



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

REVENUE, CAPITAL AND PRUDENTIAL CODE MONITORING REPORT TO 31 AUGUST 2024

Report of the Chief Fire Officer

Date: 18 October 2024

Purpose of Report:

To report to Members on the 2024/25 financial performance of the Service and Prudential Code monitoring to the end of August 2024.

Recommendations:

It is recommended that Members:

- Note the contents of this report.
- Approve the transfer of the £117k pensions administration grant to earmarked reserves (Section 2.2).
- Approve the transfer of the £128k fire protection grant to earmarked reserves (Section 2.2).
- Approve the principle that the in-year revenue underspend will be used to fund the capital programme, (Section 2.3).
- Approve the addition of £40k to the light vehicle scheme in the capital programme funded from capital receipts (Section 2.26).

- Approve the following slippage on the capital programme into 2025/26:
 - £254k on special appliances (Section 2.25).
 - £1.050m on Aerial Ladder Platform appliances (Section 2.28).
- Note the reductions in the following capital schemes:
 - £150k on Community Fire Risk Management Information System CFRMIS development (Section 2.46).
 - £22k on cyber security (Section 2.48).

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1. BACKGROUND

- 1.1 Budget monitoring is a key aspect of financial management for the Fire Authority. Regular reporting of spending against the revenue budgets is a check that spending is within available resources and if necessary, allows for financial resources to be re-assigned to meet changing priorities.
- 1.2 This report covers those areas with a higher risk of significant variance. An assessment of this risk has been made in the light of the size of the budgets selected and/or previous experience of variances, as well as the emergence of actual variances. It is vital that an overview of the budgetary position during the year is maintained, so that appropriate action can be taken in respect of significant variances and the budget is managed as a whole.
- 1.3 Monitoring against the revised prudential indicators is also included in this report, as required in the Prudential Code published by the Chartered Institute of Finance and Accountancy (CIPFA).

2. REPORT

- 2.1 The revenue monitoring position is set out in Table 1 below. It shows a forecast outturn position of £51.308m, which is an £1.467m (2.78%) underspend against the revised budget of £52.775m. The original approved budget of £52.688m included a £138k contribution from the general reserve address a funding deficit. The revised budget reflects the planned use of £87k of earmarked reserves relating to various projects.

Table 1 – Summary Expenditure and Funding Position 2024/25

Budget Area	Original Budget £'000	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Employees	43,434	43,381	42,732	(649)
Premises	4,464	4,464	4,095	(369)
Transport	2,259	2,260	2,572	312
Supplies & Services	4,639	4,676	4,801	125
Third Party	996	996	996	0
Support Services	183	165	165	0
Capital Financing Costs	3,126	3,126	2,640	(486)
Fees and Charges	(469)	(469)	(319)	150
Other Income	(5,944)	(5,824)	(6,374)	(550)
Net Cost	52,688	52,775	51,308	(1,467)
Financed by:				
Revenue Support Grant	(8,939)	(8,939)	(8,939)	0

Non-Domestic Rates	(11,880)	(11,880)	(11,880)	0
Council Tax	(30,993)	(30,993)	(30,993)	0
Core Spending Power Grant	(738)	(738)	(738)	0
Earmarked Reserves	0	(87)	(87)	0
General Reserve	(138)	(138)	1,329	1,467
Funding Total	(52,688)	(52,775)	(51,308)	0
Total	0	0	0	0

- 2.2 During 2024/25 the Authority has received government grants for Fire Pensions Administration and Fire Protection totalling £117k and £128k respectively. The receipt of these grants has been reflected in 'Other Income'. There are plans for this funding to be spent in future years, so approval is sought to transfer this grant funding to earmarked reserves.
- 2.3 After the transfer to earmarked reserves the forecast underspend would be reduced to £1.222m. The underspend means the £138k use of the general reserve to balance the budget will not be required. It is proposed the £1.084m remaining forecast underspend will be used to fund the capital programme, to reduce the level of borrowing required and therefore reduce the capital charges to revenue in future years.
- 2.4 The anticipated movement in reserves table (Table 3) and the estimated reserve position (Appendix A) and the capital programme funding (Appendix B) have been prepared on the basis the above use of the underspend is actioned. The level of actual underspend used to fund capital will be finalised in the outturn position at year end.
- 2.5 Major variances on specific budgets are shown below.

