



**HUMBERSIDE**  
Fire & Rescue Service

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# QUARTERLY FINANCE AND PROCUREMENT UPDATE

For the period ending 30<sup>th</sup> September 2024

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Safer communities, safer firefighters

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# I. Executive Summary

The Service is in a sound financial position with a current projected underspend of £0.4m. The Service has not included any potential costs due to the recommendations in the Grenfell report (which are currently being reviewed) or the outcome of the HMICFRS round three inspection that has recently concluded.

The Service is working hard to effectively draw out efficiency savings and the Finance and Procurement teams continue to work with budget holders to identify efficiencies.

Capital schemes (in particular estates) continue to be difficult to deliver with the Service working hard to increase the pace of delivery.

The Procurement team continue to monitor and review risk critical contracts and awarded contracts of almost £7m in quarter two, including a significant contract for a new control room system.

Martyn Ransom  
Executive Director of Finance/S151 Officer  
23/10/24

## 2. Finance

### 2.1 Revenue

The table below shows the actual and committed expenditure as at 30<sup>th</sup> September 2024 for revenue, compared to the 2024/25 profiled budget for the same period. The table also shows the forecasted outturn for the full year based on current levels of income and expenditure plus any known variances to the end of the financial year.

2024/25 Revenue Monitoring Summary									
1st April 2024 to 30th September 2024 (Period 6)									
	Original Budget £'000	Revised Budget £'000	30 September 2024		Full Year			Status	Notes
			Profiled Budget £'000	Actual and Committed £'000	Projection £'000	Variance £'000 %			
Pay	48,748	48,673	24,168	22,964	48,139	(534)	(1.10)	Green	1-2
Non Pay	10,089	10,164	5,518	5,472	11,111	947	9.32	Red	3
Income	(3,548)	(3,548)	(2,735)	(2,602)	(3,548)	-	-	Green	
Interest Receivable	(250)	(250)	(100)	(503)	(1,050)	(800)	320.00	Green	4
Capital Financing	3,077	3,077	256	256	3,077	-	-	Green	
Transfers to / (from) Reserves	(34)	(34)	-	-	(34)	-	-	Green	
<b>Net Budget Requirement</b>	<b>58,082</b>	<b>58,082</b>	<b>27,107</b>	<b>25,587</b>	<b>57,695</b>	<b>(387)</b>	<b>(0.67)</b>	Green	

### Notes

The following details the reasons for the projected variances that are shown in the table above:

1. This projected variance is due to:
  - a. lower employer contributions into the Firefighters' Pension Scheme due to staff that have opted out of the scheme; and
  - b. lower rates of pay due to the split between trainee, development and competent rates of pay.
2. This projected variance is due to:
  - a. lower employer contributions into the Local Government Pension Scheme due to staff that have opted out of the scheme; and
  - b. an actual vacancy factor of 7.08% for the second quarter compared to a budgeted annual assumption of 3.00%.
3. This projected variance is primarily due to the implementation costs of the new Control system that will be used to mobilise appliances. Some of this variance is reduced due to spending less on fuel and on hydrant maintenance than anticipated.
4. A higher rate of interest on our investments and higher cash balances have created this projected variance.

The table below shows a further breakdown of the data that is shown in the table on page 4:

2024/25 Revenue Monitoring Detail									
1st April 2024 to 30th September 2024 (Period 6)									
	Original Budget	Revised Budget	30 September 2024		Full Year			Status	Note
			Profiled Budget	Actual and Committed	Projection	Variance			
	£'000	£'000	£'000	£'000	£'000	£'000	%		
<b>Employees</b>									
Wholetime Firefighters	31,528	31,528	15,765	15,231	31,139	(389)	(1.23)	Green	1
On-Call Firefighters	6,090	6,090	2,838	2,679	6,050	(40)	(0.66)	Green	
Non-Uniformed	9,076	9,067	4,538	4,136	8,962	(105)	(1.16)	Green	2
Other Employee Expenses (Training, Occ Health, Insurances etc.)	2,054	1,988	1,027	918	1,988	-	-	Green	
<b>Total Pay and Pensions</b>	<b>48,748</b>	<b>48,673</b>	<b>24,168</b>	<b>22,964</b>	<b>48,139</b>	<b>(534)</b>	<b>(1.10)</b>	<b>Green</b>	
<b>Non Pay Expenditure</b>									
Premises	3,832	3,794	2,389	2,420	3,794	-	-	Green	
Transport	1,953	1,928	977	891	1,900	(28)	(1.45)	Green	3
Supplies and Services	4,259	4,228	2,130	1,999	5,203	975	23.06	Red	3
Support Services	330	330	165	162	330	-	-	Green	
Non Pay Efficiency Savings	(285)	(116)	(143)	-	(116)	-	-	Green	
<b>Total Expenditure</b>	<b>58,837</b>	<b>58,837</b>	<b>29,686</b>	<b>28,436</b>	<b>59,250</b>	<b>413</b>	<b>0.70</b>	<b>Red</b>	
<b>Income</b>	<b>(3,548)</b>	<b>(3,548)</b>	<b>(2,735)</b>	<b>(2,602)</b>	<b>(3,548)</b>	<b>-</b>	<b>-</b>	<b>Green</b>	
<b>Net Expenditure (Excluding Capital Charges)</b>	<b>55,289</b>	<b>55,289</b>	<b>26,951</b>	<b>25,834</b>	<b>55,702</b>	<b>413</b>	<b>0.75</b>	<b>Red</b>	
Interest Payable	614	614	256	256	614	-	-	Green	
Interest Receivable	(250)	(250)	(100)	(503)	(1,050)	(800)	320.00	Green	4
Capital Financing	2,463	2,463	-	-	2,463	-	-	Green	
Transfers to / (from) Reserves	(34)	(34)	-	-	(34)	-	-	Green	
<b>Net Budget Requirement</b>	<b>58,082</b>	<b>58,082</b>	<b>27,107</b>	<b>25,587</b>	<b>57,695</b>	<b>(387)</b>	<b>(0.67)</b>	<b>Green</b>	

## 2.2 Cash Releasing Efficiency Savings

The National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) have proposed that across Fire and Rescue Services (FRS) in England, the sector could create efficiency savings to the value of 2% of non-pay budgets whilst increasing productivity by 3%.

