| MERSEYSIDE FIRE AND RESCUE AUTHORITY | | | |
|---|---|---|---|
| **MEETING OF THE:** | **COMMUNITY SAFETY AND PROTECTION COMMITTEE** | | |
| **DATE:** | **7 SEPTEMBER 2023** | **REPORT NO:** | **CFO/038/23** |
| **PRESENTING OFFICER** | **DIRECTOR OF FINANCE AND PROCUREMENT, IAN CUMMINS** | | |
| **RESPONSIBLE OFFICER:** | **DIRECTOR OF FINANCE AND PROCUEMENT, IAN CUMMINS** | **REPORT AUTHOR:** | **DIRECTOR OF FINANCE AND PROCUREMENT, IAN CUMMINS** |
| **OFFICERS CONSULTED:** | **STRATEGIC LEADERSHIP TEAM** | | |
| **TITLE OF REPORT:** | **FINANCIAL REVIEW 2023/24 - APRIL TO JUNE** | | |

| | | |
|---|---|---|
| **APPENDICES:** | **APPENDIX A1:** | **REVENUE BUDGET MOVEMENTS SUMMARY** |
| | **APPENDIX A2:** | **FIRE AND RESCUE SERVICE REVENUE BUDGET MOVEMENTS** |
| | **APPENDIX A3:** | **CORPORATE SERVICE REVENUE BUDGET MOVEMENTS** |
| | **APPENDIX A4:** | **BUDGET MOVEMENTS ON RESERVES** |
| | **APPENDIX B:** | **CAPITAL PROGRAMME 2023/24** |
| | **APPENDIX C:** | **APPROVED AUTHORITY CAPITAL PROGRAMME 2023/24 – 2027/28** |

## Purpose of Report

1. To review the revenue, capital, and reserves financial position for the Authority for 2023/24. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances. This report covers the period April to June 2023.

## Recommendation

2. It is recommended that Members;

    a) approve the proposed revenue and capital budget alignments;

    b) approve the use of the increase in investment income, £0.278m, to fund capital expenditure and reduce the level of borrowing;

    c) approve the realignment of reserves and the use of £3.722m of available capital reserve to fund capital expenditure and reduce the level of capital borrowing; and

    d) instruct the Director of Finance and Procurement to continue to work with budget managers to maximise savings in 2023/24,and use any savings to reduce the level of capital borrowing.

## Executive Summary

**Revenue**:
The Authority approved a five-year medium-term financial plan (MTFP) at the Budget Authority meeting on 23 February 2023. The approved MTFP delivered a balanced budget for 2023/24 based on key budget assumptions around costs, in particular pay. This report updates members on the 2023/24 budget position and any issues arising in the year that may impact on the future years' financial position.

The total budget requirement remains at the original budget level of £67.921m. Appendix A1 – A4 outline in detail all the revenue budget and reserve movements between April and June 2023.

**Capital**:
The MTFP includes a five-year capital programme. The original programme included a total investment of £54.952m over the 2023/24 – 2027/28 period, of which £36.263m related to 2023/24. The capital programme planned spend has increased by £5.512m, of which £6.334m relates to the re-phasing of schemes from 2022/23 into 2023/24. The report outlines all the scheme adjustments in the year and the revised Capital Programme is outlined in Appendix B and C.

**Reserves & Balances**:
The general balance remains unchanged at £3.000m. The report outlines all the movement in reserves in the quarter and considers the current adequacy of the available reserves. All movements in committed reserves are outlined in Appendix A4.

**Treasury Management**:
No new long-term borrowing has been arranged and the Authority has continued its policy of reducing investments and only taking short term borrowing to cover cash flow requirements.

## Introduction and Background

3. The purpose of this report is to enable the Authority to monitor its income and expenditure levels against its budget on a regular basis throughout the year to ensure effective financial management.

4. This report reviews the Authority's financial position up to the end of the first quarter of 2023/24, (April – June 2023).

5. In order to ensure that the financial reviews provide a regular and effective financial health check on all aspects of the Authority's finances the following structure has been adopted.

| Financial Review Structure | |
|---|---|
| Section | Content |
| A | Current Financial Year Review:-<br>• Revenue Budget,<br>• Capital Programme, and<br>• Movement on Reserves |
| B | Treasury Management Review |

## (A) Current Financial Year – 2023/24

6. The purpose of the financial review report is to provide Members with an assurance that the approved budget remains robust and that the current forecast of expenditure can be contained within the available resources. If actual expenditure or income for the year is inconsistent with the current budget then the report will, if necessary, identify the appropriate corrective action.

