

## Financial Performance to December 2015

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011, or Joanne Coadey, Head of Finance on 01743 260215.

### 1 Purpose of Report

This report provides information on the financial performance of the Service, and seeks approval for action, where necessary.

### 2 Recommendations

The Committee is asked to recommend that the Fire Authority:

- a) Note the position of the revenue budget;
- b) Approve movements and virements to the revenue budget, where requested;
- c) Approve the increase to capital schemes where detailed, and
- d) Note performance against prudential indicators to date in 2015/16.

### 3 Background

This report comprises a review of financial performance to date for 2015/16, and encompasses the monitoring of revenue budgets and capital schemes, and the review of treasury management activities, including prudential indicators.

### 4 Revenue Budget

Monitoring has continued on the revenue budgets and capital programme for 2015/16. The position to December 2015 can now be reported and is shown on the following page.

	(Over) / Under spend £'000
<b>Corporate Support</b> – vacancies and part-time posts have resulted in an underspend	20
<b>Executive</b> – part-time posts in Finance have generated underspends	15
<b>Human Resources</b> – an overspend is anticipated in this area of pay, due to secondment and backfilling of staff	(10)
<b>ICT</b> – the requirement for additional staff in this area has resulted in an overspend	(73)
<b>Gas</b> – consumption in this area is lower than in previous years, due to conversion of stations to other energy sources, and reduced use during mild weather	50
<b>Contract Cleaning</b> – the use of a new, less expensive provider has resulted in savings this year – costs are likely to rise next year following the increase in minimum wage	24
<b>Diesel</b> – lower fuel prices this year have resulted in further savings	30
<b>Training</b> – expected levels of spend in this area are likely to be lower than budget	40
<b>Prevention</b> – continued expenditure at current levels will result in an underspend	10
<b>Pay and Prices Contingency</b> – pay awards and inflationary increases have now been allocated to the revenue budget, and the remaining balance can be confirmed	150
<b>Total</b>	<b>256</b>

Variances will be transferred to individual contingencies, where they will be managed with future variances.

### Service Transformation Programme

Costs of staff seconded to projects within the Service Transformation Programme total £303,000 for the nine months to December 2015. These costs include Human Resources and ICT support, and also support for the Integrated Risk Management Plan (IRMP) project implementations. Costs for officers involved in the implementation of Sharepoint are also included, some of which have been allocated since the last report.

Funds are available for these staff costs, within the Service Transformation Programme Staff Reserve, and a contribution from the reserve of £137,000 has already been made. Members are requested to approve the transfer of the balance £166,000 from reserves into the revenue budget.

## **5 Capital Programme**

The current capital programme includes a scheme for improving training facilities around the Service (£100,000); the scheme was added to the programme following a review by officers, and was subsequently approved by members. Work is continuing on a number of improvements, including drill towers at retained stations.

The scheme also featured an Incident Command training suite, which is to be installed at the Stafford Park site, but can be relocated in line with the improvements planned at the site.

In order to complete the installation of the training suite and the other improvements across the Service, it is proposed that the original scheme is increased by £35,000, to £135,000. This increase can be funded within the existing revenue budget for contribution to capital.

## **6 2015/16 Prudential Indicators**

In line with the Chartered Institute of Finance and Public Accountancy (CIPFA) Prudential Code for Capital Finance, the Treasurer is required to establish procedures to monitor performance against all forward-looking prudential indicators and, in particular, that net external borrowing does not (except in the short term) exceed the requirement to borrow for capital purposes.

The Fire Authority has established that it will receive regular monitoring reports during the year; the position to the end of December 2015 is shown below.

### **Capital Financing Requirement (£4.407m)**

This is the amount required by the Authority to fund its capital investment. This includes all capital investment expected to be made this year, less any contributions from revenue or grant.

### **Authorised Limit for External Debt (£7.407m)**

The Authorised Limit represents the amount required to fund the Authority's capital financing, plus a provision for temporary borrowing, should the receipt of revenue money be delayed, although this should happen very rarely.

Borrowing currently stands at £5.698m, well within the indicator. No temporary borrowing has been necessary.

## **Operational Boundary (£5.810m)**

The Boundary represents the capital investment entered into by the Authority, including any loans to be taken during the year. Unlike the Authorised Limit, this may be exceeded, although this would require some investigation.

## **Current Investments**

Funds currently invested are shown below:

Nat West	£0.05m
Lloyds	£2.00m
Barclays	£0.73m
Santander	£2.00m
Leeds City Council	£1.00m
Bournemouth BC	£0.95m
Nationwide	£2.00m
Mid Lothian Council	£2.00m
Stockport City Council	£2.00m
Handelsbanken	£2.00m
Coventry Building Society	£1.00m
Bank of Scotland	£1.50m
<b>Total</b>	<b>£17.23m</b>

## **7 Financial Implications**

The financial implications are laid out in the main body of this report.

## **8 Legal Comment**

There are no direct legal implications arising from this report.

## **9 Initial Impact Assessment**

An Initial Impact Assessment form has been completed.

## **10 Equality Impact Assessment**

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Human Resources 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment is not, therefore, required.

## **11 Appendices**

There are no appendices attached to this report.

## **12 Background Papers**

There are no background papers associated with this report.