDGET MONITORING 2023/24
SERVICE DELIVERY - FIRE SAFETY

Details of Scheme	Capital Plan 2023/24						Capital Expenditure 2023/24			
	<u>2023/24</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	
	Original Capital Plan	Slippage b/f	Decrease	Increase	Slippage c/f	Total	Commitments Opex	Total Exp SAP	Total	Over/(Under) spend to Date
Smoke Alarms	£400,000	£0	-£100,000	£0	£0	£300,000	£46,110	£126,629	£172,739	-£127,261
Fire Safety	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Capital Expenditure 2023/24	£400,000	£0	-£100,000	£0	£0	£300,000	£46,110	£126,629	£172,739	-£127,261

COUNTERPARTY	£	Interest Rate	Date Invested	Maturity Date	Maturity Structure
Central Bedfordshire Council	5,000,000	5.45	22/08/2023	29/12/2023	3-6 Months
Central Bedfordshire Council	5,000,000	5.45	23/08/2023	13/12/2023	1-3 Months
Cambridgeshire County Council	10,000,000	1.95	01/11/2022	31/10/2023	1-3 Months
DMADF	5,000,000	5.23	11/08/2023	13/11/2023	1-3 Months
DMADF	5,000,000	5.18	18/08/2023	29/09/2023	Less than 1 Month
Suffolk County Council	5,000,000	5.32	31/08/2023	23/10/2023	1-3 Months
Dover District Council	5,000,000	5.28	22/08/2023	30/11/2023	1-3 Months
Standard Chartered Bank - Sustainable Depos	5,000,000	5.48	08/09/2023	08/12/2023	1-3 Months
Lloyds 32 Day Notice Account	12,347	2.45	Call account	Call account	Call account
Handelsbanken Plc	485	2.82	Call account	Call account	Call account
Aberdeen Standard MMF	3,685,058	variable daily rate	MMF	MMF	MMF
Aviva MMF	4,529,500	variable daily rate	MMF	MMF	MMF
Goldman Sachs	5,480,110	variable daily rate	MMF	MMF	MMF
TOTAL	58,707,500				



Counterparty Structure



PRUDENTIAL INDICATORS ACTUALS 2023/24Capital Expenditure, Capital Financing Requirement and External Debt

The table below draws together the main elements of the capital plans, highlighting borrowing and other financing arrangements. The table also shows the Capital Financing Requirement (CFR), which is the Authority's underlying external indebtedness for a capital purpose, compared with the expected borrowing position.

	Forecast		Estimate 2024/25 £000's	Estimate 2025/26 £000's	Estimate 2026/27 £000's
	Estimate	Actual			
	2023/24 £000's	2023/24 £000's			
CFR b/fwd	37,896	37,896	66,324	75,101	73,924
Capital Expt	49,197	49,197	16,013	7,105	6,720
Capital Receipts	0	0	0	-3,500	0
Earmarked Reserve	-17,321	-17,321	-3,000	0	0
Revenue Contribution	-950	-950	-950	-950	-950
MRP	-2,498	-2,498	-3,286	-3,832	-3,901
Closing CFR	66,324	66,324	75,101	73,924	75,793

	Forecast		Estimate 2024/25 £000's	Estimate 2025/26 £000's	Estimate 2026/27 £000's
	Estimate	Actual			
	2023/24 £000's	2023/24 £000's			
CFR	66,324	66,324	75,101	73,924	75,793

Limits to Borrowing Activity

The first key control over the Authority's borrowing activity is a Prudential Indicator to ensure that over the medium term, net borrowing will only be for a capital purpose. Net external borrowing should not, except in the short-term, exceed the total CFR. This allows some flexibility for limited early borrowing for future years.

The actual CFR is greater than what was previously estimated due to increased capital expenditure in 2022-23. As external debt currently exceeds the CFR this will provide greater flexibility in the medium term as any older, more expensive loans will not need to be replaced straight away.

A further two Prudential Indicators control overall level of borrowing. These are the Authorised Limit and the Operational Boundary. The Authorised Limit represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the expected

maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during this year.

	Estimate 2023/24 £000's	Forecast Actual 2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's
Authorised Limit for External Debt	53	53	55	59	65
Operational Boundary for External Debt	51	51	53	58	60

External Debt

The Authority is forecasting the levels of outstanding debt on the 31st of March 2023:

	Actual Debt 31 March 2023		Estimated Debt 31 March 2024	
	£m	%	£m	%
PWLB Loans	41.94	89.3	39.94	95.2
LOBO	2.00	4.3	2.00	4.8
Short term borrowing	3.00	6.4	-	-
TOTAL	46.94	100	41.94	100

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators but within this framework a prudential indicator is required to assess the affordability of the capital investment plans. The following indicator provides an indication of the capital investment plans on the overall finances of the Authority:

Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital against the net revenue stream (amounts met from Revenue Support Grant, local taxpayers, and balances):

	Actual 2022/23	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27
Ratio of Financing to Net Revenue Stream	6.39%	6.88%	6.09%	7.09%	7.52%	7.34%

Treasury Management Prudential Indicators

Interest Rate Exposures

While fixed rate borrowing can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance justifies retaining a degree of flexibility through the use of variable interest rates on at least part of the treasury management portfolio. The Prudential Code requires the setting of upper limits for both variable rate and fixed interest rate exposure:

	Limit 2023/24	Forecast Actual 2023/24
Interest at fixed rates as a percentage of net interest payments	60%-100%	100%
Interest at variable rates as a percentage of net interest payments	0% - 40%	0%

Maturity Structure of Borrowing

This indicator is designed to prevent the Authority having large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.	Limit Set 2023/24	Forecast Actual 2023/24
Under 12 months	0% -20%	2.4%
12 months to 2 years	0% -20%	1.8%
2 years to 5 years	0% -60%	10.7%
5 years to 10 years	0% -80%	5.4%
More than 10 years	20% -100%	79.7%

Total principal sums invested for periods longer than 365 days.

This indicator was set at zero as there was no intention to hold investments for treasury management purposes with maturity dates in excess of a year. There was no change to this position.