EMPLOYEE COSTS (£649k underspend)

WHOLETIME PAY (£804k underspend)

- 2.6 The main forecast variances are:
- £760k underspend on basic pay. The pay award for July 2024 was agreed at 4%, which is lower than the budgeted pay award of 5%. There is also a higher number of people on development rates of pay than budgeted. There is a higher number of vacant posts within wholtime. Staff numbers are projected to be 13 posts below the approved establishment by the end of year, with the recruit course that was initially planned for January 2025 being pushed back to April 2025.
 - £333k underspend on employer's NI and pension contributions aligned with the underspend on basic pay.

- £225k overspend on unplanned overtime. This budget can hard to predict, the current forecast is based on average rates of expenditure in the most recent months.
- £59k overspend on preplanned overtime, this is due to covering of shifts due to vacancies and annual leave.
- There is also a minor overspend of £5k relating to bank holiday pay.

ON-CALL PAY (£65k underspend)

2.7 The budgeted pay award for on-call was 5%, compared with the agreed pay award of 4%. The forecast variances are:

- £57k overspend on retaining fee. The agreed pay settlement included changes to the level of retaining fee received by on-call staff. These changes will take effect from 1 January 2025 and will result in retaining fees increasing by between 33% and 50%, depending on individual's contracts.
- £19k overspend relating to drills and training. This is mostly resulting from an increase in expenditure on attendance at training courses, which is due to course scheduling.
- £72k underspend relating to turnouts, disturbance allowances and attendance fees. A significant proportion of this underspend is due to the return of 24/7 wholtime crewing at Ashfield station, which has decreased the levels of on-call activity at both Ashfield and at neighbouring Hucknall. The 2025/26 budget will be reduced to take account of this change.
- £42k underspend relating annual leave. Individual's annual leave rates are calculated at the beginning of each financial year and are based on the previous year's earnings. The budget calculations therefore must be based on estimates, and this can sometime lead to variances.
- £18k underspend relating to employer's NI and pension contributions, due to the overall underspends in pay.
- £9k variance relating to other work (equates to 2% of the budget).

NON-UNIFORMED PAY (£193k overspend)

2.8 The forecast is based on the budgeted pay award assumption of 5%. The current pay award offer from the National Employers has been rejected by Unison members, prompting an industrial action ballot which will run until 16 October. Had this offer been accepted it would have decreased the forecast overspend by £70k. The current forecast includes a saving for the Prevention restructure. This underspend is being offset by temporary resources supporting ICT, and a decrease in the number of vacant posts.

The budget assumed a vacancy factor of 10% whereas the actual vacancy factor is currently 7%.

REDUNDANCIES AND SETTLEMENTS (£64k overspend)

2.9 This is due to the settlement and redundancy costs which were not included in the budget. These costs mostly relate to the restructure of the Prevention team and were due to be funded from the Efficiency Programme earmarked reserve. The earmarked reserve funding is no longer required due to the overall underspend.

PENSIONS (£34k underspend)

2.10 This is due to the number of injury allowance recipients being lower than budgeted

EMPLOYEE COSTS – OTHER MINOR VARIANCES (net £3k underspend)

2.11 Other minor variances include an £18k overspend relating to apprenticeship levy payments, a £15k overspend on scheme sanction charges, a £20k underspend relating to payments to contingency operators and resilience contractors, and a £16k underspend relating to training.

PREMISES COSTS (£369k underspend)

2.12 This is mainly due to reductions in expenditure on electricity and gas. The unit prices for energy have decreased, with gas prices down by almost half. Estimates provided by the supplier indicate that gas and electricity are likely to underspend by £175k and £194k respectively.

TRANSPORT RELATED COSTS (£312k overspend)

2.13 Significant variances include:

- A £350k overspend relating to unplanned fleet maintenance. The frontline fleet is ageing, with no replacement appliances being introduced since 2017. This has inevitably led to an increase in repairs. There has also been an increase in the use of appliances for non-incident related journeys, such as travelling to safe and well visits, which is increasing the mileage of some vehicles. These factors are putting pressure on the budget as it is becoming increasingly expensive to maintain the fleet to the required standard. This issue will largely be addressed by the arrival of the 17 new appliances, with the first batch of appliances becoming operational in the second half of 2024/25. In addition, the Authority has secured a saving in relation to parts with effect from July 2024. This will help to further alleviate the cost pressures.
- A £134k underspend relating to fuel. This is largely due to a reduction in the amount of fuel being used by Nottinghamshire Police. The forecast for the income receivable from the police for the fuel recharges has also

been reduced and is reflected in the estimated outturn for sales, fees and charges (paragraph 2.15).