FRS's are required to produce an annual Productivity and Efficiency Plan which provides detail of the efficiency and productivity progress against the national goals. The 2024/25 Productivity and Efficiency Plan for Humberside can be found [here](#).

A cash releasing efficiency saving is a permanent reduction in recurring costs including reduction in revenue budget. Examples include:

- A permanent removal of a post (Deleted from the TOM/Establishment).
- Renegotiation of a contract to a reduced cost (doing the same for less) and therefore generating a permanent reduction in budget.
- Identification and removal of budget (permanently) due to either reprioritisation or a realisation that the budget is no longer required (permanently).

(This list is not exhaustive and is to provide examples of efficiency savings).

The finance team work closely with budget holders to identify and monitor any efficiencies that arise within their area of responsibility.

The table below shows the efficiencies that have been identified in the year to date compared to the efficiency target of £285k which was included when setting a balanced budget for 2024/25:

Cash Releasing Efficiency Savings 1st April 2024 to 30th September 2024 (Period 6)		
Efficiency	Amount £'000	Detail
IT Contracts	21	A review of IT contracts has generated an efficiency saving.
Insurances	129	Efficient reporting and investigation of incidents, and carrying out relevant security measures to drive premiums down and reduce number of claims
Salary Sacrifice Car Scheme	9	The service operates a salary sacrifice scheme for electric vehicles which has lead to an efficiency in employer national insurance contributions.
Photocopiers	10	The services' drive to become paperless has reduced usage in printing and copying.
<b>Total Efficiency Savings Identified</b>	<b>169</b>	
Non Pay Budget	10,972	
Efficiency Target (£'000)	285	
Efficiency Target (%)	2.60%	

The finance team will continue to work with budget holders throughout the year to drive efficiencies within the Service.

## 2.3 Capital

The table below shows the actual and committed expenditure as at 30<sup>th</sup> September 2024 for Capital, compared to the 2024/25 profiled budget for the same period. The table also shows the forecasted outturn for the full year based on current levels of expenditure plus any known variances to the end of the financial year.

2024/25 Capital Monitoring Summary									
1st April 2024 to 30th September 2024 (Period 6)									
	Original Budget £'000	Revised Budget £'000	30 September 2024		Full Year			Status	Note
			Profiled Budget £'000	Actual and Committed £'000	Projection £'000	Variance £'000 %			
<b>Building Works</b>									
New Station Builds	1,200	1,200	600	2	100	(1,100)	(91.67)	Green	1
Training Infrastructure	500	606	303	6	606	-	-	Green	
Station Refurbishments	1,468	2,066	1,034	969	989	(1,077)	(52.13)	Green	2
Electrical Vehicle Charging Infrastructure	60	120	60	-	120	-	-	Green	
	<b>3,228</b>	<b>3,992</b>	<b>1,997</b>	<b>977</b>	<b>1,815</b>	<b>(2,177)</b>			
<b>Vehicles</b>									
Operational Vehicles	980	2,530	1,265	1,483	1,867	(663)	(26.21)	Green	3
Support Vehicles	156	1,133	567	54	110	(1,023)	(90.29)	Green	4
	<b>1,136</b>	<b>3,663</b>	<b>1,832</b>	<b>1,537</b>	<b>1,977</b>	<b>(1,686)</b>			
<b>Equipment</b>	800	1,414	707	7	890	(524)	(37.06)	Green	3
<b>ICT Equipment</b>	450	582	291	151	582	-	-	Green	
<b>Breathing Apparatus</b>	-	1,270	635	-	1,000	(270)	(21.26)	Green	5
	<b>5,614</b>	<b>10,921</b>	<b>5,462</b>	<b>2,672</b>	<b>6,264</b>	<b>(4,657)</b>			

### Notes

The following details the reasons for the projected variances that are shown in the table above:

1. The new station build at Howden will not be completed during 2024/25.
2. This projected variance is due to a postponement of a number of station refurbishments until the estates capital programme has been developed following the outcome of the 6 facets property review.
3. The purchase of appliances and equipment associated with them has been put on hold until a review of the CRMP has been undertaken.
4. The replacement of support vehicles has been postponed and will be reviewed once the EV feasibility study has been completed.
5. The replacement of breathing apparatus is going to cost less than originally anticipated.

## 2.4 Firefighters' Pension Fund

The Firefighters' Pension Fund is administered by each Fire and Rescue Service with any deficit on the fund being met with a top-up grant by the Home Office. The grant has been received in July of this year which covers 80% of the estimated deficit for the year plus the balancing amount of the previous year.

The revised budgeted deficit for 2024/25 is £17.363 which is broken down in the following table:

2024/25 Pensions Account Summary								
1st July 2024 to 30th September 2024 (Period 6)								
	Revised Budget	30 September 2024		Full Year			Status	Note
		Profiled Budget	Actual and Committed	Projection	Variance			
	£'000	£'000	£'000	£'000	£'000	%		
<b>Expenditure</b>								
Payments to Pensioners	22,021	12,596	12,421	22,021	-	-	Green	
Commutations	6,428	3,214	3,018	6,428	-	-	Green	
Transfer Values	100	50	-	100	-	-	Green	
<b>Total Pensions Expenditure</b>	<b>28,549</b>	<b>15,860</b>	<b>15,439</b>	<b>28,549</b>	<b>-</b>			
<b>Income</b>								
Employer Pension Contributions	(8,081)	(4,041)	(3,971)	(8,081)	-	-	Green	
Employee Pension Contributions	(2,753)	(1,377)	(1,373)	(2,753)	-	-	Green	
Ill Health Pension Contributions	(234)	(117)	-	(234)	-	-	Green	
Transfer Values	(118)	(59)	(118)	(118)	-	-	Green	
<b>Total Pensions Income</b>	<b>(11,186)</b>	<b>(5,594)</b>	<b>(5,462)</b>	<b>(11,186)</b>	<b>-</b>			
<b>Net Pensions Deficit/(Surplus)</b>	<b>17,363</b>	<b>10,266</b>	<b>9,977</b>	<b>17,363</b>	<b>-</b>			



