

OFFICIAL

Agenda item: 06

Quarterly Financial Review

Finance and Resources Committee

Date:	18 th October 2024
Submitted by:	Director of Finance and Procurement
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 capital plan
Summary:	The purpose of this report is to present an overview of the financial performance of the Authority in the first 6 months of the current financial year. The report deals with revenue and capital expenditure.

Local Government (Access to information) Act 1972

Exemption Category:	Nil
Contact Officer:	Alison Wood, Director of Finance and Procurement Alison.wood@westyorksfire.gov.uk 07500 075362
Background papers open to inspection:	None
Annexes:	Appendix A – Revision to Capital Plan Appendix B – Capital Expenditure Appendix C – Prudential Indicators Appendix D – Investments as of the 27 th of September 2024

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 budget. The following paragraphs detail the movements to and from contingencies during the reporting period.

2.2 Budget Adjustments

Since the budget was approved in February a number of additional costs and some budget reductions have been identified. Due to the time lapse of the budget being calculated in November and the start of the financial year in April, it is usual that there is some variance to the approved budget allocations.

Below are explanations of the movements to and from general contingencies:

Transfers to General Contingencies

- a) £0.411m has been transferred to general contingencies which is the balance of the grey book pay award and the amount allocated to revenue bids submitted in the June Budget Review. This balance may be called upon if other areas of one year growth are identified during the rest of this financial year. Details of the approved revenue bids are detailed in paragraph 2.3.
- b) A review of wholetime firefighters employee budgets identified that there had been an over provision of pension contributions relating to other allowances totalling £0.305m.
- c) A review of support staff budgets has been undertaken which has resulted in a required transfer to contingencies of £0.240m. This is primarily for existing vacant posts that have either had a delay in appointing or are still vacant. Posts that were vacant as of the 1st of April are held in contingencies and not in base employee budgets.

- d) The on-call employee budget has been reduced by £0.200m. The forecast underspend is due to a reduction in the number employed from budget to actual strength. The reduction is due to a combination of factors; career breaks, transfers to wholetime, and leaving the organisation for other employment. There continues to be ongoing recruitment for on-call employees, this cost of this has been factored into the budget reduction.
- e) The budget for the employee sacrifice scheme for the purchase of electric vehicles lease cars totalling £0.120m has been removed. Following the signing of the agreement with the supplier this cost is required to be treated as a capital expense, thus complying with the correct accounting treatment.
- f) The income for the recharging of false alarm calls has been understated by £0.050m and requires an increase in the budget.
- g) A revenue bid is included in the revenue budget for £0.043m for a PAYE settlement agreement (PSA) with HMRC which is no longer required. A PSA arrangement is whereby the Authority pays the benefit in kind tax liability on behalf of the employee for items that are deemed by HMRC to be a benefit. These include the provision of socks and trainers. It was anticipated that the charge in 2024/25 would be higher than that actually paid.
- h) At the end of the financial year an amount is recharged from firefighters' basic pay to the smoke alarms capital scheme which is the actual cost of the firefighter physically fitting the smoke alarm. Traditionally this credit has not been included in the base employee budget, but to ensure employee budget outturn is not distorted a budget of £0.210m has been allocated in 2024/25.

Transfers from General Contingencies

The following are transfers from general contingency budgets to revenue budgets:

- a) There were seven new support staff posts that were approved at the People and Culture Committee in March 2024. Due to the time lag in the recruitment process, the budgets for these posts were held in contingencies until the successful candidate commenced employment. Since F&R in July, these posts have been filled, resulting in a required transfer of £0.080m from contingencies to support staff budgets.
- b) The service level agreement with West Yorkshire Pension Fund who administer our pension payroll on our behalf has increased annually by £0.009m. This was not foreseen when the budget was calculated in November 2023.

2.3 June Budget Review

As reported at Finance and Resources Committee in July, an additional budget bidding process was being undertaken following a budget surplus resulting from the firefighters pay award being 1% below budget provision (i.e.) the budget included a

provision for 5% whilst the approved pay award was 4%. This budget surplus amounted to £0.790m.

Budget holders were asked to submit revenue bids for 2024/25 with the stipulation that the bids must be for one off growth and not incur ongoing revenue costs. This is because due to the continuing uncertainty of one-off grants that are not included in base budgets it is prudent not to approve recurring areas of growth at this current time.

Each bid is supported by a detailed business case and were subject to Management Board scrutiny before they were approved.

The table below details the bids which total £0.379m, the remaining surplus has been transferred to contingencies.

Description	Directorate	Approved £
Appliance Bay Doors	Service Support	76,000
New Control Station End Equipment	Service Delivery	60,000
Prevention Database	Service Delivery	36,000
HR Policy Review	People and Culture	35,000
Training	Various	32,390
CRMP 2025/28 Formal Consultation	Service Support	30,000
MDT Licences and Maintenance	Service Delivery	24,000
Cyber Consultancy	Service Support	20,000
Server Threat Protection	Service Support	17,000
M365 CoPilot proof of concept	Service Support	15,000
Endpoint Protection uplift	Service Support	15,120
Design of Statement of Accounts Doc	Finance and Procurement	7,500
Drying System - Wetherby	Service Support	5,750
Car Lease Policy Review	Finance and Procurement	5,200
TOTAL		378,960

A brief explanation of the bids is provided below:

- a) The budget for the maintenance of appliance bay doors has not risen at the same rate as the increases in inflation. The bid of £76,000 will be used in 2024/25 to carry out repairs which will extend the life of the existing doors.
- b) Estate modifications costing £60,000 are required to enable the implementation of station end equipment needed for the new control system.
- c) £36,000 will enable the completion of the new prevention database which is currently being developed by an external provider.
- d) £35,00 has been approved to engage a consultant to review and condense the Authority's seventy HR and people policies. Delivering this in house would

take capacity away from key projects which are included in the 12-month People Plan and would take considerably longer to complete.

- e) Bids totalling £32,390 were submitted from fire protection, health & safety, and ICT for training that was not included in the annual training bid process. Some £15,850 of this training is to upskill employees on Microsoft 365 applications which are being introduced in the organisation.
- f) Pre-Consultation on the CRMP was approved at the Extraordinary Fire Authority meeting in July and ended on the 18th of August. Following this, formal public consultation must commence in the early part of 2025. The commissioning of a specialist agency costing £30,000 to support the consultation process will maximise every opportunity for the process to be delivered transparently, efficiently and providing data within the required timeframe to ensure that CRMP 2025/28 can be produced, agreed and published on time.
- g) The new contract for the provision of MDT software is due to commence in October with go live expected in February 2025. The cost of the licences and maintenance totalling £24,000 in 2024/25 cannot be met from existing budgets. The existing contract with Systel will be continued until the new system goes live which means that from October 2024 the Authority will be paying for the maintenance of two MDT systems.
- h) As part of the ongoing review of the Authority's Cyber posture, some external expertise will be used to assess the current cyber resilience position against industry standards. While there is a degree of expertise within the organisation, specialist third party experts can provide specialised knowledge, validate internal controls and assist with remediation. This gap analysis, and associated recommendations, will provide a framework for the Authority to focus our resources in order to better protect the service from external, and internal, threats. This will cost £20,000.
- i) The Server Threat Protection bid of £17,000 will fund the licence of the Authority's server estate into Microsoft Defender environment. This platform provides heightened cyberthreat detection and response capabilities, full visibility and continuous monitoring and attack-path analysis to understand and mitigate potential cyberattack vectors.
- j) The Endpoint Protection Uplift bid totalling £15,120 will be used to improve the cyber posture of the service and better protect our environment. This platform provides heightened cyberthreat protection by providing Endpoint detection and response, automated investigation and remediation, cyberthreat and vulnerability management, threat intelligence (cyberthreat analytics), sandbox (deep analysis) and Endpoint attack notifications.
- k) M365 CoPilot is an Artificial Intelligence assistant within the M365 environment. This bid of £15,000 is required to cover the additional licencing cost to deploy this to approximately fifty users who will evaluate the effectiveness of the tool.