- A £70k overspend relating to outsourced vehicle maintenance caused by an increase in the number of defects.
- Other minor variances include an £11k overspend on vehicle insurance, and a £15k overspend on fleet modification.

SUPPLIES AND SERVICES (£125k overspend)

2.14 The most significant variance is an overspend of £100k relating to software maintenance contracts. This has been caused by a combination of increased prices and new additional contracts. Other minor variances include a £17k overspend relating to overnight accommodation, a £26k overspend relating to professional fees, a £25k underspend relating to Firelink contract charges and a £7k overspend relating to partnership working

SALES, FEES AND CHARGES (£150k underachieved income)

2.15 There is an estimated £150k deficit in Sales, Fees and Charges. The main variances are:

- A £129k deficit relating to recovered costs, which is mainly due to a reduction in the expected amount of income to be received from the Police for fuel recharges.
- £21k is due to a reduction in the estimated amount of feed-in tariff income the Authority receives for the generation of renewable energy. The forecast has been reduced to bring it in line with the amounts received in 2023/24.

OTHER INCOME (£550k overachieved income)

2.16 There is an estimated surplus of £550k relating to Other Income. Significant variances include:

- A £357k surplus relating to interest receivable. This is due to an increase in the forecasted amount of interest generated by the Authority's investments. Not only are interest rates remaining relatively high (the current weighted average rate is 4.92%) but the Authority has also received an additional £8m pension top up grant to fund the additional costs arising from the McCloud and Matthews pension cases. This has greatly increased the level of short-term cash balances that are available to invest.
- A £117k surplus arising from a government grant for pensions administration which was not included in the budget. Members are asked to approve the transfer of this grant income to an earmarked reserve.

- A £117k net surplus relating to government revenue grants. The most significant of these is the £128k fire protection grant, which was not included in the budget. Members are asked to approve the transfer of this grant income to an earmarked reserve.
- A £41k deficit relating to secondment income, as one of the secondment arrangements included in the budget came to an end in April.

CAPITAL FINANCING COSTS (£486k underspend)

2.17 There is a forecasted underspend of £486k for capital financing costs. This is comprised of two significant variances:

- £152k of this estimated underspend relates to Minimum Revenue Provision (MRP) charges. The MRP charges for appliances and the Replacement Mobilisation System have been deferred from 2024/25 until the year after they become operational. This is a change from the usual approach but is in line with the MRP policy.
- There is a forecasted underspend of £334k on interest payable. This is partly due to capital slippage, but mainly due to the Authority's current treasury position. As outlined in paragraph 2.16, the Authority received an additional £8m pension grant in July. This means that the capital programme can be funded from internal borrowing in the short term, until external borrowing rates are more favourable.

EFFICIENCY SAVINGS

2.18 The Fire and Rescue National Framework requires Fire and Rescue Authorities to produce and publish annual Efficiency Plans. The document explains the Authority's plans for achieving non-pay efficiency savings and increasing productivity. The 2024/25 Efficiency Plan sets out total cashable savings of £219k, which is equivalent to 2% of the non-pay budget. Progress against these planned savings targets is set out in Table 2 below. The table also includes additional savings identified during the year.

Table 2 – Efficiency Savings 2024/25

	2024/25 Savings Target £'000	2024/25 Forecast Saving £'000	2024/25 Forecast (Under)/Over Achievement £'000
Planned cashable savings 2024/25			
Reduction in Prevention/Protection/Response staff	35	35	0
Reduction in Support Staff	2	2	0
Fleet Management	52	20	(32)

Procurement	100	42	(58)
Reduction in various supplies and service budget	30	30	0
Total planned savings	219	129	(90)
Newly identified savings 2024/25			
Contract savings		4	4
Business rates		37	37
Prevention restructure		60	60
Total new savings		101	101
Total estimated savings	219	230	11

- 2.19 The planned fleet savings of £52k may not be fully realised in 2024/25. Work is ongoing to achieve the saving, which relate to the bulk purchase of parts, but progress is slower than anticipated. It is likely that the savings will be fully achieved during 2025/26. The planned procurement savings included £63k relating to a new ICT network contract, but only £5k of this saving will now be delivered in 2024/25 due to the initial parallel running of the old and new networks. The remaining £58k saving will be delivered in 2025/26.