## 2.5 Investments and Borrowing

The Authority must ensure that:

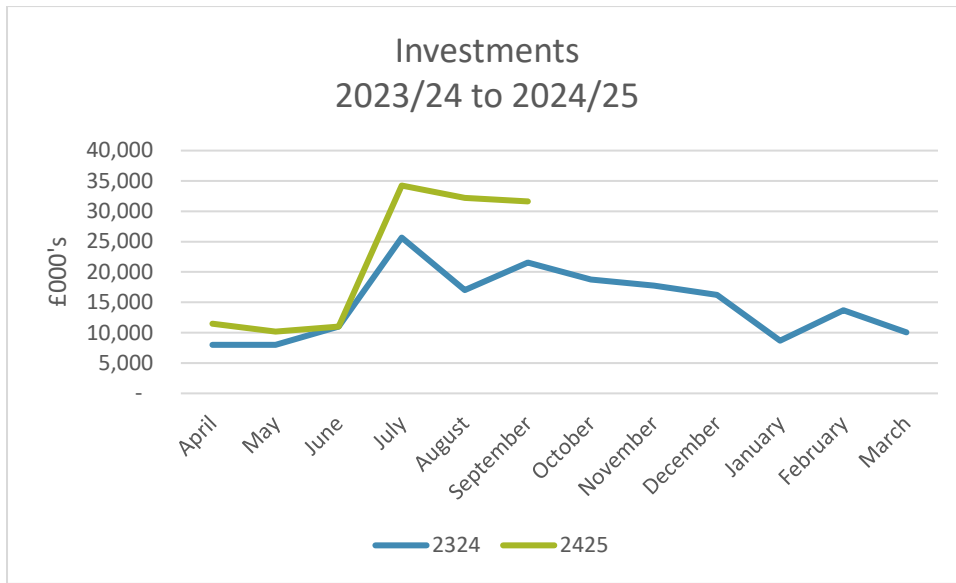
- its cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low-risk appetite, providing liquidity initially before considering investment return.
- It understands its borrowing need in terms of funding its capital plans. This management of longer-term cash may involve arranging long or short-term borrowing.

### Investments

This statement shows the level of investments that the Service holds as at 30<sup>th</sup> September 2024 as well as the investments that have been returned during the period:

2024/25 Investing Activities 1st April 2024 to 30th September 2024						
Counterparty	Amount (£)		Date		Rate %	Interest (£)
	Invested	Returned	Invested	Returned		
<b>Money Market Funds</b>						
Deutsche Managed Sterling Fund	2,000,000					
Aberdeen Liquidity Fund	2,000,000					
Goldman Sachs Liquid Reserve Fund	1,398,000					
<b>Investments</b>						
<b>Current Investments</b>						
DMO	1,250,000	-	16/09/2024	16/10/2024	4.89	5,023.97
West Berkshire	2,000,000	-	01/08/2024	01/11/2024	5.12	25,810.41
Leeds Building Society	2,000,000	-	05/08/2024	13/11/2024	4.89	26,794.52
Cheltenham Borough Council	1,000,000	-	21/06/2024	23/12/2024	5.08	25,747.95
Cornwall Council	1,000,000	-	01/07/2024	02/01/2025	5.07	25,697.26
Broxbourne BC	2,000,000	-	29/08/2024	06/01/2025	4.86	34,619.18
Cornwall Council	1,000,000	-	24/06/2024	08/01/2025	5.07	27,503.01
City of Bradford MDC	2,000,000	-	25/07/2024	27/01/2025	5.00	50,958.90
Skipton Building Society	2,000,000	-	25/07/2024	27/01/2025	5.00	50,958.90
LB Waltham Forest	2,000,000	-	21/08/2024	21/02/2025	4.70	47,386.30
LB Barking & Dagenham	2,000,000	-	27/08/2024	27/02/2025	4.78	48,192.88
Dover DC	2,000,000	-	30/09/2024	10/04/2025	5.00	52,602.74
Uttlesford DC	2,000,000	-	27/08/2024	11/04/2025	4.78	59,455.34
Powys County Council	2,000,000	-	15/08/2024	15/04/2025	4.78	63,646.03
Blackpool Council	2,000,000	-	16/09/2024	16/04/2025	4.80	55,758.90
<b>Total Amount Invested as at 30 September 2024</b>	<b>31,648,000</b>		<b>Total Interest Due on Current Investments</b>			<b>600,156.30</b>
<b>Investments Returned During the Period</b>						
Hull City Council	2,000,000	2,000,000	04/04/2024	04/07/2024	5.30	26,427.40
Blackpool Council	2,000,000	2,000,000	09/04/2024	09/07/2024	5.25	26,178.08
Kirklees Council	2,000,000	2,000,000	10/04/2024	10/07/2024	5.25	26,178.08
DMO	2,850,000	2,850,000	22/07/2024	22/07/2024	5.19	0.00
DMO	2,450,000	2,450,000	23/07/2024	26/07/2024	5.19	1,045.11
DMO	1,070,000	1,070,000	26/07/2024	29/07/2024	5.19	456.44
DMO	20,200,000	20,200,000	25/07/2024	01/08/2024	5.19	20,105.92
DMO	17,240,000	17,240,000	01/08/2024	02/08/2024	5.07	2,394.71
DMO	17,285,000	17,285,000	02/08/2024	05/08/2024	4.94	7,018.18
DMO	15,290,000	15,290,000	05/08/2024	19/08/2024	4.94	28,971.41
DMO	4,180,000	4,180,000	19/08/2024	27/08/2024	4.94	4,525.85
DMO	2,400,000	2,400,000	19/08/2024	28/08/2024	4.94	2,923.40
DMO	2,000,000	2,000,000	19/08/2024	29/08/2024	4.94	2,706.85
DMO	1,800,000	1,800,000	19/08/2024	30/08/2024	4.94	2,679.78
DMO	3,000,000	3,000,000	19/08/2024	16/09/2024	4.94	11,368.77
Bank of Scotland	1,500,000	1,500,000	21/06/2024	23/09/2024	5.22	20,164.93
Bank of Scotland	500,000	500,000	23/07/2024	23/09/2024	5.21	4,424.93
DMO	4,175,000	4,175,000	23/09/2024	27/09/2024	4.94	2,260.22
DMO	2,385,000	2,385,000	27/09/2024	30/09/2024	4.94	968.38
<b>Total Amount Returned During the Period</b>	<b>104,325,000</b>		<b>Total Interest Received During the Period</b>			<b>190,798.43</b>
<b>Summary of Interest Receipts</b>						
	Budget	Actual	&		Under/(Over)	
	£	£	£	%		
Interest Receipts to 30 September 2024	100,000	502,702	(402,702)	(402.70)		