**Revenue Position**:

7. Budget Movements: there have been a number of budget adjustments in the quarter, but as they are either self-balancing virements within department budgets or budget increases financed by reserves (in line with previously agreed Authority decisions), they have not changed the overall net revenue budget requirement. The budget adjustments in quarter 1 included:-

- A contribution from reserves of £0.646m. Members' approved the 2022/23 financial outturn report, CFO/033/23, at the Policy and Resources Committee in July, 2023. The report informed Members' that £0.646m of the planned 2023/24 spend on the new TDA scheme had been incurred in 2022/23, and as a result a drawdown of £0.646m from the capital reserve was actioned in 2022/23. Therefore, in quarter 1 the capital reserve was reduced and the associated capital financing budget adjusted (-£0.646m), to reflect the revised new TDA and station spending plan.

- The 2023/24 firefighter pay award settlement was consistent with the 5% budget assumption, and £1.499m was drawn-down from the pay & prices inflation provision to cover the award.

- The 2023/24 business rates increased as a result of the 2023/24 Business Rates Revaluation. The Service's business rates increased by £0.184m in 2023/24, rising to £0.226m by 2025/26. Officers knew the revaluation was likely to increase business rates and therefore kept sufficient Government business rates grant uncommitted to cover this increase. The rates and grant income budget have been adjusted in this quarter to reflect the known increase in rates.

- A number of grant and external funded initiatives are only built into the budget at the start of the year once the level of 2023/24 funding is known.

The Home Office have provided new burdens grant funding for the Building Safety Regulatory work (£0.166k): Merseyside Resilience Forum funding (£0.065m); Prince's Trust / Beacon funding (£0.067m); additional apprenticeship funding (£0.030m); a mixture of other funding (£0.061m). The increase in grant budget has been used to fund temporary staff, training and other services costs.

- Other self-balancing virements to cover small adjustments within non-employee budget lines.

8. **The net budget requirement remains at £67.921m, which is consistent with the original budget**. Appendix A1 – A3 outline the budget movements in the quarter.

9. <u>Update on Budget Assumptions and forecast actual expenditure.</u>

10. The key budget assumptions for 2023/24 are:

    - Annual pay awards of 5%, and
    - Price inflation - general price increases of 4% to 5%; outsourced contracts increases of 10%, and energy and utility costs remaining at the 2022/23 rates, and
    - No significant unplanned growth pressures beyond those built into the MTFP.

11. **Annual Pay awards of 5%;**
    The Local Government staff 2023/24 pay offer is currently a £1,925 fixed sum or 3.88% (whichever is the highest), this would equate to a +**6% increase** on the green/red book staff employee budget. This would exceed the budget forecast by approximately £0.140m. The trade unions are currently consulting with their members on the offer. The impact of the pay award will only be known once the pay award has been accepted by the employees, and it will then be reported back to Members in a future financial review report. If the settlement cannot be contained within the overall inflation provision, then officers are confident the impact in 2023/24 is likely to be contained within the overall employee budget due to vacancies and staff not being at the top of their grade. The ongoing financial implications will be considered as part of the 2024/25 budget process.

    The 2023/24 firefighters pay award has been agreed and is consistent with the 5% budget assumption.

12. **Non-pay inflation;**
    The latest forecasts indicate 2023/24 non-pay inflation can be contained within the inflation provision.

13. **Unforeseen Growth**; apart from the increase in 2023/24 business rate charges following the Business Rates Revaluation, which can be covered by available business rates compensation grants, no other 2023/24 unavoidable growth has been identified in the quarter.

14. **Interest on Balances**; Interest rates have risen over the last twelve months resulting in an increase in the level of investment interest income. In 2022/23 the actual level of investment income was £0.920m, and the value of investments held averaged approximately £50m in the year. The level of investments is expected to be lower in 2023/24, as the Authority draws down on reserves, in quarter 1 investments averaged less than £30m. The combination of higher interest rates and the level of investments in the year is forecast to achieve an investment income of at least £0.450m, £0.278m above the budgeted figure. **Members are asked to approve the use of the additional investment income, £0.278m, to fund an increase in the revenue contribution to capital outlay,** and this will marginally lower the required level of capital borrowing in 2023/24, currently estimated at £30.691m.