- l) It is a statutory requirement to publish the statement of accounts on an annual basis. This is a key document which demonstrates how we use our funding effectively to provide services for the community. One of the main objectives of our external auditors is to ensure the accounts can be easily understood by users and that they provide accurate and meaningful information. Due to the accessible document requirements the statement of accounts is now 148 pages in total, containing mainly written information and embedded tables. A professionally designed document costing £7,500 will help to enhance the reader's experience and allow for engagement with our wider community.
- m) Firefighters at Wetherby do not currently have the means to dry wet fire kit following incidents or inclement weather. Installation of a Top Trock Drying System will enable them to dry PPE in preparation for further operational deployment.
- j) A bid of £5,200 has been approved to commission the Authority's tax advisors, PS Tax to review current vehicle lease policy to ensure it covers latest HMRC guidance, provide staff training on the application of this guidance and to facilitate a workshop with our officers to ensure that current vehicle tax regulations are understood.

2.4 Contingency Budgets

The table below summarises the current contingencies budgets position:

	<u>Opening Balance</u> <u>1/7/24</u> £0	<u>Transfer to/from Contingencies</u> £0	<u>Closing Balance</u> <u>30/9/24</u> £0
General Contingency	1,731	1,503	3,234
Employee Contingency	3,502	-2,757	745
TOTAL CONTINGENCIES	5,233	-1,254	3,979

3. Expenditure Monitoring

- 3.1 This report is based on expenditure to mid-September 2024 and includes six salary payments in 2024/25. The projected outturn is based on the current year's 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 £0.164m in the current financial year.
- 3.3 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.

- 3.4 The table below summarises the forecast with an explanation of the causes detailed below.

	<u>Revenue Budget</u>	<u>Forecast</u>	<u>Variance</u>
	£0	£0	£0
Employees			
Wholetime	62,611	62,536	-75
On Call Firefighters	2,485	2,481	-4
Control	2,505	2,494	-11
Support Staff	14,684	14,639	-45
Contingency Crews	188	194	6
Employee Contingency	745	745	0
Pensions	1,600	1,600	0
Training	1,838	1,855	17
Other Employee	651	656	5
TOTAL	87,307	87,200	-107
Premises	6,194	6,168	-26
Transport	2,388	2,396	8
Supplies and Services	7,544	7,507	-37
Contingency - General	3,233	3,233	0
Support Services	358	361	3
Capital Charges	9,022	9,022	0
Income	-3,142	-3,147	-5
Net Expenditure	112,904	112,740	-164

An explanation of the variances over £20,000 is explained below:

3.5 **Employees** -£107,000

Wholetime Firefighters -£75,000

There is currently a forecast underspending of £75,000 in whole time fire fighter employee budgets. This is due to a number of additional leavers than budgeted and employees retiring earlier than their forecast retirement date. In addition, the first recruits' course of 2025 has been put back by a month to the 5th of September which has realised a small saving. The workforce plan is monitored closely on a monthly basis against actuals in post to that included within the budget.

Support Staff -£45,000

There is a projected under spend on support staff of £45,000 which is due to posts that are currently being advertised and have yet to be filled. The savings from posts that were vacant from April to September have been transferred to contingencies as detailed in section 2.2. The budget for posts that were vacant on the 1st of April 2024 and have yet to be advertised are held in the general contingency budget, so as not to distort budget monitoring.

3.6 Premises - £26,000

It is forecast that premises budgets will underspend by £26,000; 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.

3.7 Supplies and Services - £37,000

The net underspend is spread over a number of budget headings within supplies and services. There is a small forecast overspend on catering, publicity, postage and WAN rental which has been offset by underspends on equipment, ICT maintenance and subscriptions. These areas of expense are closely monitored, and some budget adjustments may be identified during the calculation of the 2024/25 budget.

4. Impact on Revenue Balances

4.1 The projected under spending will have the effect of increasing usable reserves which is detailed in the table below:

Description	Usable Reserves £000's
Opening Balance 1/4/24	
General Fund	5,700
Earmarked Reserves	26,020
Forecast use of reserves in 2024/25	-18,649
Impact of forecast	-164
Forecast Usable Reserves at 31/3/2025	12,907

5. Spending Review 2025/26

5.1 The NFCC has been working with the Home Office and the Local Government Association to produce an up-to-date business case that will be presented to the Treasury to support additional and sustained funding for the fire sector. In return the fire sector will continue to deliver the efficiency and productivity commitments made in the last spending review. The business case highlights the cost pressures that are currently being faced across the sector:

- a) Increases in costs associated with fire reform such as new national fire standards, NJC reform and the college of fire and rescue.
- b) Potential that the new costing regime for the Building Safety Regulator is not cost neutral and could incur additional costs for the Authority if all work is not chargeable.
- c) Costs associated with achieving environmental targets such as net zero and costs incurred which are due to extreme weather conditions from flooding and wildfires.
- d) Costs associated with recommendations that fall out of the Grenfell Tower Phase 2 report which was published in September.
- e) The fire standard on driver training and section 19 of the Road Safety Act has created additional training requirements which requires additional resources.

5.2 The NFCC will also be asking that new Statutory duties are established for flooding and inland water rescue which will bring England in line with the devolved administrations. Statutory duties impose a higher degree of risk and require more standardized levels of training and equipment. This will need to be financed by an increase in government funding for the sector.

In terms of the settlement, the business case will be requesting:

- f) Precept flexibility of £5 on a band D property, the current increase without holding a referendum will be a 1.99%. A £5 precept will provide the Authority with an additional £2.3m of council tax funding from that included in the 2025/26 Medium-Term Financial Plan.
- g) All grants continue to be fully paid, are rolled into core funding, and uplifted by CPI. The receipt of annual grants does cause financial uncertainty as these have been subject to reductions in recent years. For example, the services grant has reduced from £1.7m to £0.173m over the past 3 years, a reduction of some 90%.
- h) New funding to address risks posed by lithium-ion batteries and electric vehicle fires.
- i) Reintroduction of capital funding, fire and rescue services unlike local authorities and the Police receive no capital funding. All capital expenditure has to be funded by either internal or external borrowing.

5.3 Public Sector funding will be outlined in the Autumn Budget on the 30th October. It is highly likely that 2025/26 will be a one-year settlement, with a full spending review to be conducted in Spring 2025 resulting in multi-year settlements from 2026/27 onwards.

6. Contact Procedure Rules

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

In the second quarter of 2024/25, there have been no waivers to exemptions in excess of £75,000.

7. Capital Expenditure Monitoring

At its meeting on the 29th February 2024 the Authority approved a five-year capital programme of £67.936m which included slipped schemes from 2023/24 totalling £29.703m, and £10.137m of new schemes in 2024/25 adding to a total capital budget of £39.840m for the current financial year.

7.1 Revised capital plan 2024/25

In conjunction with a review of revenue budgets, managers were also asked to review the capital schemes for which they are responsible for. This has resulted in £4.412m been requested to be slipped into the next financial year and £2.770m been removed from the capital plan.

A brief explanation of the adjustments is provided below and are also itemised in Appendix A.