RESERVES

- 2.20 Details of the use of reserves during 2024/25 can be found in Appendix A. Expected levels of reserves at 31 March 2025 are £11.086m as detailed in Table 3 below.

Table 3 – Anticipated Movement in Reserves 2024/25

Reserves	Balance 01/04/24 £'000¹	Anticipated Use 2024/25 £'000	Expected Balance 31/03/25 £'000
Net contributions from earmarked reserves	5,744	158	5,902
General Fund	5,083	0	5,083
Total	10,827	158	10,985
ESMCP² Regional Reserve	101	0	101
Total	10,928	158	11,086

¹ The opening balances are still subject to external audit and are therefore provisional.

² Emergency Services Mobile Communications Programme

- 2.21 The Emergency Services Mobile Communications Programme (ESMCP) regional reserve has been shown separately to those reserves held by the Authority to reflect that the funds are to be allocated regionally and do not belong to Nottinghamshire Fire and Rescue Service (NFRS).

- 2.22 The general reserve is predicted to be £5.083m at the end of the financial year, which is above the minimum level of £4.1m general fund reserve agreed by Fire Authority in December 2023.

CAPITAL PROGRAMME

- 2.23 The current approved 2024/25 capital programme is £11.587m. The total capital spend to the end of August 2024 was £1.472m. The current capital programme is shown at Appendix B. The most significant areas of variance are detailed below.

TRANSPORT

- 2.24 **Fire Appliances (£2.877m in 2024/25)** - This project is for 17 new pumping appliances. The total project budget is £6.291m, which includes £3.414m spend in 2023/24. The chassis for all 17 appliances were delivered in 2023/24 and the fire engineering stage of the 17 builds has been completed. All plant equipment (i.e. ladders, lightweight portable pumps, positive pressure ventilation fans etc) have now been delivered. The latest update from the Contractor indicates delivery of 6 appliances could slip into 2025/26 resulting in possible slippage of £1m. The slippage has not been reflected at this stage and the position will continue to be monitored.
- 2.25 **Special Appliances (£410k in 2024/25)** - The chassis for the Command Support Unit (CSU) was delivered in late November 2023 with the total for the vehicle including ICT and electrical fit out confirmed at £475k, £388k of which has been spent in 2023/24 with the remainder being spent in 2024/25. A vehicle to support the Marauding Terrorist Attack (MTA) capability will also be purchased in 2024/25. Approval is requested for £254k to be slipped into 2025/26 to fund further special appliance replacements.
- 2.26 **Light Vehicle (£83k in 2024/25)** - This budget was slippage from 23/24. This will fund the cost of one Principal Officer car which was procured in 23/24 but not delivered until April 2024 and leave a remaining balance. Approval is requested to increase the budget by £40k funded from capital receipts from the sale of the two Principal Officer vehicles that have been replaced. The increase will enable the remaining budget to procure two vans for the Person At Risk Team (replacing 14 year old vans) and a replacement vehicle for newly appointed ACFO.
- 2.27 **Rural firefighting (£95k 2024/25)** - A new all-terrain vehicle and trailer, fitted with misting pump has been delivered. The remainder of the project is expected to complete by the end of the financial year.
- 2.28 **Aerial Ladder Platform appliances (ALPs) (£1.275m 2024/25)** - An order has been raised with a supplier for one ALP. The newer of the two existing ALPs will be refurbished rather than replaced. The refurbishment will bring it in line with the new ALP, negating any training and operability issues between the two different ALPs. The chassis of the new ALP is expected in early 2025, circa £200k. The rest of the budget will be spent in 2025/26. Approval is requested for £1.050m to be slipped into 2025/26.