15. The expectation is that all other costs and income will be consistent with the approved budget. The table below summarises the quarter 1 revenue position:

**Anticipated Year-End Revenue Position (excl. National Resilience)**

| | TOTAL BUDGET | ACTUAL as at 30.06.23 | FORE-CAST | VARI-ANCE |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Expenditure** | | | | |
| Employee Costs | 57,233 | 13,834 | 57,233 | 0 |
| Premises Costs | 3,370 | 664 | 3,370 | 0 |
| Transport Costs | 1,332 | 339 | 1,332 | 0 |
| Supplies and Services | 3,262 | 668 | 3,262 | 0 |
| Agency Services | 6,765 | 1,493 | 6,765 | 0 |
| Central Support Services | 640 | 247 | 640 | 0 |
| Capital Financing | 13,692 | 0 | 13,970 | 278 |
| **Income** | -14,326 | -6,174 | -14,326 | 0 |
| **Net Expenditure** | 71,968 | 11,071 | 72,246 | 278 |
| **Contingency Pay&Prices** | 1,796 | 0 | 1,796 | 0 |
| **Cost of Services** | 73,764 | 11,071 | 74,042 | 278 |
| **Interest on Balances** | -172 | 56 | -450 | -278 |
| **Movement on Reserves** | -5,671 | 0 | -5,671 | 0 |
| **Total Operating Cost** | 67,921 | 11,127 | 67,921 | **0** |

16. The Director of Finance and Procurement will continue to monitor the position during the year to look to deliver savings to fund additional revenue contributions to capital outlay in order to reduce the level of borrowing in the current capital programme.

17. Debtor accounts under £5,000 may be written off by the Director of Finance and Procurement. Two special service accounts were written off in the quarter totalling £786 plus VAT as the debtors could not be traced and any costs associated with further recovery action would exceed the value of the debt.

**Capital Programme Position:**

18. At the Authority Budget meeting on 23rd February 2023, (CFO/063/22), Members' approved a 5-year capital programme (2023/24–2027/28) of £54.952m, of which £36.263m related to 2023/24. During quarter 1 the capital programme has increased by £5.512m, due to:

    a) the 2022/23 year-end re-phasing of projects into 2023/24 of £6.334m, and, a £0.646m re-phasing of the new TDA scheme from 2023/24 into 2022/23, as reported to the Policy and Resources Committee on 27th July 2023, CFO/033/23, and

    b) Members approved at the March 2023, Policy and Resources Committee, the renewal of the Microsoft Enterprise Agreement. The new contract delivered a small reduction in the capital budget, £0.047m in 2023/24 and £0.195m over the capital programme.

    c) Increases in some 2023/24 schemes; operational equipment, £0.010m and ICT hardware, £0.009m. All the increases are to be funded from revenue budget contributions.

    d) A number of small self-balancing virements within the capital programme.

19. **Capital Borrowing Requirement**:

    The level of capital borrowing in 2023/24 increased in the quarter from £25.657m to £30.691m as a result of the changes outlined above. The Authority accesses capital borrowing through the Government's Public Works Loan Board, (PWLB), and over the last 12 months the PWLB interest rates have increased by approximately 3% to 5.6%, for 10 and 25 year loans. Each 1% interest rate change increases the new loan interest charges by £0.307m p.a. and a 3% increase would increase interest payments by just under £1m p.a. The revenue budget assumes an interest rate of approximately 5%, so the impact of the rate changes can be contained within the budget.

20. Given the volatility in PWLB rates in the last 12 to 18 months and the historic low level of investment interest rates, a cautious approach has been adopted with regards new long-term loans. The strategy is currently to reduce investments and borrow for short periods **if** necessary, (*short-term loan rates are lower than long-term rates, as has been the case for a number of years*), as a means of deferring the point by which the Authority needs to arrange new long-term loans. By continuing with this strategy it is hoped that when the Authority has no option but to seek new long-term loans then **PWLB interest rates will be more favourable.** The latest advice is that PWLB rates will fall to 4% or lower by the end of 2024/25. Given the long-dated nature of the authority's existing borrowing portfolio, there is also scope for shorter term borrowing where this proves advantageous.

21. To reduce the risk of the Authority having to take out loans before interest rates fall, officers have looked at how the level of borrowing can be reduced. The Reserves Section of this report considers the use of uncommitted reserves to

reduce the required level of borrowing. As Members' will recall over recent years the approved strategy has been to use revenue savings identified in the year to increase the capital and other reserves, in order to reduce future borrowing and deliver savings on the debt servicing budget. On the basis Members' approve the proposal to use reserves to reduce the required level of borrowing, no new loans are expected to be arranged in 2023/24.