Slipped Schemes:

- a. Hunslet and Illingworth refurbishments will not be completed until 2025, requiring total slippage of £0.335m into the next financial year. Both schemes are in the planning and design stage and tenders are expected to be issued shortly, however due to the extent of the refurbishments will not be completed within the next 6 months.
- b. The schemes for Breathing Apparatus (BA) ancillary equipment and BA charging sets totalling £1.112m are required to be slipped into 2027/28. Through market engagement and monitoring of the BA market, there have been limited updates to the BA sets that are available to buy which are an upgrade to our existing BA equipment. A decision was taken in 2023 to extend the life of the current set for a period of five years to allow the time for the market to develop and release future innovations.
- c. The tender for the replacement of the rescue jackets totalling £0.200m needs to be slipped into 2025/26. To reduce duplication and improve efficiency the Authority will purchase the rescue jackets through a regional or national procurement exercise. Work is ongoing to prepare for the route to market and specification, and it is anticipated that the contract will be placed in 2025/26.
- d. The replacement welfare unit scheme totalling £0.230m needs to be slipped into 2025/26, this is due to changes to vehicle design and issues identifying a supplier for this small volume build.

- e. The purchase of new USAR vans totalling £0.335m needs to be slipped into 2025/26 this is due to changes in the project lead and a change in vehicle specification.
- f. Due to the change of vehicle specification and knock on effects of supplier production capacity some £2.200m of the Vehicle Replacement scheme needs to be slipped into 2025/26.

Removal of Schemes:

- g. The tender has been awarded for the MDT software replacement. Initially it was expected that this would be a capital cost with the requirement to host the software on servers which would be a capital outlay. Instead the cost is a revenue cost as the software is accessed via the cloud on a licence basis. A revenue bid for the first six months licence and maintenance cost has been approved, the details are provided earlier in the report in section 2.3. Some £0.250m of the MDT capital scheme can thus be removed from the 2024/25 capital plan, for contingencies a small budget has remained for any developer costs that may be incurred in implementing the software before it can go live.
- h. The capital scheme totalling £0.020m for the replacement of virtual reality software can be removed from the plan as this is no longer required. The training department is in the process of introducing a replacement Learning and Management System which supersedes the requirement of virtual reality software.
- i. Following a reconciliation of the Vehicle Replacement Programme, it has transpired that there has been an over provision of budget of £2.500m which can be removed from the capital plan. So that this issue is not to be repeated in future bidding processes, there has been an improvement to the capital bidding process which now is using MS forms.

7.2 Capital Payments 2024/25

7.2.1 The actual capital payments to date total £11.177m which represents 31.55% of the revised capital plan. If commitments are included in this, the actual expenditure to date is £35.132m which equates to 99.18% 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.

7.2.2 A summary of expenditure to date against each individual scheme which includes revised schemes detailed in 7.1 is attached to this report in Appendix B.

7.3 Management Board Approvals

7.3.1 At the Authority AGM in 2010, Management Board was given delegated power to approve individual virement between capital schemes of up to £100,000. Details of any approvals will be reported to committee throughout the year as part of this report.

7.3.2 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.

6.3.3 Between July and September, Management Board have approved three virements with a net zero cost which are shown in the table below:

Schemes Approved by Management Board

Date	Directorate	Scheme	Approval £	Virement £
25/09/2024	Service Support	Welfare Vehicles		94,000
		Training Centre Telehandler		90,000
		USAR Welfare Vans		55,000
		Airwave Replacement		-239,000
			0	0

7.4 Capital Receipts

Capital receipts expected in 2024/25 will be for the sale of appliances which exceed £10,000. There have been no capital receipts in the first two quarters of 2024/25.

8. Treasury Management

8.1 The Authority approved its Treasury Management Strategy on the 29th February 2024 in accordance with the CIPFA Code of Practice on Treasury Management. As per the 2021 CIPFA Prudential Code for Capital Finance in Local Authorities a requirement was introduced in 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 plans undertaken in support of this.

The Prudential Indicators are detailed in Appendix C

8.2 In the current financial year, treasury management activity has been limited to investments. The table in Appendix D shows the Authority currently has total investments on the 27th of September of £47.880m split between nine counter parties with rates of interest receivable between 4.90% and 5.10%. This was boosted at the end of July when the Authority received £43.0m in pension Top Up Grant.

9. Debtors

9.1 The Authority receives income for services provided; these include special services, lift rescues, 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.

9.2 The level of outstanding debt owed to the Authority to the end of September 2024 is £445,224 which can be profiled as follows:

Less than 60 days -	£ 196,847
Greater than 60 days -	£ 248,401

9.3 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

9.4 As detailed above, there is currently £134,822 of debt which is at the recovery stage. However, previous experience suggests that the Authority will recover all of the outstanding debts.

10. Creditors

10.1 The Authority is required to pay all non disputed invoices within 28 days of receipt. In the first 6 months of the current financial year the Authority has received 4,126 invoices and paid 95% of them within 28 days.

11. Financial Implications

11.1 These are included within the main body of the report.

12. Legal Implications

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

13. Human Resources and Diversity Implications

13.1 There are no human resource and diversity implications.

14. Equality Impact Assessment

14.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

15. Health, Safety and Wellbeing Implications

15.1 There are no health, safety, and wellbeing implications.

16. Environmental Implications

16.1 There are no environmental implications.

17. Your Fire and Rescue Service Priorities

17.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Provide ethical governance and value for money.

18. Conclusions

18.1 This report identifies that the Authority is currently forecast to under spend its revenue budget in 2024/25 by £0.164m. A budget review has been undertaken which has resulted in a net movement to contingencies of £1.503m. The provision for the grey book pay award has been moved to employee budgets from the employee contingency.

18.2 Both the capital plan and the revenue budget have been reviewed, and a revised capital plan and revenue budget have presented to members.

Appendix A

Scheme	Original Capital Plan 2024/25 £	Slippage to 2025/26 onwards £	Removal from Plan £	Revised Plan 2024/25 £
Vehicle Replacement Programme	£12,201,892	-£2,200,000	-£2,500,000	£7,501,892
Welfare Units	£230,000	-£230,000		£0
USAR Vans	£335,000	-£335,000		£0
Hunslet Refurbishment	£800,000	-£160,000		£640,000
Illingworth Refurbishment	£875,500	-£175,100		£700,400
MDT Software	£307,799		-£250,000	£57,799
BA Sets & Charging Kits	£837,000	-£837,000		£0
BA Ancillary Equipment	£275,000	-£275,000		£0
Rescue Jackets	£200,000	-£200,000		£0
Virtual Reality	£20,000		-£20,000	£0
TOTAL	£16,082,191	-£4,412,100	-£2,770,000	£8,900,091