The following graph shows our level of investments during the year to date compared to the previous financial year:



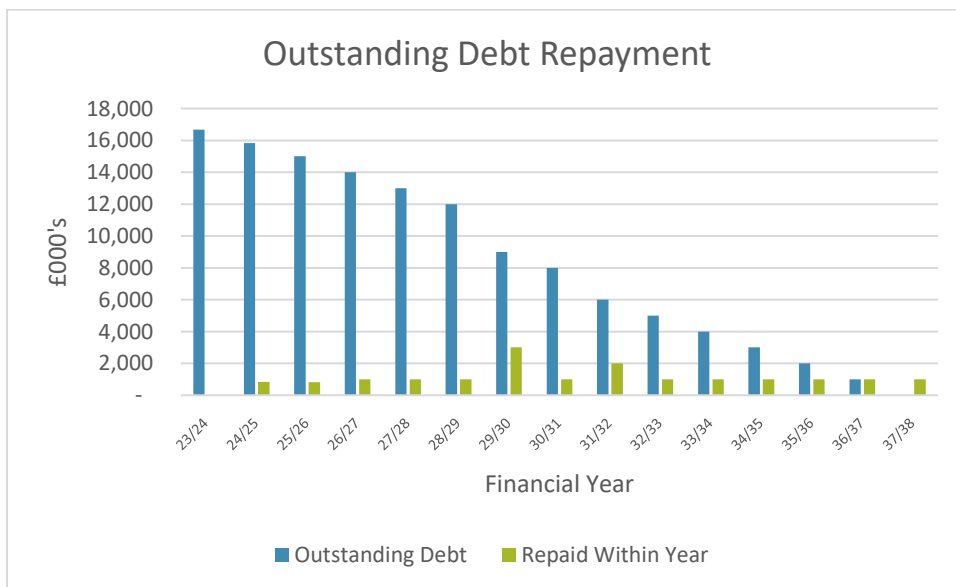
The Authority receives the Firefighters Pension Fund grant in July of each year which allows a higher level of investments to be held until the grant is fully utilised.

During 24/25 the Authority received additional grant in relation to the McCloud Remedy and Matthews Second Option exercise. This means a higher level of investments will be held until the grant is drawn down.

### Borrowing

The current level of borrowing that the Service holds as at 30<sup>th</sup> September 2024 is £16.7m.

The graph below shows the level of borrowing that the Authority currently holds at the end of each financial year and how this reduces over time as the debt matures:



There hasn't been any long-term borrowing taken during the year to date but this will be closely monitored by the S.151 Officer.

## 2.6 Reserves

The Authority retains a number of revenue reserves that can be used to fund expenditure.

The table below shows the movement on these reserves for the period 1<sup>st</sup> April 2024 to 30<sup>th</sup> September 2024 and also what the projected balance will be as at 31<sup>st</sup> March 2025 based on the projections in Revenue Monitoring table that can be found on page 4:

2024/25 Movement in Reserves 1st April 2024 to 30th September 2024 (Period 6)			
	As at 1st April 2024	In Year Movements	Projected Balance as at 31st March 2025
	£'000	£'000	£'000
<b>General Reserve</b>	6,000	353	6,353
<b>Earmarked Reserves</b>			
Insurance	500		500
National Flood Resilience	1,000		1,000
Capital Programme	4,735		4,735
Business Continuity	500		500
ESMCP	215		215
Grenfell and Protection	10	(10)	-
East Coast & Hertfordshire Control Room Consortium	1,000		1,000
Pay and Prices	600		600
Strategic Transformation Fund	500		500
Environmental	30		30
	<b>15,090</b>	<b>343</b>	<b>15,433</b>

## 2.7 Budget Virements

The following budget virements have been processed during the period to 30<sup>th</sup> September 2024:

2024/25 Budget Virements 1st July 2024 to 30th September 2024			
Budget Vired From	Budget Vired To	Detail of Budget Virement	Virement Value £'000
Other Employee Expenses	Non-Pay Efficiency Savings	Identification of a Non-Pay Efficiency (See Efficiency section on page 6)	66 *
Premises	Non-Pay Efficiency Savings	Identification of a Non-Pay Efficiency (See Efficiency section on page 6)	38 *
Transport	Non-Pay Efficiency Savings	Identification of a Non-Pay Efficiency (See Efficiency section on page 6)	25 *
Pay	Non-Pay Efficiency Savings	Identification of a Non-Pay Efficiency (See Efficiency section on page 6)	9
Supplies and Services	Non-Pay Efficiency Savings	Identification of a Non-Pay Efficiency (See Efficiency section on page 6)	10