22. The capital programme changes actioned in the quarter are summarised in Table below. The revised detailed capital programme is attached as Appendix B (2023/24 Capital Programme) and Appendix C (2023/24–2027/28 Capital Programme) to this report.

| Movement in the 5 Year Capital Programme | | | | | | |
|---|---|---|---|---|---|---|
| | Total Cost | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| **Expenditure** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| **Amendments to Approved Schemes;** | | | | | | |
| 22/23 year-end re-phasing of schemes into future years | 6,333.5 | 6,333.5 | | | | |
| 2022/23 Qtr4 rephasing 23/24 into 22/23 | -646.0 | -646.0 | | | | |
| Reduction in Microsoft Enterprise Agreement | -195.0 | -47.0 | -37.0 | -37.0 | -37.0 | -37.0 |
| New Operational / ICT equipment & Building work | 19.3 | 19.3 | | | | |
| | **5,511.8** | **5,659.8** | **-37.0** | **-37.0** | **-37.0** | **-37.0** |
| **Funding** | | | | | | |
| **Revenue Contribution to Capital Outlay (RCCO)** | | | | | | |
| New Operational / ICT equipment & Building work | 19.3 | 19.3 | | | | |
| **Capital Reserve** | | | | | | |
| Re-phasing from 2023/24 into 22/23 | -646.0 | -646.0 | | | | |
| **Borrowing** | | | | | | |
| Re-phasing from 2022/23 into 23/24 | 6,333.5 | 6,333.5 | | | | |
| Reduction in Microsoft Enterprise Agreement | -195.0 | -47.0 | -37.0 | -37.0 | -37.0 | -37.0 |
| | **5,511.8** | **5,659.8** | **-37.0** | **-37.0** | **-37.0** | **-37.0** |

**Use of Reserves:**

23. The analysis in Appendix A4 outlines the reserve movements in the quarter. A £0.646m draw-down adjustment was required to the capital reserve to reflect the use of the capital reserve, originally planned to be used in 2023/24, in 2022/23 in order to reflect the updated phasing of the new TDA and fire station build programme. Therefore, the capital reserve was reduced in this quarter and the associated capital financing budget adjusted (-£0.646m).

24. For the reasons outline in paragraphs 19 to 21, officers have reviewed the level of current reserves in order to finance capital spend and reduce the level of borrowing:

a) **Collection Fund Reserve** – established to
   i. Carry forward the Government covid business rate compensation grants so they could be drawn-down into the General Fund to cover the Collection Fund deficit charges in 2021/22 - 2023/24, and

ii. Any future deficit on the council tax or business rate collection funds.

    Future deficits or surpluses are expected to be marginal and usually they can be offset when all five district council funds are taken into account. Therefore, a **reduction in the reserve of £0.150m,** from £0.250m to £0.100m, is deemed deliverable and the reserve balance can fund any future collection fund deficit balances.

b) **Pensions Reserve** – the reserve covers
   i. Any Fire Pension Scheme (FPS) ill health retirement penalties that exceed the annual provision within the base budget, and

   ii. Any one-off additional charges from the FPS administrator for costs associated with the McCloud age discrimination remedy. Additional FPS software costs £0.062m (funded via a Home Office grant, £0.111m) and £0.059m additional staffing cost have been incurred to date. The Government / FPS Pension fund is expected to cover any compensation / interest costs.

   **A reduction of £0.290m** in the reserve, from £0.590m to £0.300m, is deemed deliverable as the Service is only expecting small one-off additional administration charges from the administrator over the next 12 to 24 months.

c) **Invest to Save / Collaboration Reserve** – the reserve was established to invest in initiatives / projects that can deliver long-term savings or Service improvements. The **£0.282m reserve has been transferred into the capital reserve** as they both fulfil the same purpose in terms of investing in the infrastructure and projects to enhance Service delivery.

d) **Inflation Reserve** – the reserve offers a one-off fund to cover variations in pay and price inflation compared to the rates assumed in the financial plan. This reserve would provide short-term funding for any excessive inflationary cost, that would then be taken into account in the following year's budget process. The 2023/24 firefighter pay award has been settled at the assumed budget increase, 5%, and a provision has been included in the MTFP for the expected higher energy costs, £0.850m, and therefore the level of inflationary risk, at least for 2023/24 has diminished. **A reduction in the reserve of £0.550m,** from £1.250m to £0.700m, is deemed prudent as the balance should be adequate to cover any variations to inflation assumptions over the next 1 to 2 years.

e) **Capital Reserve** - This reserve was created to contribute towards the costs associated with large strategic capital schemes and reduce the level of unsupported borrowing. After taking into account the proposed quarter 1 reserves adjustments above, increasing the reserve by £1.272m, approximately £4.183m of the reserve is deemed available. **Members are asked to approve the use of £3.722m** of the available reserve to fund **a revenue contribution to capital outlay** that will allow an equivalent reduction in the level of required capital borrowing. The balance, £0.461m, will be held back to cover future capital schemes or projects.