Department	Capital Plan 2024/25			Adjustments to the Capital Plan in 2024/25			Revised Capital Plan 2024/25	Capital Expenditure 2024/25					
	Capital Bids 2024/25	Agreed 24/25 from 23/24 (Schemes over 2 years)	Agreed Slippage in year	Slippage b/f	Total Capital Plan 2024/25	Removal from Plan		Virement	Increase to Capital Plan	Slippage c/f	Actual expenditure incurred to date	Forecast Expenditure	Total
Property Services	2,634,000	0	864,731	557,772	4,056,503	0	0	0	(335,100)	516,588	3,315,326	3,831,914	110,511
CRMP	1,100,000	2,099,942	3,643,555	8,791,488	15,634,985	0	0	0	0	5,860,532	10,167,666	15,484,985	(150,001)
ICT	716,000	0	623,009	177,543	1,516,552	0	0	0	(250,000)	20,708	1,173,647	1,194,355	(72,197)
Transport	3,015,000	3,403,000	0	4,606,457	11,024,457	(2,500,000)	(75,000)	2,011,355	(2,200,000)	4,229,457	8,062,793	8,152,793	(108,019)
Training Centre	20,000	0	0	0	20,000	(20,000)	0	0	0	0	0	0	0
OHSU	17,745	0	0	0	17,745	0	0	0	0	0	17,706	17,706	(39)
Finance	765,000	0	0	0	765,000	0	0	0	0	0	765,000	765,000	0
Operations	1,469,000	2,122,500	1,530,368	1,562,945	6,684,813	0	(15,000)	0	(1,312,000)	389,670	4,886,861	5,276,531	(81,282)
Fire Safety	400,000	0	0	0	400,000	0	0	0	0	160,133	249,430	409,563	9,563
Total	10,136,745	7,625,442	6,661,663	15,696,205	40,120,055	(2,520,000)	(90,000)	2,011,355	(4,097,100)	11,177,088	28,638,429	35,132,846	(291,463)

Capital Budget Monitoring 2024/25
Service Support - Property

Committee Approval	Details of Scheme	Capital Bids 2024/25	Agreed from 23/24 (Schemes over 2 years)	Agreed 24/25 from 23/24 Slippage in year	Slippage in 2024/25	Total Capital Plan 2024/25	Removal from Plan	Adjustments to the Capital Plan in 2024/25	Revised Capital Plan 2024/25	Actual expenditure incurred to date	Forecast Expenditure in 2024/25	Total Expected Expenditure in 2024/25	Forecast over / (under) spend
F&R 14.04.23	Odsal Fire Station	0	0	0	5,000	5,000	0	0	5,000	4,412	0	4,412	(588)
F & R 08/04/22	Cookridge	0	0	0	73,878	73,878	0	0	73,878	5,858	0	5,858	(68,020)
F & R 08/04/22	CCTV Upgrades	0	0	0	9,665	9,665	0	0	9,665	0	9,665	9,665	0
F & R 08/04/22	Mirfield Asbestos Removal	0	0	0	722	722	0	0	722	0	722	722	(0)
F & R 08/04/22	Stanningley Charging Points	0	0	0	1,467	1,467	0	0	1,467	0	1,467	1,467	(0)
F&R 14.04.23	Rawdon - Facilities upgrade	0	0	150,000	66,475	216,475	0	0	216,475	0	216,475	216,475	(0)
F&R 14.04.23	Otley - Showers	0	0	0	65,000	65,000	0	0	65,000	0	65,000	65,000	0
F&R 14.04.23	Odsal boundary fence	0	0	0	15,862	15,862	0	0	15,862	0	5,000	5,000	(10,862)
F&R 14.04.23	Ludo charging points	0	0	0	118,002	118,002	0	0	118,002	79,023	34,980	114,003	(3,999)
F&R 14.04.23	Dewsbury Showers	0	0	0	50,000	50,000	0	0	50,000	0	15,000	15,000	(35,000)
F&R 14.04.23	Bingley - Upgrade works	0	0	714,731	94,157	808,888	0	0	808,888	361,559	659,320	1,020,879	211,991
F&R 14.04.23	Wetherby - Kitchen	0	0	0	13,104	13,104	0	0	13,104	6,010	12,000	18,010	4,906
MB 03/05/2023	Leeds BA room	0	0	0	1,500	1,500	0	0	1,500	0	1,500	1,500	0
MB 07/02/2024	FSHQ Boiler	0	0	0	435	435	0	0	435	435	0	435	0
F&R 17/4/24	24/25 EV Chargers	80,000	0	0	42,505	122,505	0	0	122,505	59,291	75,297	134,588	12,083
F&R 17/4/24	24/25 Hunslet Refurbishment	800,000	0	0	0	800,000	0	0	800,000	0	640,000	640,000	0
F&R 17/4/24	24/25 Bradford F/S Dorms & Showel	450,000	0	0	0	450,000	0	0	450,000	0	450,000	450,000	0
F&R 17/4/24	24/25 Slaithwaite fire escape	85,000	0	0	0	85,000	0	0	85,000	0	85,000	85,000	0
F&R 17/4/24	24/25 Illingworth	875,500	0	0	0	875,500	0	0	875,500	0	700,400	700,400	0
F&R 17/4/24	24/25 Meltham Fire Station - Fabric	70,000	0	0	0	70,000	0	0	70,000	0	70,000	70,000	0
F&R 17/4/24	24/25 Boiler Upgrade Schemes	200,000	0	0	0	200,000	0	0	200,000	0	200,000	200,000	0
F&R 17/4/24	24/25 Rastrick ventilation	73,500	0	0	0	73,500	0	0	73,500	0	73,500	73,500	0
Total		2,634,000	0	864,731	557,772	4,056,503	0	0	3,721,403	516,588	3,315,326	3,831,914	110,511

**Capital Budget Monitoring
Service Support - CRMP**

Committee Approval	Details of Scheme	Capital Bids 2024/25	Agreed 24/25 from 23/24 (Schemes over 2 years)	Agreed Slippage in year	Slippage b/f	Total Capital Plan 2024/25	Removal from Plan	Increase to Capital Plan	Slippage c/f	Revised Capital Plan 2024/25	Actual expenditure incurred to date	Forecast Expenditure in 24/25	Forecast over / (under) spend
F & R 14/10/2022	Keighley	0	0	1,289,215	3,484,206	4,773,421	0	0	0	4,773,421	1,020,410	4,296,224	543,213
	Halifax	50,000	0	100,000	0	150,000	0	0	0	150,000	0	0	(150,000)
	Huddersfield	1,050,000	0	100,000	0	1,150,000	0	0	0	1,150,000	0	1,150,000	0
FA 15/7/2022	FSHQ Offices/Training Arena	0	2,099,942	2,154,340	5,307,282	9,561,564	0	0	0	9,561,564	4,223,757	4,721,442	(616,365)
FA 15/7/2022	FSHQ Fire Station	0	0	0	0	0	0	0	0	0	396,893	0	396,893
FA 15/7/2022	FSHQ BA/ICT	0	0	0	0	0	0	0	0	0	216,494	0	216,494
FA 15/7/2022	FSHQ TRTC	0	0	0	0	0	0	0	0	0	2,977	0	2,977
	Total	1,100,000	2,099,942	3,643,555	8,791,488	15,634,985	0	0	0	15,634,985	5,860,532	10,167,666	16,028,198
													393,213