\*These make up the insurances efficiency saving that can be found on page 6

## 3. Procurement

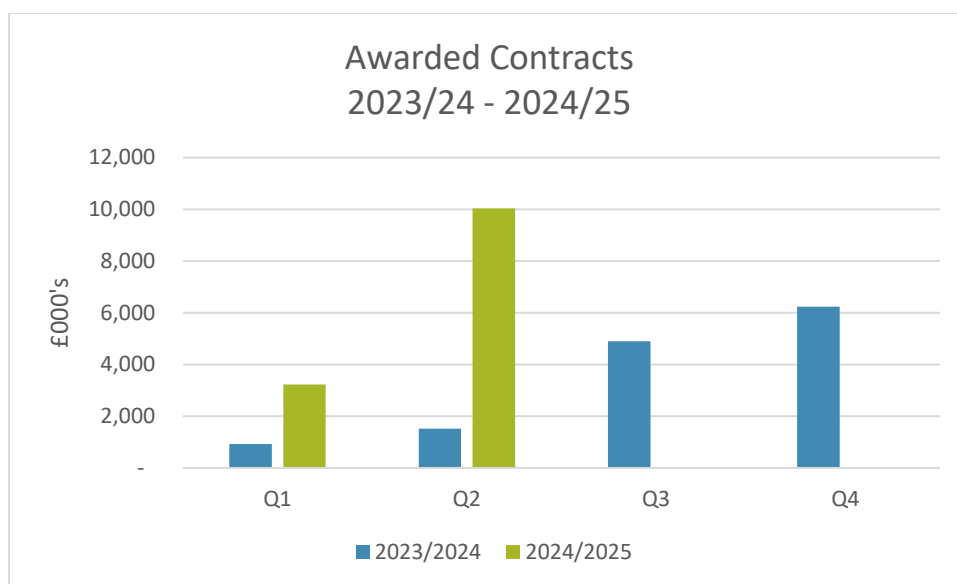
### 3.1 Contracts

#### Contracts Awarded

The table below shows the contracts that have been awarded during the quarter to 30<sup>th</sup> September 2024:

2024/25 Contracts Awarded 1st July 2024 to 30th September 2024			
Contract Title	Contract Start Date	Contract End Date	Contract Value £'000
Control Room Systems	31/07/2024	30/07/2030	5,997
Tees Barrage 2025	01/01/2025	31/12/2025	110
BAI Courses	31/08/2024	20/12/2024	58
SLT Replacement Car	01/01/2025	30/06/2025	53
EV Feasibility Study	01/08/2024	31/10/2024	49
Electronic Personal Dosimeters	01/08/2024	11/10/2024	39
Extinguisher Maintenance Standing Order	01/04/2024	31/03/2025	36
ALP Rental	01/09/2024	31/08/2025	36
Crash Recovery Software Licence and Support	01/09/2024	31/08/2026	28
Level 6 Digital and Technology Solutions Professional Apprenticeship	30/09/2024	31/08/2027	27
Level 6 Resilience and Emergencies Professional Apprenticeship	01/09/2024	01/01/2028	23
Saxon 100L Tactical Holdall	24/09/2024	31/10/2024	22
Provision of training for Leadership Event	09/10/2024	10/10/2024	18
CRMP Analysis	01/10/2024	30/09/2025	18
CFRMIS OPS Risk Upgrade Work	01/07/2024	31/07/2024	17
BA Compressor Replacement	01/08/2024	02/08/2024	16
Appliance CCTV Annual Subscription	01/06/2024	31/05/2025	16
Office Furniture	01/08/2024	31/07/2025	16
Tees Barrage 4 day course and food	01/09/2024	31/12/2024	15
Level 4 Data Analyst Apprenticeship	01/08/2024	31/07/2026	15
Rescue Anne Simulator and Face Skin Spares	01/07/2024	30/09/2024	15
Heavy Vehicle Rescue Course & Road Traffic Collision Instructor Course	09/03/2025	29/03/2025	13
Rope Rescue Equipment	01/09/2024	30/09/2024	12
Fire Investigation Course	20/09/2024	30/09/2024	12
NILO Courses	09/09/2024	20/09/2024	10
Safety Boots	01/10/2024	31/10/2024	10
Feature Manipulation Engine	01/04/2024	31/03/2025	10
NFRC Land Surveys	01/10/2024	31/07/2025	10
TomTom Software License	01/09/2024	31/08/2025	9
BSc (Hons) Health, Safety and Environmental (with NEBOSH) (part-time) - Year 3	01/09/2024	31/08/2025	8
Hire of facilities for Leadership Event	09/10/2024	10/10/2024	8
Rope Rescue Instructor Courses	09/07/2024	28/02/2025	8
New Hardware & Trial MDT Hardware Replacements	20/08/2024	21/08/2024	7
BlueLight Gazetteer Annual Maintenance	01/10/2024	30/09/2025	7
Leadership and Management Course	09/09/2024	09/03/2026	6
Externally Assured Equality Impact Assessments (EIA's)	01/08/2024	31/08/2024	6
New Hardware & Trial MDT Hardware Replacements	09/05/2024	03/10/2024	6
Undress Uniform	05/11/2024	30/11/2024	6
Active Bystander Training	16/07/2024	19/07/2024	6
Hire of Working at Height Premises	12/07/2024	01/10/2024	6
Critico Pagers and Paging Service	11/09/2024	30/09/2024	5
Fitness Equipment Annual Service	01/08/2024	31/07/2025	5
Level 3 Award in Education & Training	06/06/2024	31/08/2024	5
Trans2 Performance Retreat	06/05/2024	08/05/2024	5
<b>Total Amount of Contracts Awarded Within The Period</b>			<b>6,804</b>

The graph below shows the cumulative value of contracts that have been awarded in 2024/25 to date as well as in the previous financial year:



## Contract Management

A review of the Services contracts has been undertaken using a supplier segmentation and analysis tool which is used to identify the risk to Service. The following contracts have been identified as having the highest strategic importance rating