25. The general revenue reserve has remained unchanged at £3.000m.

## (B) Treasury Management

26. The Authority continues to "buy in" Treasury Management from Liverpool City Council. The following paragraphs reflect Treasury Management activities in the period April to June 2023.

27. **Prospects for Interest Rates;**
GDP rose by 0.20% in April as the economy appears to have weathered the drag from higher inflation better than was widely expected. Core CPI inflation rose in both April and May to a new 31-year high of 7.1%.

The recent resilience of the economy has been due to a confluence of factors including the continued rebound in activity after the pandemic, households spending some of their pandemic savings, and the tight labour market and government handouts both supporting household incomes. That said, as government support fades, real household incomes are unlikely to grow rapidly. Furthermore, higher interest rates will mean GDP is likely to contract later this year.

On 11th May 2023, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 4.50%, and on 22nd June moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none. Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a difficult task in convincing investors that they will be able to dampen inflation pressures anytime soon. Talk of the Bank's inflation models being "broken" is perhaps another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds.

Further rate increases are anticipated with rates expected to increase to at least 5.5%, if not higher, to sufficiently slow the UK economy and loosen the labour market. However, the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but timing on this will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Current forecasts are that rates will have to increase and stay at their peak until the second quarter of 2024 as a minimum.

PWLB rates for both long and short term borrowing have risen over the April – June period, especially at the shorter end of the market where they remain volatile. The 1 year PWLB rate rose from a low of 4.65% on 6 April 2023, to a peak of 6.24% on 28 June. Longer-term PWLB 50 year rates have risen from a low of 4.27% on 5 April 2023 to a peak of 5.23% on 30 May.

With current elevated borrowing rates it may be advisable not to borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.

28. **Capital Borrowings and the Portfolio Strategy;**

The borrowing requirement comprises the expected movements in the Capital Financing Requirement and reserves plus any maturing debt which will need to be re-financed. The Authority's current MTFP envisaged that new long term borrowing of £12 million would be required in 2023/24. In the short-term, and at a time when long-term rates are relatively high, the Authority will continue to mitigate interest costs by use of internal resources ahead of further borrowing. Where borrowing is required, the Authority may initially choose to benefit from lower short term rates available from the intra-authority market and consider taking longer-term PWLB debt when there is no further value to be obtained from the intra-authority market. Against this background, the Director of Finance and Procurement along with Liverpool Treasury officers will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances.

Current PWLB lending terms have severely constrained the option to generate savings via debt rescheduling. Recent rises in longer term interest rates may provide more favourable debt rescheduling opportunities. Any rescheduling that takes place will be reported to members in monitoring reports.

29. **Annual Investment Strategy;**

The investment strategy for 2023/24 set out the priorities as the security of capital and liquidity of investments. Investments are made in accordance with DLUHC Guidance and CIPFA Code of Practice. Investments are made in sterling with an institution on the counterparty list.

Extreme caution has been taken in placing investments to ensure security of funds rather than rate of return. The use of deposit accounts with highly rated or part-nationalised banks and AAA rated money market funds has enabled reasonable returns in the current interest rate environment which has improved dramatically in the first quarter of 2023/24. Returns are expected to improve further as Bank of England base rates continue to increase over the next few months. In the period 1st April to 30 June 2023 the average rate of return achieved on average principal available was 4.79%. This compares with an average SONIA rate (Sterling Overnight Rate) of 4.37%.

The credit ratings and individual limits for each institution within the categories of investments to be used by the Authority in 2023/24 are as follows:

| | |
|---|---|
| UK Government (including gilts and the DMADF) | Unlimited |
| UK Local Authorities (each) | Unlimited |
| Part Nationalised UK banks | £4m |
| Money Market Funds (AAA rated) | £3m |
| Enhanced Money Market (Cash) Funds (AAA rated) | £3m |
| Ultra-Short Duration Bond Funds (AAA rated) | £3m |
| UK Banks and Building Societies (A- or higher rated) | £2m |
| Foreign banks registered in the UK (A or higher rated) | £2m |

No limits on investments with the UK Government and Local Authorities have been set because they are considered to be of the highest credit quality and are essentially risk free. The limits placed on other categories reflect some uncertainty and marginally higher risk profile of the institutions within those categories.