Capital Budget Monitoring 2024/25
Service Support - ICT

Committee Approval	Details of Scheme	Capital Bids 2024/25	Agreed 24/25 from 23/24 (Schemes over 2 years)	Agreed Slippage in year	Slippage b/f	Total Capital Plan 2024/25	Removal from Plan	Increase to Capital Plan	Slippage c/f	Revised Capital Plan 2024/25	Actual expenditure incurred to date	Forecast Expenditure in 24/25	Total Expected Expenditure in 24/25	Forecast over / (under) spend
F&R 17/4/24	VM Server Hardware	140,000	0	0	0	140,000	0	0	0	140,000	0	140,000	140,000	0
F&R 17/4/24	VDI server replacement	80,000	0	0	0	80,000	0	0	0	80,000	0	80,000	80,000	0
F&R 17/4/24	Mobile Phone replacement	225,000	0	0	0	225,000	0	0	0	225,000	0	225,000	225,000	0
F&R 17/4/24	DMZ server replacement	40,000	0	0	0	40,000	0	0	0	40,000	0	40,000	40,000	0
F&R 17/4/24	PC replacement programme	200,000	0	0	0	200,000	0	0	0	200,000	0	200,000	200,000	0
F&R 17/4/24	Kemp Virtual Load balances	20,000	0	0	0	20,000	0	0	0	20,000	0	20,000	20,000	0
F&R 17/4/24	Visitor Management Solution	11,000	0	0	11,000	22,000	0	0	0	22,000	0	11,000	11,000	(11,000)
	Additional resource for HR & Rosteri	0	0	0	18,655	18,655	0	0	0	18,655	0	18,655	18,655	0
	ICT Station Equipment	0	0	0	1,393	1,393	0	0	0	1,393	0	1,393	1,393	0
F & R 15/07/2022	UPS on Stations	0	0	0	88,599	88,599	0	0	0	88,599	0	88,599	88,599	0
F&R 14.04.23	MDT Software	0	0	270,471	37,328	307,799	0	0	0	57,799	139	55,000	55,139	(2,660)
MB 17/01/2024	Prevention tablet refresh	0	0	0	20,568	20,568	0	0	0	20,568	20,568	10,000	30,568	10,000
F&R 17/4/24	Data Transfer centre	0	0	250,000	0	250,000	0	0	0	250,000	0	250,000	250,000	0
F&R 20/10/23	Print Solution	0	0	102,538	0	102,538	0	0	0	102,538	0	34,000	34,000	(68,538)
Total		716,000	0	623,009	177,543	1,516,552	0	0	0	1,266,552	20,708	1,173,647	1,194,355	(72,197)

Capital Budget Monitoring 2024/25

People and Culture - OHSU

Committee Approval	Details of Scheme	Capital Bids 2024/25	Agreed 24/25 from 23/24 (Schemes over 2 years)	Agreed Slippage in year	Slippage b/f	Total Capital Plan 2024/25	Removal from Plan	Increase to Capital Plan	Slippage c/f	Revised Capital Plan 2024/25	Actual expenditure incurred to date	Forecast Expenditure	Total Expected Expenditure in 24/25	Forecast over / (under) spend
MB 28/05/2024	OHU Equipment	17,745	0	0	0	17,745	0	0	0	17,745	0	17,706	17,706	(39)
	Total	17,745	0	0	0	17,745	0	0	0	17,745	0	17,706	17,706	(39)

Capital Budget Monitoring 2024/25
Service Delivery - Operations

Committee Approval	Details of Scheme	Capital Bids 2024/25	Agreed 24/25 From 23/24 (Schemes over 2 years)	Agreed in Slippage in year	Slippage b/f 2024/25	Total Capital Plan 2024/25	Removal from Plan	Virement	Increase to Capital Plan	Slippage c/f	Revised Capital Plan 2024/25	Actual expenditure incurred to date	Forecast Expenditure	Total Expected Expenditure in 24/25	Forecast over / (under) spend
F&R 04/02/22	Command Support	0	43,785	0	43,785	43,785	0	0	0	0	43,785	0	0	0	(43,785)
F & R 03/02/23	Particulate Flash Hoods	0	80,000	0	80,000	80,000	0	-80,000	0	0	0	0	0	0	0
MB 20/04/22	BA Cleaning & drying Units	0	0	36,890	36,890	36,890	0	0	0	0	36,890	1,413	35,477	36,890	0
MB 14/12/22	Wildfire Vehicle	0	0	102,348	102,348	102,348	0	0	0	0	102,348	0	102,348	102,348	0
MB 01/06/22	Ladders	0	50,000	59,973	109,973	109,973	0	-15,000	0	0	94,973	80,970	29,002	109,972	14,999
F & R 03/02/23	Uniform	0	100,000	19,472	119,472	119,472	0	-119,472	0	0	0	0	0	0	0
MB 01/06/22	Body Worn Cameras	0	67,515	0	67,515	67,515	0	0	0	0	67,515	0	67,515	67,515	0
B 30/05/23 - Approved 23/	Hose Reels	10,500	32,500	0	43,000	43,000	0	0	0	0	43,000	0	43,000	43,000	0
F&R 14/04/23	BA Cylinders	0	0	16,557	16,557	16,557	0	0	0	0	16,557	17,704	7,000	24,704	8,147
F&R 14/04/23	BA Compressors	0	130,000	0	130,000	130,000	0	0	0	0	130,000	0	147,000	17,000	17,000
MB 30/05/23	Dividing Breeches	0	30,000	0	30,000	30,000	0	0	0	0	30,000	0	30,000	30,000	0
F&R 14/04/23 / 24/06/24	2nd Thermal Image Camera	0	0	7,813	25,000	32,813	0	0	0	0	32,813	0	32,813	32,813	0
F & R 21/07/23	Multi role PPE	0	200,000	276,500	476,500	476,500	0	199,472	0	0	675,972	4,600	7,700	675,972	0
MB 06/12/23	Washing Machines	0	10,000	0	10,000	10,000	0	0	0	0	10,000	0	0	12,300	2,300
F & R 21/07/23	New Control Project	1,000,000	926,568	903,392	2,829,960	2,829,960	0	0	0	0	2,829,960	89,258	2,858,318	2,947,576	117,616
	BA Ancillary Equipment	275,000	0	0	275,000	275,000	0	0	0	0	275,000	0	0	0	0
	BA Sets & Charging Kits	837,000	0	0	837,000	837,000	0	0	0	0	837,000	0	0	0	0
	Hydrants	0	0	0	360,000	360,000	0	0	0	0	360,000	188,637	226,716	415,353	55,353
N/A	Defibrillators	0	0	0	250,000	250,000	0	0	0	0	250,000	0	250,000	250,000	0
F&R 17/4/24	Featherweight/Light portable pumps	0	0	0	120,000	120,000	0	0	0	0	120,000	0	120,000	120,000	0
F&R 17/4/24	Foam Branches and Ancillary equipment	0	0	0	45,000	45,000	0	0	0	0	45,000	0	0	0	(45,000)
MB 20/06/24	Gas tight suit replacement	0	0	0	24,000	24,000	0	0	0	0	24,000	0	24,000	24,000	0
MB 03/07/24	Lay flat hose and Hose reel tubing	0	0	0	65,000	65,000	0	0	0	0	65,000	0	50,000	50,000	(15,000)
MB 08/05/24	Lockers	0	0	0	60,000	60,000	0	0	0	0	60,000	0	60,000	60,000	0
	Mainline Branches	0	0	0	20,000	20,000	0	0	0	0	20,000	0	0	0	(20,000)
	MIBS Stretchers	0	0	0	55,000	55,000	0	0	0	0	55,000	0	0	0	(55,000)
	Rescue Jackets	0	0	0	200,000	200,000	0	0	0	0	200,000	0	0	0	(200,000)
F&R 17/4/24	Tirfors and Ancillary Equipment	0	0	0	60,000	60,000	0	0	0	0	60,000	0	0	0	(60,000)
MB 03/07/24	Trauma bag replacement	0	0	0	40,000	40,000	0	0	0	0	40,000	0	0	0	(40,000)
MB 20/06/24	Water Rescue Equipment	0	0	0	20,000	20,000	0	0	0	0	20,000	0	0	12,000	(8,000)
F&R 17/4/24	Breathing Apparatus Mechanical & drying u	0	0	0	112,000	112,000	0	0	0	0	112,000	0	55,000	55,000	(57,000)
MB 20/06/24	Vehicle Stabilisation strut	0	0	0	13,000	13,000	0	0	0	0	13,000	0	13,000	13,000	0
	Total	2,122,500	1,530,368	1,562,945	1,469,000	6,684,813	0	(15,000)	0	(1,312,000)	5,357,813	389,670	4,886,861	5,276,531	(81,282)