EQUIPMENT

- 2.29 **Replacement Duty Rig (Uniform): (£250k 2024/25)** - A delay in receiving premarket samples has impacted on procurement timelines. Trials of new uniform are completed. Personnel are being sized and passed to the contractors the uniform is expected to be issued in January 2025.
- 2.30 **Coveralls: (£100k 2024/25)** - These are currently being trialled at the wildfire stations, progress will be reported in the next committee report.
- 2.31 **Fire Hoods: (£140k 2024/25)** - Fire hoods have been issued out for trial. At the Service Delivery Centre these are being trialled by the Breathing Apparatus instructors.
- 2.32 **Body Cameras: (£65k 2024/25)** - A project team has been established and supplier demonstrations are taking place. It is expected the project will be completed by the end of the financial year.
- 2.33 **Contaminants Work: (87k 2024/25)** - Work has started and orders have been placed for upgraded respirator filters, the project is expected to be completed by the end of the financial year.
- 2.34 **Personal Issue Dry Suits: (£57k 2024/25)** - This project started in 2023/24 and £57k was slipped into 2024/25. The dry suits are now in service, and the project will be completed by the end of the financial d.
- 2.35 **National Inter-Agency Liaison Officer (NILO) Radios (£12k 2024/25)** - A capital grant received for Marauding Terrorist Attack (MTA) equipment is being used to purchase digital voice recorders.

ESTATES

- 2.36 **Access and Inclusion (£1.172m 2024/25)** - The total project budget is £1.610m with £438k spent in 2023/24. The construction programme was delayed until January 2024. Works have 95% partial completion on 6 stations. Work has commenced but not been fully completed at Warsop, Collingham and Stapleford. Work is still to be started on Hucknall, East Leake and Southwell. The current contractor is experiencing difficulties, and it is anticipated they will not be able to complete the remaining work, requiring a new Contractor to be sought. The full impact of this is not known and an updated position will be reported to the next Finance and Resources Committee.
- 2.37 **Service Development Centre Phase 1 (£21k 2024/25)** – This project was to improve and refurbish welfare and training facilities, including the replacement of the Fire House control system. The total spend in 2023/24 is £1.139k, it was approved in the outturn report that £479k be brought forward from 2024/25 into 2023/24. The project is on programme to be completed in 2024/25.

- 2.38 **Service Development Centre Phase 2 (£500k 2024/25)** - This project has been put on hold awaiting the outcome of the preplanning submission and re-evaluation of the project costs.
- 2.39 **Stockhill Fire Station (£30k 2024/25)** - This is for the costs of the options appraisal and following that the design and development stage on the project.
- 2.40 **Electric Vehicle Charging Points (£60k in 2024/25)** - £40k was incurred on this project in 2023/24. This project is for the installation of vehicle charging points at selected fire stations. In addition to the current budget allocation, funding has been secured from D2N2 shared public sector charging network for four sites. Orders will be required to be raised for the work and D2N2 will reimburse for the cost of the works on proof of completion. These will be added to the capital programme once costs are known.
- 2.41 **Energy Reduction and Decarbonisation (£657k in 2024/25, including £357k grant)** – The tender for the works is being published early October with contract award and mobilisation planned for the end of November. It has been identified that additional work at the sub-station is required, that was not in the original scope. The impact of this is to be assessed when the tender bids are received, and the impact will be reported to the next Finance and Resources Committee.
- 2.42 **Joint Headquarters (£43k 2024/25)** – This budget is for any retention works at the Joint Headquarters.
- 2.43 **Worksop Station (£31k 2024/25)** - The station opened in May 2022 and is fully operational. All the works and retentions have been paid. The £31k in 2024/25 has been allocated for the water store works.
- 2.44 **Work at Height – Tower Anchor Bolts (£68k 2024/25)** – quotes are currently being sought for the works and the project is expected to be completed by the end of the financial year.

ICT

- 2.45 **Replacement Equipment (£316k 2024/25)** - This budget will fund any replacement equipment that is required to keep the Service's ICT provision robust and sustainable. The more significant projects are safe and well devices, surface replacements and upgrade of audio-visual equipment.
- 2.46 **CFRMIS Development (Community Fire Risk Management Information System) (£349k 2024/25)** - This project relates to systems and process improvements to drive efficient ways of working and business automation. £54k has been spent in 2023/24, the forecast outturn for 2024/25 is expected to be £199k. £150k is no longer needed.
- 2.47 **Mobile Computing (£90k 2024/25)** - This budget is to fund equipment to enable mobile working, it is proposed to combine this budget with the replacement equipment budget.