The Authority had investments of £32.950m as at 30th June 2023, see table below:

**ANALYSIS OF INVESTMENTS END OF QUARTER 1 2023/24**

| Institution | Credit Rating | MM Fund* | DMADF | Bank / Other | Building Society | Local Authority | Average Interest |
|---|---|---|---|---|---|---|---|
| | | £ | | £ | £ | £ | % |
| Aberdeen Liquidity | AAA | 2,900,000 | | | | | 4.83 |
| Blackrock | AAA | 3,000,000 | | | | | 4.75 |
| CCLA Investment Management | AAA | 3,000,000 | | | | | 4.78 |
| Morgan Stanley | A+ | 2,600,000 | | | | | 4.75 |
| HSBC (MFRS Deposit Account) | A | | | 450,000 | | | 1.62 |
| Santander | A | | | 2,000,000 | | | 2.50 |
| Newcastle BS | | | | | 1,000,000 | | 2.35 |
| Birmingham CC | | | | | | 3,000,000 | 4.45 |
| Cornwall Council | | | | | | 3,000,000 | 5.40 |
| Lancashire CC | | | | | | 2,000,000 | 2.10 |
| North Lanarkshire | | | | | | 2,000,000 | 3.90 |
| Rushmoor BC | | | | | | 3,000,000 | 4.00 |
| South Cambridgeshire DC | | | | | | 3,000,000 | 1.95 |
| Wyre Forest DC | | | | | | 2,000,000 | 2.00 |
| ***Totals*** | | **11,500,000** | **0** | **2,450,000** | **1,000,000** | **18,000,000** | **3.53** |
| ***Total Current Investments*** | | | | | | **32,950,000** | |

**MM Fund - Money Market Funds -these are funds that spread the risk associated with investments over a wide range of credit worthy institutions.*

30. **External Debt Prudential Indicators;**

The external debt indicators of prudence for 2023/24 required by the Prudential Code were set in the strategy as follows:

Authorised limit for external debt: £79 million
Operational boundary for external debt: £66 million

Against these limits, the maximum amount of debt reached at any time in the period 1 April to 30 June 2023 was £33.7 million.

31. **Treasury Management Prudential Indicators;**
The treasury management indicators of prudence for 2023/24 required by the Prudential Code were set in the strategy as follows:

a) Interest Rate Exposures

Upper limit on fixed interest rate exposures: 100%
Upper limit on variable interest rate exposures: 50%

The maximum that was reached in the period 1 April to 30 June 2023 was as follows:

Upper limit on fixed interest rate exposures: 100%
Upper limit on variable interest rate exposures: 0%

b) Maturity Structure of Borrowing

Upper and lower limits for the maturity structure of borrowing were set and the maximum and minimum that was reached for each limit in the period 1 April to 30 June 2023 was as follows: -

| Maturity Period | Upper Limit | Lower Limit | Maximum | Minimum |
|---|---|---|---|---|
| Under 12 months | 50% | 0% | 0% | 0% |
| 12 months and within 24 months | 50% | 0% | 0% | 0% |
| 24 months and within 5 years | 50% | 0% | 0% | 0% |
| 5 years and within 10 years | 50% | 0% | 0% | 0% |
| 10 years and above | 100% | 0% | 100% | 100% |

c) Total principal sums invested for periods longer than 365 days –

The limit for investments of longer than 365 days was set at £2 million for 2023/24. One investment of £2m has been placed during 2023/24.

## Equality and Diversity Implications

32. There are no equality and diversity implications contained within this report.

## Staff Implications

33. There are no staff implications contained within this report.

## Legal Implications

34. There are no legal implications directly related to this report.

## Financial Implications & Value for Money

35. See Executive Summary.

## Risk Management, Health & Safety, and Environmental Implications

36. There are no Risk Management, Health & Safety and Environmental implications directly related to this report.

## Contribution to Our Vision: To be the best Fire & Rescue Service in the UK.

Our Purpose: Here to serve, Here to protect, Here to keep you safe.

37. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's Mission.

## BACKGROUND PAPERS

**CFO/063/22** "MFRA Budget and Financial Plan 2023/2024-2027/2028" Authority 23rd February 2023.

## GLOSSARY OF TERMS

**MTFP** Medium Term Financial Plan

**TDA** Training & Development Academy

**PWLB** Public Works Loans Board