Capital Budget Monitoring 2024/25
Service Support – Training Centre

Committee Approval	Details of Scheme	Capital Bids 2024/25	Agreed 24/25 from 23/24 (Schemes over 2 years)	Agreed Slippage in year	Slippage b/f	Total Capital Plan 2024/25	Removal from Plan	Virement	Increase to Capital Plan	Slippage c/f	Revised Capital Plan 2024/25	Actual expenditure incurred to date	Forecast Expenditure	Total Expected Expenditure in 24/25	Forecast over / (under) spend	
	Virtual Reality	20,000				20,000	(20,000)				0	0	0	0	0	✓
	Total	20,000	0	0	0	20,000	(20,000)	0	0	0	0	0	0	0	0	✓

Capital Budget Monitoring 2024/25
Service Support - Transport

Committee Approval	Details of Scheme	Capital Bids 2024/25	Agreed from 23/24 (Schemes over 2 years)	Agreed Slippage in year	Slippage b/f	Total Capital Plan 2024/25	Removal from Plan	Virement	Increase to Capital Plan	Slippage c/f	Revised Capital Plan 2024/25	Actual expenditure incurred to date	Forecast Expenditure	Total Expected Expenditure in 24/25	Forecast over / (under) spend
F & R 12/04/19	Welfare Vehicles	0	0	0	135,565	135,565	0	94,000	0	0	229,565	0	330,000	330,000	100,435
F&R 17/4/24	Airwave hardware	0	0	0	250,000	250,000	0	(239,000)	0	0	11,000	0	0	0	(11,000)
F&R 08/05/24	Vehicle Replacement	3,000,000	3,403,000	0	3,940,892	10,343,892	(2,500,000)	0	1,858,000	(2,200,000)	7,501,892	4,229,457	7,501,892	7,501,892	0
	USAR Vans	0	0	0	280,000	280,000	0	55,000	0	0	335,000	0	140,000	140,000	(195,000)
	Training Centre Telehandler	15,000	0	0	0	15,000	0	15,000	90,000	0	90,000	0	90,000	90,000	0
F&R 17/4/24	Ladders	3,015,000	3,403,000	0	4,606,457	11,024,457	(2,500,000)	(75,000)	2,011,355	(2,200,000)	8,260,812	4,229,457	8,062,793	8,152,793	(2,454)
	Total														

PRUDENTIAL INDICATORS ACTUALS 2024/25Capital 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 2025/26 £000's	Estimate 2026/27 £000's	Estimate 2027/28 £000's
	Estimate	Actual			
	2024/25 £000's	2024/25 £000's			
CFR b/fwd	53,195	53,195	79,332	78,162	80,428
Capital Expt	35,587	35,587	8,249	8,301	9,069
Capital Receipts	0	0	-3,500	0	0
Earmarked Reserve	-4,791	-4,791	-500	-500	-500
Revenue Contribution	-1,700	-1,700	-950	-950	-950
MRP	-2,959	-2,959	-4,469	-4,585	-4,723
Closing CFR	79,332	79,332	78,162	80,428	83,324
	Forecast		Estimate 2025/26 £000's	Estimate 2026/27 £000's	Estimate 2027/28 £000's
	Estimate	Actual			
	2024/25 £000's	2024/25 £000's			
CFR	79,332	79,332	78,162	80,428	83,324

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 2024/25 £000's	Forecast Actual 2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
Authorised Limit for External Debt	76	76	79	86	94
Operational Boundary for External Debt	71	71	74	81	89

External Debt

The Authority is forecasting the levels of outstanding debt on the 31st of March 2025

	Actual Debt 31 March 2024		Estimated Debt 31 March 2025	
	£m	%	£m	%
PWLB Loans	39.90	95.2	38.9	95.1
LOBO	2.00	4.8	2.00	4.9
TOTAL	41.90	100	40.90	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 2023/24	Estimate 2024/25	Estimate 2025/25	Estimate 2026/27	Estimate 2027/28
Ratio of Financing to Net Revenue Stream	6.55%	6.02%	5.87%	5.98%	6.08%

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 2024/25	Forecast Actual 2024/25
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.

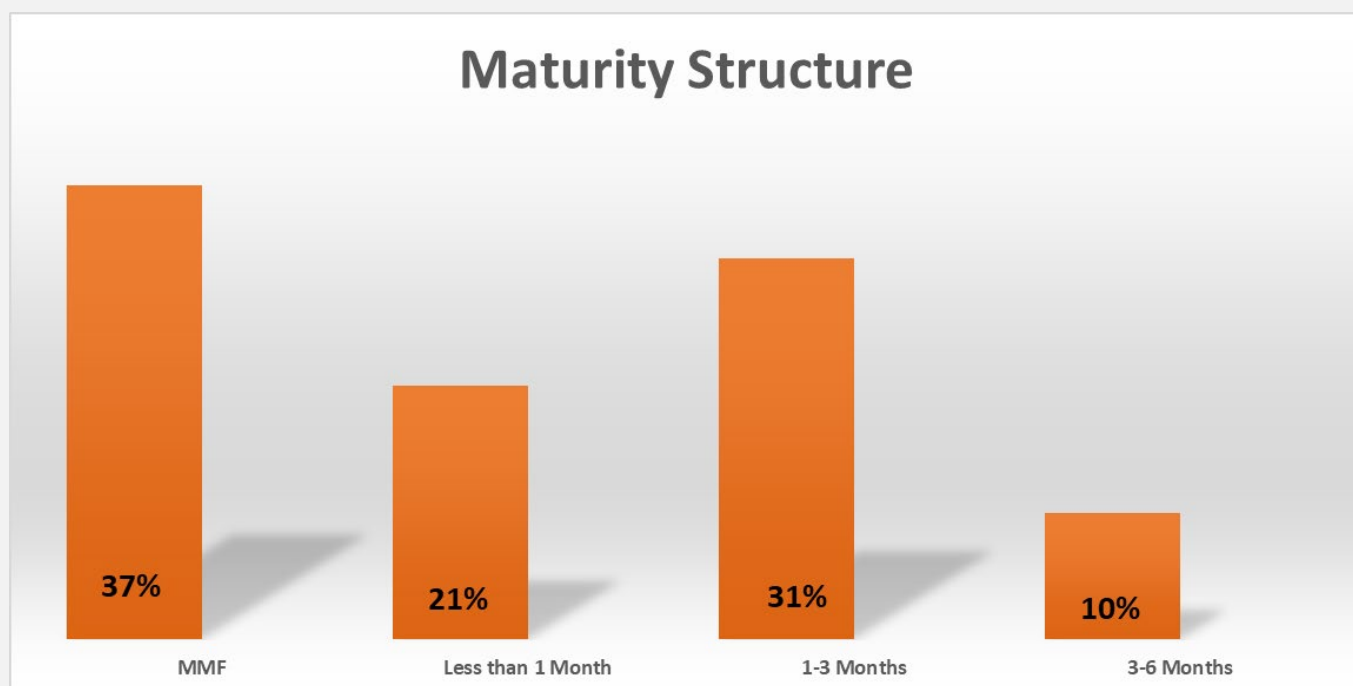
Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.	Limit Set 2024/25	Forecast Actual 2024/25
Under 12 months	0% -20%	2.40%
12 months to 2 years	0% -20%	1.80%
2 years to 5 years	0% -60%	10.70%
5 years to 10 years	0% -80%	5.40%
More than 10 years	20% -100%	79.70%

Total principal sums invested for periods longer than 365 days.