2024/25 Contract Management High Strategic Risk Rating				
Service Area	Contract Title	Contract Start Date	Contract End Date	Progress
Digital Services	SAN J Swap	05/03/2024	31/03/2024	San J Swap completion date delayed to December 2024. Contract record is for a piece of work and once complete, the contract will be closed.
Digital Services	Maintenance of the Alcatel Phone System	30/11/2018	30/11/2024	Contract will not be renewed. Digital Services currently evaluating using own network to reduce costs in line/call charges.
Digital Services	Mobile Voice and Data	03/02/2022	02/02/2025	Procurement exercise to be conducted for new contract.
Human Resources	Firewatch	20/03/2020	19/03/2025	12-month extension periods available until 2027.
Finance	Financial Management System	01/04/2008	31/03/2025	Will need to extend agreement whilst Service evaluates route to market.
Digital Services	Station end equipment – Annual Maintenance	01/07/2024	30/06/2025	Work to be conducted into a full replacement of station end equipment. This will likely take 12-18 months so this contract might need renewing for another year's period.
Fleet and Estates	Laundry and Aftercare Services	01/08/2021	31/07/2025	2 periods of 24-month extensions available.
Digital Services	Airwave Services	01/11/2006	31/10/2025	Emergency Services Network delayed till 2029 so Airwave Services contract will need to be renewed until ESN goes live.
Digital Services	WAN, Firewall, Internet and Co-Location Services	15/07/2019	14/07/2026	Into final extension period. Contract management is ongoing.
Fleet and Estates	Supply of Structural PPE	01/06/2021	30/06/2029	PPE delivered and contract management is ongoing.
Fleet and Estates	ESFM Fleet Maintenance	01/04/2015	31/03/2030	Long term agreement for fleet maintenance. Contract management ongoing.
Emergency Response	Control Room Systems	31/07/2024	30/07/2030	Contract recently awarded and project team now established to manage implementation of Control Room System.
Fleet and Estates	SCBA Replacement	01/09/2024	31/08/2034	Contract recently awarded and new BA Equipment currently being delivered in phases.
Fleet and Estates	Underlease of Premises at the Jean Bishop ICC	11/07/2017	10/07/2042	Long term agreement for lease of property. Contract management ongoing.

Following on from the identification of the risk rating of each contract, the Procurement team will work closely with contract owners to implement the appropriate contract management measures required for each contract. This will allow for contract review meetings to be scheduled for the remainder of the financial year and beyond.

### Contracts Awarded Outside of the Constitution

The following contracts have been awarded outside the process detailed within part 4 section E of the constitution during the quarter ending 30<sup>th</sup> September 2024:

2024/25 Contracts Awarded Outside of Constitution 1st July 2024 to 30th September 2024				
Contract Description	Justification	Responsible Officer	Contract End Date	Contract Value £'000
BAI Courses	A waiver is required due to the short period of time the Service has to book instructors on to this course. If the Service delays, we will not be able to book instructors on course until the end of January into March 2025. This will restrict the capability to deliver training to competent crews in terms of revalidations and to new recruits. Waiver signed on agreement future requirements will be planned in advance with a focus on completing a compliant procurement process.	Head of Training	20/12/2024	58
CFRMIS - OPS Risk Upgrade Project Work	Continuation of the agreed SLT project work to develop and utilise investment to progress the CFRMIS system	Head of Digital Services	31/07/2024	17
ALP Rental	Continuation of the lease of a 32mtr Bronto ALP until the delivery of the new aerial appliance in complete	Head of Fleet	31/08/2025	36

## 3.2 Procurement Workstreams for the remainder of the year

Quarter 3 should see the award of the Incident Command System with the intention of rolling the system out across the region in Quarter 4. In addition to that, the contract for the Design and Consultancy for the National Flood Resilience Centre is expected to be awarded early into Quarter 3.

The next quarter should see the procurement exercises for Internal Audit Services, Multi-Functional Devices/Photocopiers, Vehicle Telematics, Office Supplies and various elements of PPE/Uniform.

Following on from the updated Contract Management Policy in Quarter 1, the Procurement Team will be continuing its quarterly meetings with Functions across the Service to assist contract owners in effectively managing contracts and planning for future procurement processes in an efficient and compliant nature.

Finally, the Procurement Team is continuing to prepare itself and ready the Service for the Procurement Act 2023, which has now been delayed until February 2025.

### 3.3 Procurement Savings

Through commercially sound practices the Procurement Function delivers a vital role for Humberside Fire and Rescue Service ensuring value for money is achieved whilst also ensuring the sustainability of goods and services and supporting local small and medium-sized enterprises.

Effective and efficient procurement is vital to the cost effective delivery of our organisation's core services. It is integral to delivering commercially advantageous and innovative solutions essential for meeting our objectives and driving continuous improvement.

The methodology which HF&RS uses to identify and record the savings realised through its proactive procurement and contract management activity is summarised below and is in line with current Government Commercial Function guidance.

#### Baseline

Saving must be a consequence of commercial-led activity. Savings must have an evidenced baseline for the saving to be approved.

Baseline calculated based on an existing contract or in the case of procurement:

- Use the historical price paid for goods/services; the spending on the same goods or services in a previous period, adjusted for inflation using the Consumer Price Index (CPI) and any other appropriate changes based on market knowledge.

Baseline calculated on a new or novel procurement:

- Median compliant supplier bid (and the mean when only two compliant bids are received)
- External benchmarks/ market intelligence/ "Should cost" exercises e.g. CCS contract prices or pre-procurement market engagement.
- Budget – The budget must be a realistic expectation of the contract cost and is normally only appropriate for the purchase of new goods/services;
- Another agreed baseline model (particularly for complex procurements).



## Cashable Procurement Savings

Cash-releasing savings are those that, all things being equal, will directly reduce a Departmental or contract budget requirement. They are financial savings that are made against an established baseline where the new cost results in a reduction in cost which can be released or redeployed to meet other cost pressures.