- 2.48 **Cyber Security Project (£22k 2024/25)** - The budget is no longer needed, the works to be completed are to be met from an existing revenue budget.
- 2.49 **Appliance Handheld Airwave Radio (£29k 2024/25)** - This project involves the purchase of 30 handheld radios and aims to improve business continuity and resilience. An order has been placed and the radios are expected to be in service before the end of this financial year.
- 2.50 **System Upgrades (£101k 2024/25)** - This budget is for the upgrade of core systems to enable them to be maintained and supported. Work on the options for Finance and HR systems are being progressed.
- 2.51 **Airwave – Mobilisation System DCS (£60k 2024/25)** - The estimated outturn relating to this project is £73k compared with a budget of £60k, however the additional expenditure will be funded by the Tri-Service capital grant, if required.
- 2.52 **Tri-Service Control Project (£29k 2024/25)** - This budget is expected to fund the Systel MDT LEGO solution and servers, licenses, LAN and telephony.
- 2.53 **Command Support Unit Software Installation (£55k 2024/25)** - The project is underway and the budget is expected to be spent this financial year.
- 2.54 **Replacement Mobilising System (RMS) (£2.503m 2024/25)** - The total capital project budget is £4.370m, which includes £567k spend in 2023/24. The RMS project is progressing, the current capital spend forecast for 2024/25 is £2.722m and will require £219k of the approved budget allocation for 2025/26 to be accelerated into 2024/25. The timing of the milestone payments with the main contractor are currently being reviewed and the forecast could change. Therefore, this position is to be noted with a further update to be reported to the next Finance and Resources Committee.

PRUDENTIAL CODE MONITORING

- 2.55 The Fire Authority approved the prudential indicators for 2024/25 at its meeting on 23 February 2024. The Prudential Code requires that performance against these indicators is reported to Members.
- 2.56 The approved indicators along with performance as of 31 August 2024 are shown in the table 4 below. There are some indicators which cannot be calculated until the year end expenditure is known.