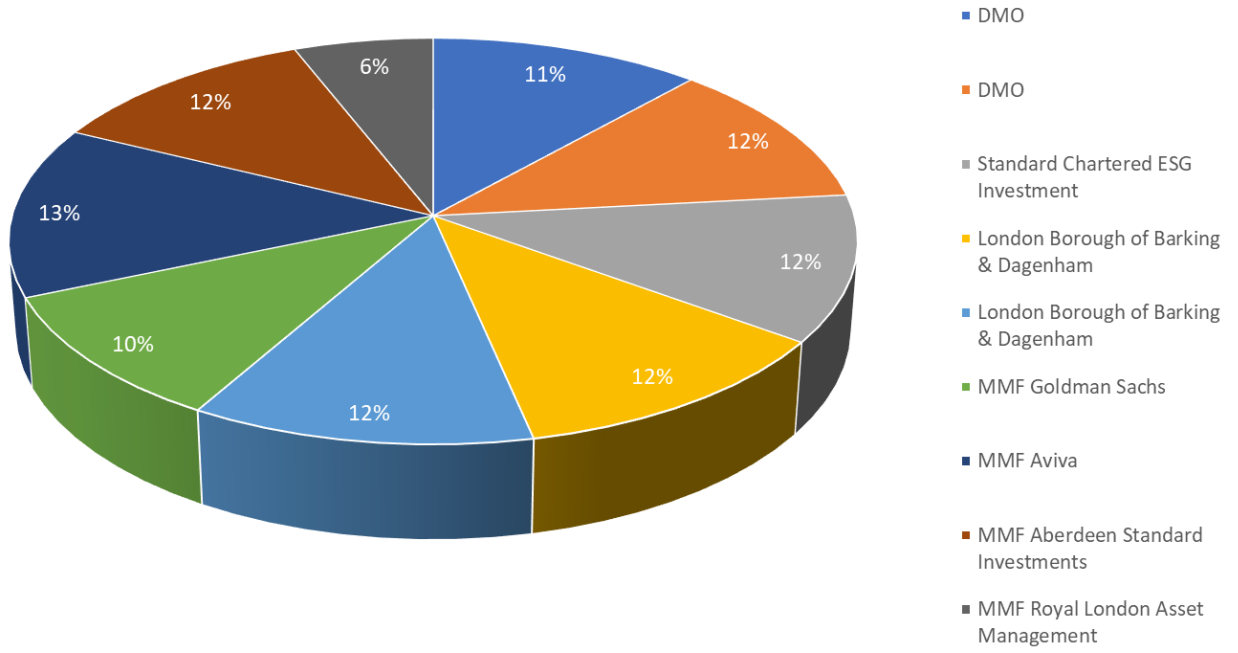
This indicator was set at zero as there was no intention to hold investments for treasury management purposes with maturity dates in excess of a year. There was no change to this position.

Appendix D

COUNTERPARTY	£	Interest Rate	Date Invested	Maturity Date	Maturity Structure
DMO	5,000,000	5.10	24/07/2024	30/09/2024	Less than 1 Month
DMO	5,000,000	4.90	16/09/2024	30/09/2024	Less than 1 Month
Standard Chartered ESG Investment	5,000,000	5.09	25/07/2024	31/10/2024	1-3 Months
London Borough of Barking & Dagenham	5,000,000	5.05	24/07/2024	28/11/2024	1-3 Months
Blackpool Council	5,000,000	5.10	09/09/2024	09/12/2024	1-3 Months
London Borough of Barking & Dagenham	5,000,000	5.05	24/07/2024	31/01/2025	3-6 Months
MMF Goldman Sachs	4,417,756	4.97	MMF	MMF	MMF
MMF Aviva	5,854,230	5.04	MMF	MMF	MMF
MMF Aberdeen Standard Investments	5,041,279	5.07	MMF	MMF	MMF
MMF Royal London Asset Management	2,566,462	5.04	MMF	MMF	MMF
TOTAL	47,879,727				



Counterparty Structure



OFFICIAL

Agenda item: 07

Reserves Strategy 2024/25 to 2028/29

Finance and Resources Committee

Date: 18th October 2024

Submitted by: Director of Finance and Procurement

Purpose: To seek approval of the Authority's Reserve Strategy 2024/25 to 2028/29

Recommendations: That members approve the Reserves Strategy

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.

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Alison Wood, Director of Finance and Procurement

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Background papers open to inspection: Nil

Annexes: Reserves Strategy 2024/25 to 2028/29

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 2024 were £5.700m of general fund balances and £26.021m in earmarked reserves, equating to a total usable reserve balance of £31.721m. The general fund balance of £5.700m represents 5.05% 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 £10.08m (net) in loan interest payments over the past 13 years.
- 2.4 In determining the appropriate level of reserves required by the authority, the Director of Finance and Procurement 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, and volatility of the retirement profile.

Earmarked Reserves

Amendments

- 2.5 It is proposed that the following amendments are made to the following earmarked reserves:

- The Pension Equalisation Reserve is to be renamed the Pension III Health Reserve; the revised name of this reserve reflects the actual use of the reserve making it more understandable to readers of the strategy.
- The balance of £83,936 in the Control Replacement to be transferred to the Capital Finance Reserve; the final invoice for the Systel Control System was made in 2023/24 and there will be no further call on this reserve.

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.

In summary, it is planned, to use £20.03m of earmarked reserves by the end of 2028/29. It is projected that earmarked reserves will be utilised as follows:

- £6.189m on the completion on the redevelopment of FSHQ and the remaining of the capital finance reserve on the funding of the rebuild of Huddersfield Fire Station which is due to commence in early 2025.
Using the capital reserve to fund station rebuilds 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.
- £2.000m to support the Medium-Term Financial Plan in the event of the comprehensive spending review been less favourable than forecast. There is a forecast deficit of £0.545m from the 1st of April 2025 which is due to the uncertainty of the continuation of government grants that are not built into core funding. In addition, there is likely to be a review of the fire funding formula in 2026/27 which may see changes in how the grant is distributed which may have a negative impact on the Authority.
- £0.641m on the implementation of the Data and Digital Strategy from the Service Support Reserve. This will include the development of Powers Apps, continuation of the roll out of One View and investments in Artificial Intelligence (AI) technology.
- £0.134m on the administration of the pension remedy resulting from the McCloud/Sargeant case. The Authority initially received this grant in 2021/22 and continues to receive this grant on an annual basis. It is projected that this reserve will be fully spent by the end of 2028.
- The recruitment reserve will be used to fund the operational staffing project over the next few years which will fund initiatives to accelerate recruitment and then maintain establishment at 937.

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

6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

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 This report links with the Community Risk Management Plan 2022-25 strategic priorities below: Improve the safety and effectiveness of our firefighters.

- Provide ethical governance and value for money.

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

2024/25 to 2028/29

Contents

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1 What are Reserves

- 1.1 Reserves are an essential part of good financial management to help the Fire Authority manage 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 prevents the authority to over committing financially. These are:
 - 1.3.1 The requirement to set a balanced budget as set out within the Local Government Finance Act 1992.
 - 1.3.2 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.
 - 1.3.3 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.
 - 1.3.4 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.
 - 1.3.5 The external auditors' responsibility is 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 and balances.