Worked example:

An existing 4 year service worth £2m is reprocured. The savings baseline is the cost of the existing service (i.e. £2m). The new contract will run for 4 years, and the winning supplier bid £1.5m. The result is a cashable saving of £500k. The savings would be recorded as:

- Y1 - £125k cashable
- Y2 - £125k cashable
- Y3 - £125k cashable
- Y4 - £125k cashable

The table below shows the cashable Procurement savings as at 30<sup>th</sup> September 2024:

Cashable Savings 1st April 2024 to 30th September 2024	
Contract	Saving £'000
Provision of office supplies, stationary and printer toner cartridges	7
MFD Leases	9
Provision of cleaning and janitorial supplies	15
Renewal of service wide competency management and eLearning system	14
Microsoft licensing software	66
Provision of Hazardous Materials and DIM Training	4
Fire Hoods	11
Aerial Appliance	28
Firefighter Gloves	1
Rescue Annie Training Dummy	5
Office Furniture	1
Kit Bags	1
<b>Total for 2024/25</b>	<b>162</b>

## Non-Cashable Procurement Savings

A quantifiable financial benefit generated by commercial activity which does not release cash back into a budget. This could include multiple categories or definitions, all of which can create non-cashable savings. Such as Inflation avoidance, value-add, price protection and cost avoidance. This would be the case when a cost increase is avoided or reduced e.g. a price reduction applied to additional demand or when the Authority receives greater outputs or improved quality for the same spending.

Worked example:

A contract runs at £1m a year for 5 years. At the end of Y1 the vendor proposes a cost increase of £200k pa. This is negotiated away completely for the remainder of the contract. Non cashable savings of £800k would be recorded as:

- Y2 - £200k non-cashable
- Y3 - £200k non-cashable
- Y4 - £200k non-cashable
- Y5 - £200k non- cashable

The table below shows the non-cashable Procurement savings as at 30<sup>th</sup> September 2024:

<b>Non-Cashable Savings 1st April 2024 to 30th September 2024</b>	
<b>Contract</b>	<b>Saving £'000</b>
Insurance Services	112
<b>Total for 2024/25</b>	<b>112</b>

## 4. Treasury Management

### Prudential Indicators

The Prudential Indicators to 30<sup>th</sup> September 2024 are as follows:

#### Indicator 1 – Capital Expenditure

The estimated capital expenditure for the current year compared to the original estimate, together with estimates of expenditure to be incurred in future years are shown below:

	2023/24 Actual £'000	2024/25 Original £'000	Revised £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Total Capital Expenditure	1,994	10,921	6,264	4,050	3,990	4,440

#### Indicator 2 – Capital Financing Requirement

The capital financing requirement for 2024/25 and estimates for future years are as follows:

	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Capital Financing Requirement	17,404	21,116	26,132	27,463	29,077
Other Long Term Liabilities	1,095	1,072	1,047	1,020	990
<b>Total Capital Financing Requirement</b>	<b>18,499</b>	<b>22,188</b>	<b>27,179</b>	<b>28,483</b>	<b>30,067</b>

The capital financing requirement measures the Authority's need to borrow for capital purposes. In accordance with best professional practice, Humberside Fire Authority does not associate borrowing with particular items or types of expenditure. The Authority has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved strategy. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.

A key indicator of prudence under the Prudential Code is: -

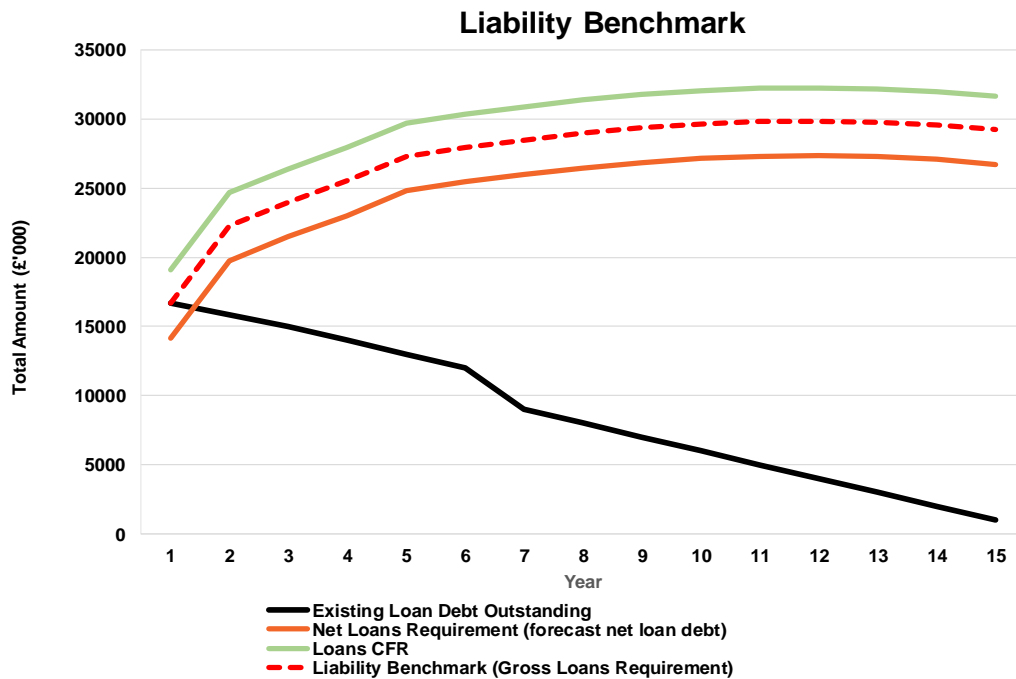
"In order to ensure that over the medium-term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years".

The S151 Officer reports that the Authority has had no difficulty meeting this requirement during the course of this financial year and no difficulties are envisaged in future years. This takes into account current commitments, existing plans and the proposals contained in the Medium Term-Resource Strategy.