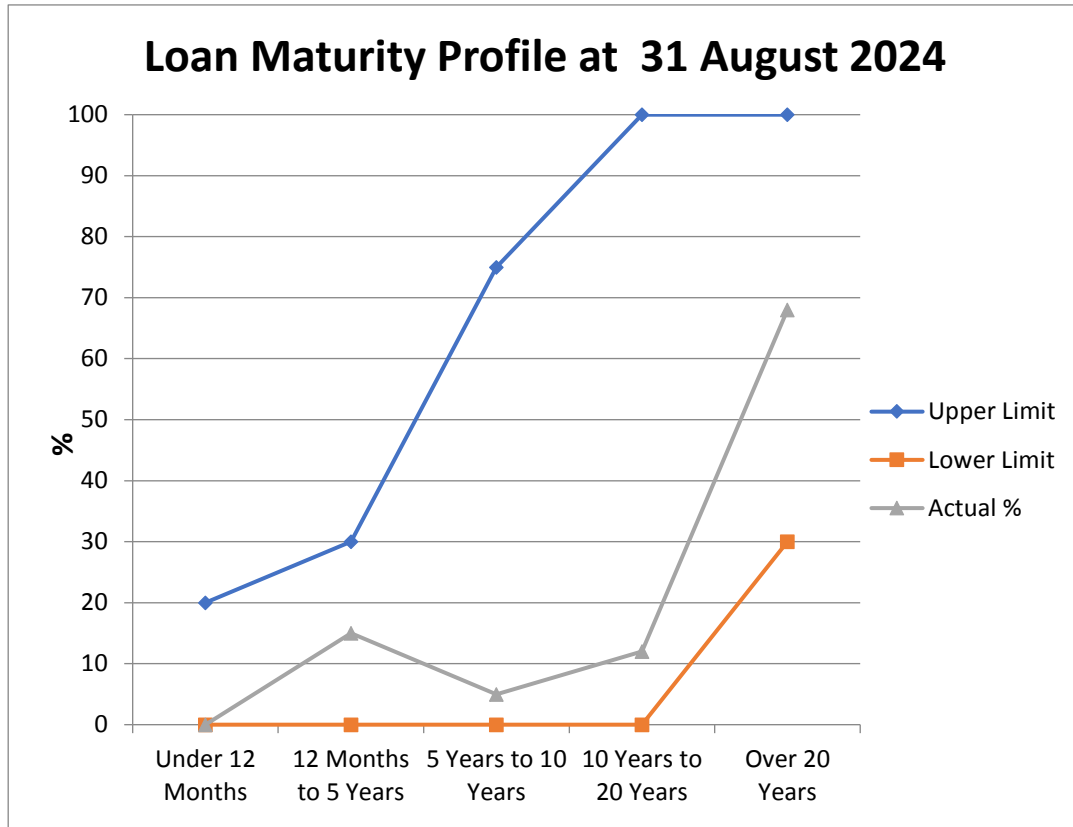
Table 4 - Prudential Code Monitoring

Prudential Indicator	Approved Indicator	Estimate as at 31 August 2024
Estimate of Ratio of Financing Costs to Net Revenue Stream	8%	3.7%
Estimate of Total Capital Expenditure to be Incurred	£8,228,000	£10,335,000
Actual Borrowing		£32,900,000
Estimate of Capital Financing Requirement	£39,706,000	£39,872,000
Operational Boundary	£39,900,000	£39,900,000
Authorised Limit	£44,670,000	£44,670,000
Upper limit for fixed rate interest exposures	100%	100%
Upper limit for variable rate interest exposures	30%	0%
Loan Maturity:	<u>Limits:</u>	
Under 12 months	Upper 20% Lower 0%	See Graph
12 months to 5 years	Upper 30% Lower 0%	See Graph
5 years to 10 years	Upper 75% Lower 0%	See Graph
Over 10 years	Upper 100% Lower 0%	See Graph
Over 20 years	Upper 100% Lower 30%	See Graph
Upper Limit for Principal Sums Invested for Periods Longer than 365 Days	£2,000,000	0
LOCAL INDICATORS		
Upper limit for internal borrowing as a % of the Capital Financing Requirement	20%	18.48%
Proportion of net debt to gross debt	50% - 85%	34.8%
Investment security benchmark: maximum historic default risk of investment portfolio	0.05%	0.004%
Investment liquidity benchmark: maximum weighted average life of investment portfolio	0.40 years	0.18 years
Investment yield benchmark	Internal returns to be above 3 month compounded SONIA rate	SONIA rate 5.16% Authority rate 4.92%

2.57 The Capital Financing Requirement (CFR) figure has been updated to reflect the forecasted closing balance. It has increased due an increase in the forecasted level of capital expenditure in 2024/25.

2.58 The total borrowing at the end of August 2024 was £32.9m. This is below the CFR and within the Operational and Authorised Limits set out in Table 4.

2.59 The loan maturity profiles are all within the limits set. These are best demonstrated by graph:



2.60 Investments as of 31 August 2024 totalled £19.5m. Investment rates are monitored by a benchmarking group including councils and police which is supported by Link Asset Services. As at the end of June 2024, NFRS weighted average rate of return was 4.47%, compared with a group average of 5.19%.

2.61 The lower limit for the proportion of net debt to gross debt has been breached. It is currently at 34.8%. This breach has been caused by the receipt of an additional £8m pension top up grant. This has increased investment levels to £19.5m, thus bringing down the level of net debt to £10.4m. If the £8m of investments relating to this grant are excluded, the proportion of net debt to gross debt is 61.5%, which is within the approved limits.

2.62 The current weighted average rate of return on investments of 4.92% is below the 3 month compounded SONIA rate (5.16% at 30th August). When placing investments, treasury officers must consider counterparty limits and creditworthiness as well as the rate of return. The counterparty limit of £4m has restricted the amounts that can be placed in higher earning investments whilst investment balances are so high.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report.

5. EQUALITIES AND ETHICAL IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service. Its purpose is to explain variances to the approved budget which reflects existing policies.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental and sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

Budget monitoring and the regular receipt of financial reports is key to managing one of the most significant risks to the organisation, that of financial risk. The process of budget monitoring is a key risk management control measure, as are the management actions which are stimulated by such reporting.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

10.1 Note the contents of this report.

10.2 Approve the transfer of the £117k pensions administration grant to earmarked reserves.

- 10.3 Approve the transfer of the £128k fire protection grant to earmarked reserves.
- 10.4 Approve the principle that the in-year revenue underspend will be used to fund the capital programme.
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- 10.6 Approve the following slippage on the capital programme into 2025/26:
- £254k on special appliances.
 - £1.050m on Aerial Ladder Platform appliances.
- 10.7 Note the reductions in the following capital schemes:
- £150k on Community Fire Risk Management Information System CFRMIS development.
 - £22k on cyber security.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)
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None.

