

Financial Performance to July 2016

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 virements to the revenue budget, where requested;
- c) Approve the one off payment in advance as detailed;
- d) Note changes to capital schemes and approve cancellation where specified, and
- e) Note performance against prudential indicators to date in 2016/17.

3 Background

This report presents a review of financial performance to date for 2016/17, 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 2016/17, and the position to July can now be reported as follows.

	(Over) / Under spend £'000
Service Delivery	
Area Command	
Retained Duty System: Variances have been identified in the following areas, and potential savings and costs are listed:	
Drills Activity at current establishment levels will cost less than annual budget	13
Sickness and Modified Duties Spending here is at lower levels than previous year	30
National Insurance Contributions Spend at levels lower than budget	50
Executive	
Finance	
Interest on Investments Prediction from Treasury Services suggest income in excess of budget by £18k	18
Resources	
Uniform The purchase of additional fire kit for 12 new recruits, 3 transferees will bring an overspend of £40,000	(40)
Pay and Prices Contingency Balance on the contingency following allocation of pay awards	545
Total	616

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 £173,000 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.

Payment in Advance for ICT

Approval is sought for the purchase of a five year bundle of mobile data at a cost of £250,000. The cost will be met by the revenue budget in each of the respective years but an upfront outlay of £250,000 is required and will be funded by cash reserves.

5 Capital Programme

Officers have reviewed the current capital schemes, and a number of changes were identified:

<p>2015/16 scheme Radio Battery Replacement</p>	<p>The provision of radio equipment in the Service is being reviewed, and officers have requested that this scheme is cancelled.</p>
<p>2017/18 scheme Rescue Equipment Replacement</p>	<p>Due to the delay that is anticipated on the scheme to replace fire appliances, this scheme has been brought forward to 2016/17 to enable work to commence.</p>
<p>2017/18 scheme Light Vehicle Replacement</p>	<p>There is a requirement to replace some small operational vehicles, and £20,000 of this scheme has been brought forward to facilitate their purchase. This scheme was designed to replace vehicles as and when required, so this change will not affect any other replacements.</p>

Members are asked to approve the cancellation of the first scheme above. The scheme movements were approved by the Chair and the Vice Chair of the Authority on 11 July 2016.

6 2016/17 Prudential Indicators

In line with the Chartered Institute of Public Finance and Accountancy'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 (£3.888m)

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 (£6.888m)

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 (£5.698m)

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	£2.26m
Handelsbanken	£2.00m
Barclays	£2.00m
Lloyds	£2.00m
Nationwide	£2.00m
Leeds City Council	£2.00m
Nat West	£0.94m
Swindon	£1.10m
Santander	£1.00m
Mid Suffolk	£2.00m
Coventry Building Society	£1.00m
Telford and Wrekin Council	£2.00m
Total	£20.30m

7 Financial Implications

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

8 Legal Comment

There are no direct legal implications arising from this report.

9 Initial Impact Assessment

An Initial Impact Assessment has been completed.

10 Appendices

There are no appendices attached to this report.

11 Background Papers

There are no background papers associated with this report.