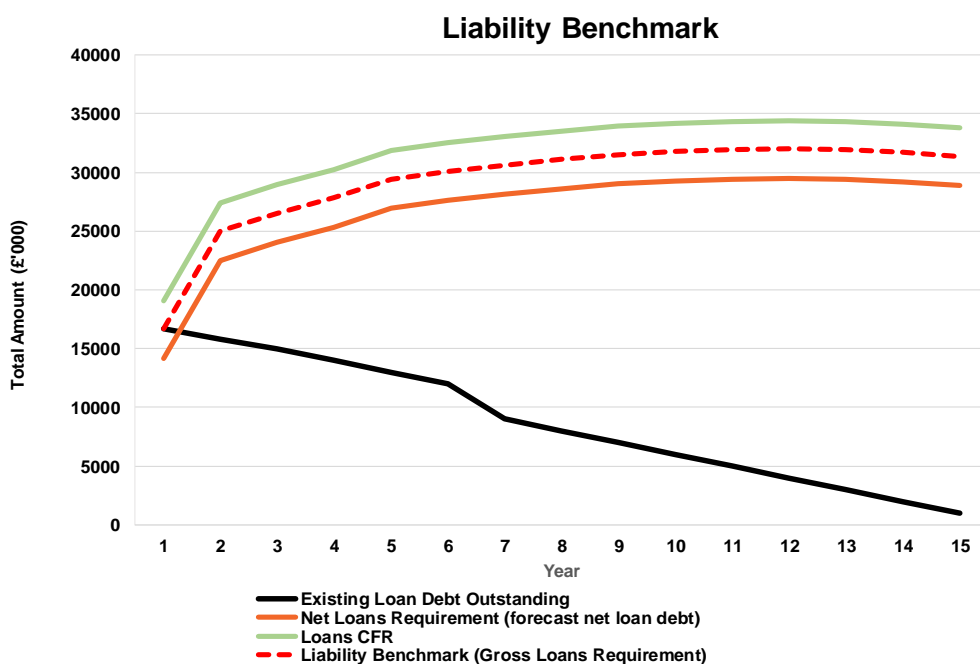
### Indicator 3 – Liability Benchmark

The Authority is required to estimate and measure the Liability Benchmark for the forthcoming year and the following two years as a minimum.

The following graph shows what the Liability Benchmark was estimated to be for 2024/25 onwards as set in the Treasury Management Strategy 2024/25:



The Liability Benchmark has been updated to show revised estimates for 2024/25 onwards and is show in the graph below:



## Indicator 4 – Core Funds and Expected Investment Balances

The table below shows the estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

	2024/25		2025/26	2026/27	2027/28
	Original £'000	Revised £'000	Estimate £'000	Estimate £'000	Estimate £'000
Total Core Funds	<u>13,925</u>	<u>15,303</u>	<u>11,024</u>	<u>9,977</u>	<u>8,847</u>
Expected Investments	<u>3,680</u>	<u>8,315</u>	<u>(608)</u>	<u>(2,986)</u>	<u>(5,730)</u>

The actual total investments held as at 30<sup>th</sup> September 2024 is £31.6m. This is higher than the expected investments at the end of the year due to cash flow fluctuations through the year.

## Indicator 5 – Operational Boundary for External Debt

The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the S151 Officer's estimate of the most likely, prudent but not worst-case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the S151 Officer.

	2024/25 Boundary £'000	30-Sep-24 Actual £'000	2025/26 Boundary £'000	2026/27 Boundary £'000	2027/28 Boundary £'000
Borrowing	31,500	16,669	31,500	31,500	31,500
Other Long Term Liabilities	<u>3,500</u>	<u>1,072</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
<b>Operational Boundary for External Debt</b>	<b><u>35,000</u></b>	<b><u>17,741</u></b>	<b><u>35,000</u></b>	<b><u>35,000</u></b>	<b><u>35,000</u></b>

The S151 Officer confirms that borrowing in the year has not exceeded the operational boundary at any point within the year to date and is not expected to do so over the course of the next period based on information currently available.

## Indicator 6 – Authorised Limit for External Debt

The table below shows the Authorised limit for External Debt for 2024/25 and subsequent three-year period as approved by Members, compared to the actual level of borrowing as at 30 June 2024.

	2024/25 Boundary £'000	30-Sep-24 Actual £'000	2025/26 Boundary £'000	2026/27 Boundary £'000	2027/28 Boundary £'000
Borrowing	36,500	16,669	36,500	36,500	36,500
Other Long Term Liabilities	<u>3,500</u>	<u>1,072</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
<b>Authorised Limit for External Debt</b>	<b><u>40,000</u></b>	<b><u>17,741</u></b>	<b><u>40,000</u></b>	<b><u>40,000</u></b>	<b><u>40,000</u></b>

The Authorised Limit reflects the Authority’s projected long- and short-term borrowing requirements, together with any other long-term liabilities it may have. The figures are based on the estimate of most likely, prudent but not worst-case scenario, with sufficient headroom over and above this to allow for operational management of, for example unusual cash movements.

The S151 Officer confirms that the Authorised Limit has not been approached at any point during the first six months of the year, nor is it likely to during the remaining six months of 2024/25.

### Indicator 7 – Ratio of Capital Financing Costs to Net Revenue Stream

The ratio of financing costs to net revenue stream for the current year and estimates for future years are as follows:

	2023/24 Actual %	2024/25 Original %	Revised %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
Ratio of Financial Costs to Net Revenue Stream	1.45	2.28	0.91	2.99	3.22	3.54

These ratios indicate the proportion of the net budget of the Authority that is required to finance the costs of capital expenditure in any year. Estimates of financing costs include current commitments and the proposals contained in the capital programme of the Authority.

In calculating the ratio, Net Revenue Streams in any year have been taken to exclude any element of the net budget requirement that is intended to provide reserves for the Authority.

The projected increase in the ratio over the period reflects the increase in capital financing costs resulting from the capital allocations approved as part of the medium-term financial plan.

### Indicator 8 – Upper and Lower Limits for the Maturity Structure of Borrowings

This indicator seeks to ensure the Authority controls its exposure to the risk of interest rate changes by limiting the proportion of debt maturing in any single period. Ordinarily debt is replaced on maturity and therefore it is important that the Authority is not forced to replace a large proportion of loans at a time of relatively high interest rates.

“The Authority will set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowings. The prudential indicators will be referred to as the upper and lower limits respectively for the maturity structure of borrowing and shall be calculated as follows:

Amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate;

Where the periods in question are:

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and above”

	Actual 30-Sep-24 %	Upper Limit %	Lower Limit %
Under 12 months	5.04	15	0
12 months and within 24 months	10.97	15	0
24 months and within 5 years	12.00	30	0
5 years and within 10 years	47.99	60	0
10 years and above	24.00	80	0

The S151. Officer confirms that the maturity structure of external debt as at 30/09/24 is within the upper and lower limits approved by the Authority.