Craig Parkin
CHIEF FIRE OFFICER

ESTIMATED RESERVE POSITION AT 31 AUGUST 2024

Reserve	Opening Balance* 01/4/24 £'000	Movement During 2024/25 £'000	Closing Balance 31/3/25 £'000
Resilience Crewing and Training	33	(3)	30
Prevention Protection and Partnerships	342	81	423
Business Systems Development	59	0	59
Transformation and Collaboration	289	0	289
Operational	183	0	183
ESN Reserve	900	0	900
Replacement Mobilising System	1,231	0	1,231
Budget Pressure Support	1,126	0	1,126
Efficiency Programme	576	0	576
Capital	303	0	303
Estates	192	0	192
Other	510	80	590
Earmarked Reserve Total	5,744	158	5,902
General Reserve	5,083	0	5,083
Total			
ESMCP Regional Reserve	101	0	101
Total	10,928	158	11,086

*Provisional opening balance figures

Scheme	Revised Budget 2024/25 £'000	Actual Expenditure 2024/25 £'000	Forecast Outturn 2024/25 £'000	Forecast Variance 2024/25 £'000	(Slippage)/ Acceleration	(Under)/ overspend	Financing of Capital Expenditure					Total
							Capital Grant	Revenue	Capital Receipts	Earmarked Reserve	Borrowing	
Access and Inclusion	1,172	607	1,172	0	0	0	0	378	100	694	1,172	
Service Development Centre- Phase 1	21	(75)	21	0	0	0	0	0	0	21	21	
Service Development Centre - Phase 2	500	0	500	0	0	0	0	0	0	500	500	
Stockhill Fire Station	30	0	30	0	0	0	0	0	0	30	30	
Electric Vehicle charging points	60	45	60	0	0	0	0	0	0	60	60	
Energy Reduction and Decarbonisation	657	13	657	0	0	0	357	0	0	300	657	
Joint Head Quarters	43	3	43	0	0	0	0	0	0	43	43	
Workshop Fire Station	31	30	31	0	0	0	0	0	0	31	31	
Work at height - Tower anchor bolts	68	0	68	0	0	0	0	0	0	68	68	
	2,582	623	2,582	0	0	0	357	0	378	100	1,747	2,582
IT & Communications												
Replacement Equipment	316	80	316	0	0	0	0	0	0	316	316	
CFRMIS Development	349	0	199	(150)	0	(150)	0	0	0	199	199	
Mobile Computing	90	0	90	0	0	0	0	0	0	90	90	
Cyber Security	22	0	0	(22)	0	(22)	0	0	0	0	0	

Scheme	Revised Budget 2024/25 £'000	Actual Expenditure 2024/25 £'000	Forecast Outturn 2024/25 £'000	Forecast Variance 2024/25 £'000	(Slippage)/ Acceleration	(Under)/ overspend	Financing of Capital Expenditure					Total
							Capital Grant	Revenue	Capital Receipts	Earmarked Reserve	Borrowing	
Appliance Handheld Airwave Radio Addition	29	0	29	0	0	0	0	0	0	0	29	29
Payroll, Finance and Occy health Upgrade	101	0	101	0	0	0	0	0	0	0	101	101
Airwave - Mobilisation system DCS	60	0	60	0	0	0	0	0	0	0	60	60
Tri-Service Control Project	29	0	29	0	0	0	0	0	0	0	29	29
Cloud Migration	0	5	5	5	0	5	0	0	0	0	5	5
Command Support Unit Software and Installation	55	0	55	0	0	0	0	0	0	0	55	55
Replacement Mobilising System	2,503	0	2,722	219	219	0	0	0	2,622	100	0	2,722
	3,554	85	3,606	52	219	(167)	0	0	2,622	100	884	3,606
Total	11,587	1,472	10,335	(1,252)	(1,085)	(167)	369	1,084	*3,000	**200	5,682	10,335

* £3m capital receipt in 2024/25 from the sale of the old HQ has been assumed – the use of the capital receipt against specific schemes will be finalised at year end

** The use of the earmarked reserves will be finalised at year end and have not been reflected in the earmarked reserves table at this point.