

## Financial Performance to July 2015

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011 or Joanne Coady, 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 virements to the revenue budget, where requested, and
- c) Note performance against prudential indicators to date in 2015/16.

#### 3 Background

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

#### 4 Revenue Budget

Monitoring has continued on the revenue budgets for 2015/16, and the position to July can now be reported as follows.

	<b>(Over) / Under spend £'000</b>
<b>Area Command</b>	
<p><b>Overtime</b> Continued low spend in this area may result in a balance remaining at the end of the year</p>	30
<p><b>Retained Duty System:</b> Variances have been identified in the following areas, and potential savings and costs are listed:</p>	
<p><b>Drills</b> Activity at current establishment levels will cost less than the annual budget.</p>	27
<p><b>Turnouts</b> Turnouts have been lower than budgeted levels for the first part of the year.</p>	50
<p><b>Additional Hours</b> Additional costs have been incurred at incidents in the first part of the year. A continuation at this level would result in an overspend in this area.</p>	-50
<p><b>Attendances</b> Current activity is lower than budgeted levels.</p>	30
<p><b>Sickness and Modified Duties / Holiday Pay</b> There are additional costs here due to the change in terms and conditions for retained firefighters.</p>	-90
<p><b>Pension Contributions</b> A permanent increase is to be made to this budget to cover increasing pension contributions – this can be funded from savings following the introduction of the 2015 Firefighters Pension Scheme, to which lower employer contributions are payable.</p>	-90
<b>Prevention</b>	
<p><b>Area Manager Prevention</b> This post is not currently filled, and an underspend to the end of the year can be reported</p>	70

	<b>(Over) / Under spend £'000</b>
<b>Operations</b> An additional Station Manager and Watch Manager will require further funds	-95
<b>Training</b> An additional Group Manager will require further funds.  These additional posts were to provide support to the two departments due to the Service restructure, and to support the additional projects, which the Service is progressing.	-72
<b>Pay and Prices Contingency</b> Balance on the contingency following pay awards to date; increased pension costs will be funded from the contingency	450
<b>Total</b>	<b>260</b>

It is proposed that, unless specified, 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 £110,000 for the first four months of the year. These costs include Human Resources and ICT support, and also project support for the Integrated Risk Management Plan project implementations. Costs for the implementation of SharePoint are also included.

Funds are available for these staff costs, within the Service Transformation Programme Staff Reserve. Members are requested to approve the transfer of funds from reserves into the revenue budget.

## **5 2015/16 Prudential Indicators**

In line with CIPFA's 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 July is shown below.

## **Capital Financing Requirement (£4.166m)**

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 (£7.166m)**

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 £5.810m, 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:

Debt Management Office	£5.95m
Handelsbanken	£2.00m
Barclays	£2.00m
Lloyds	£2.00m
Nationwide	£2.00m
Birmingham City Council	£2.00m
NatWest	£1.34m
Dumfries and Galloway Council	£1.34m
<b>Total</b>	<b>£18.63m</b>

## **6 Financial Implications**

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

## **7 Legal Comment**

There are no direct legal implications arising from this report.

## **8 Appendices**

There are no appendices attached to this report.

## **9 Background Papers**

There are no background papers associated with this report.