2 National Framework

- 2.1 The National Framework published in May 2018 includes a section on reserves, the main components of which are:
- 2.1.1 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.
 - 2.1.2 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.
 - 2.1.3 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.
 - 2.1.4 Information should be set out in a way that is clear and understandable for members of the public and should include:
 - 2.1.4.1 How the level of general reserve has been set.
 - 2.1.4.2 Justification for holding a general reserve larger than five percent of budget.
 - 2.1.4.3 Whether the funds in each earmarked reserve are legally or contractually committed, and if so, what amount is committed.
 - 2.1.4.4 A summary of activities or items to 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:
- 3.3.1 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.

- 3.3.2 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, the expenditure profile will be smoothed 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 will occur in the future with some certainty 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:
- 3.5.1 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.
- 3.5.2 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.
- 3.5.3 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.
- 3.5.4 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.
- If 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.
- 3.6 Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax.
- 3.7 Spread the cost of large-scale projects which span a number of years, for example the redevelopment of the Fire Service Head Quarters (FSHQ) site.
- 3.8 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 unbudgeted expenditure.
- 3.9 The Authority aims to avoid using reserves to meet regular and ongoing financial commitments, as they only provide one off funding other than as part of a sustainable medium-term budget plan.

3.10 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 £5.700m. The General Fund reserve equates to 5.05% of the annual budget.

4 Reserves Position 1 April 2024

4.1 The level of cash fluctuates during the year due to the timing of Government grants, notably the top up grant which was £43 million in July 2024. We would need to borrow if the Authority wanted to utilise reserves which exceeds our working cash flow balance.

Type of Reserve	Balance at 1/4/24
General Fund	£5,700,000
Earmarked Reserves	£26,020,618
TOTAL	£31,720,618

Table summary of current reserve balance

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

4.3 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.

4.4 Detailed below are the Authority's reserves, an explanation of their purpose and forecast balance as of 31/3/2029.

RESERVES AS A RESULT FROM GRANTS

Description	Balance 1/4/24	Estimated Balance 31/3/29	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.
Enhanced Logistics	£188,209	£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 vehicle will be charged to this reserve if required in the future.
Transparency	£76,890	£76,890	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.
Pensions Admin Remedy	£134,413	£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

Grants that are received by the Authority normally have a stipulation attached which means that they must be spent on the specified purpose (i.e.) the terms of the grant payment. These cannot be transferred to other budget to be spent on a different purpose which is laid out in the CIPFA Accounting Code of Practice.

RESERVES AS A RESULT FROM REVENUE ALLOCATIONS

Description	Balance 1/4/24	Estimated Balance 31/3/29	Purpose and Origin of the Reserve
Emergency Services Mobile Communications Programme (ESMCP)	£247,084	£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	£440,068	£440,068	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	£641,132	£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 Ill Health Reserve	£3,436,844	£2,836,844	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 £1.58 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 1/4/24	Estimated Balance 31/3/29	Purpose and Origin of the Reserve
Reserve for Pay and Prices	£1,069,075	£1,069,075	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.
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, it is prudent to maintain this reserve.
Capital Finance Reserve	£15,163,848	£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 Fire 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:
- 5.1.1 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.
 - 5.1.2 The Reserves Strategy are reviewed annually by the Finance and Resources Committee in October.
 - 5.1.3 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.
 - 5.1.4 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 and its 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

Agenda item: 08

Dispatch Communications Server Funding

Finance and Resources Committee

Date: 18 October 2024

Submitted by: Director of Service Delivery

Purpose: To request funding for a DIMETRA Dispatch Communication Server (DCS)

Recommendations: Members are recommended to approve:

A capital budget of £94076.00 and a revenue budge of £5374.00 to cover a six month dual running periods which will enable Control operations to continue from both the existing and new Control room.

Summary: The DIMETRA Dispatch Communication Server (DCS) provides essential end to end encryption that protects information while in transit. WYFRS will not meet the required security compliance standards without this hardware

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Scott Donegan, AM Service Delivery
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Background papers open to inspection: Replacement Control System Specification

Annexes: None

1. Introduction

- 1.1 As part of the ongoing move towards a single, secure, emergency service communication network all UK fire and Rescue Services are required to provide assurance regarding end-to-end encryption for information in transit.
- 1.2 The delivery of the new network is being delivered through the Emergency Service Mobile Communications Programme. Motorola won the contract to provide the secure gateway to the Emergency Services Network (ESN) and 'Airwave' radio communications.
- 1.3 In the summer of 2023, WYFRS implemented the necessary hardware, a DIMETRA Dispatch Communication Server (DCS), to enable compliance with the ESN security requirements.
- 1.4 As we move towards completion of the new Control Room and Mobilising System it is necessary to purchase a second DCS which enable the service to maintain compliance with information transfer security requirements

2. Information

- 2.1 To support the transition to the new Emergency Service Network, the initial DCS for Fire and Rescue Services was centrally funded and the costs were commercially sensitive.
- 2.2 West Yorkshire is first Fire and Rescue Service in the country to request a new DCS at a secondary location. This is required due to the significant investment being put into the new state of the art mobilising system. However, relocating the existing mobilising to the new HQ development would have incurred the same costs.
- 2.3 Communications with both colleagues in the Home Office and Motorola have been ongoing since the beginning of the year to understand options around transfer of the existing DCS and the purchasing of a new replacement DCS.
- 2.4 Option to relocate, operate without DCS and work with virtual servers have been explored. However, due to business continuity and security requirements, it has been identified that a second DCS needs to be purchased from Motorola.
- 2.5 Without the DCS the new mobilising system cannot be commissioned to go live. Motorola are the only approved supplier of this hardware.

3. Financial Implications

- 3.1 The financing cost of the Dispatch Communication Server (DCS) has not been included within the capital financing charges budget which is a cost to revenue. Because the new system will not be funded by capital reserves, an annual Minimum Revenue Provision charge will need to be made over the life of the asset.

- 3.2 The additional capital financing charges amounts to £0.028m per annum over the life of the asset, which is estimated to be 7 years. This cost will have to be found from contingencies in 2024/25 and will need to be built into base budgets from 2025/26 onwards.
- 3.3 There is an existing revenue budget for licensing of the DCS which was introduced in the summer of 2023. Due to the requirement to run and license a second DCS for a period of six months and additional 6-month revenue budget in 2024/25 is requested resulting in an overall cost of £5,370. This cost will be met from contingencies.
- 3.4 Pre implementation survey costs of £13,696 will be met from existing budgets.

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 implication resulting from this request.

6. Equality Impact Assessment

- 6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? Yes

[\(EIA template and guidance\)](#)

6.2 Date EIA Completed: 11.01.22

6.3 Date EIA Approved: 24.01.22

6.4 The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

7. Health, Safety and Wellbeing Implications

- 7.1 The DCS is required to ensure the security of the Emergency Service Network. Failure to provide a new DCS will prevent the commissioning of the replacement mobilising system.

8. Environmental Implications

- 8.1 There are no environmental implications resulting from this report.

9. Your Fire and Rescue Service Priorities

9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Improve the safety and effectiveness of our firefighters.
- Provide ethical governance and value for money.
- Continuously improve using digital and data platforms to innovate and work smarter.

10. Conclusions

10.1 The Dispatch Communication Server is now a fundamental part of any fire and rescue service mobilising system. Furthermore, the DCS is required to protect the integrity of the Emergency Services Network which will be used by all UK emergency services.

10.2 The DCS can only be supplied by Motorola. The replacement mobilising system currently being developed by Frequentis is scheduled to go-live in quarter four of 2024/25. This system cannot achieve the necessary security certification with DCS.

10.3 Members are recommended to approve a capital budget of £94,076.00.