

Financial Performance to March 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 Fire Authority is asked to:

- a) Note the position of the revenue budget;
- b) Approve virements to the revenue budget, where requested;
- c) Approve the use of government grant for the Fire Control Project; and
- d) Note performance against prudential indicators to date in 2014/15.

3 Background

This report comprises a review of financial performance to date for 2014/15, 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 2014/15, and the position to March can now be reported. It should be noted, however, that this is not the out turn position for the financial year, as work on closedown is currently being undertaken.

Please note that, although the title on the agenda for this meeting states that this report provides information on the financial position to February, it actually provides information on the position to March.

	(Over) / Under spend £'000
Executive and Resources	
Uniforms – There has been additional expenditure during the year on replacing helmets; it is proposed that this additional spend is funded from the Operational Equipment Reserve.	(60)
Rates – There is a remaining balance in this area, following successful appeals against rateable values.	30
Building Repairs and Maintenance – The budget is not currently sufficient to contain expenditure in this area, however this has been increased in future years.	(60)
Contract Cleaning and Waste Disposal – Balances have been identified in these budget areas.	40
Gas – Total expenditure for the year will be below budgeted levels.	30
Pay and Price Contingency – This is the final balance of contingency for the financial year.	90
Area Command	
Watches – Savings have been identified in salary on costs at the end of the year.	30
Retained Duty System: Variances have been identified in the following areas:	
National Insurance	68
Holiday Pay	(36)
Training	39
Pension Contributions	(21)
Prevention	
Community Safety Initiatives – Spend in this area has been below budgeted levels.	20
Technical Officers – Two officer vacancies have resulted in an underspend.	19
Operations	
Officers – A number of secondments into this department have resulted in additional staff costs.	(40)
Total	149

It is proposed that, unless specified, variances will be transferred to individual contingencies.

Service Transformation Programme

Costs of staff seconded to projects within the Service Transformation Programme for the last quarter of the year total £15,000. These costs include Human Resources and Information and Communications Technology (ICT) support, and also costs associated with the implementation of SharePoint.

Funds are available for these staff costs, within the Service Transformation Programme Staff Reserve.

Grant for Future of Control Room Services

In March 2012, the Fire Authority was awarded a grant by the Department of Communities and Local Government (DCLG) to secure the future of its control room services. A joint bid was submitted by the Fire Authority and Hereford and Worcester Fire and Rescue Authority, which demonstrated how the two services proposed to extend existing areas of collaboration to create a shared resilient control centre infrastructure, with common operating, technological and procedural practices from two remote locations.

The Fire Authority received £1.8m in grant funding, £1.0m of which was for capital projects. The revenue element of the grant (£0.8m) was allocated to running costs and staff support for the programme, and has been released into revenue budgets as required.

The schemes outlined by officers to secure the grant were reported to the Authority, when Members were reminded that the way in which the grant was to be used would be dependent on the progress and outcomes of the project. The table below reports how the capital grant has been allocated to date, and Members are asked to approve the use of the DCLG grant as detailed.

DCLG Control Grant - Capital Total received £1m	Spend to date 2013/14 £'000	Planned 2014/15 £'000	Planned 2015/16 £'000
Core mobilising system	22	0	
Station-end equipment	162	0	
IT server improvements and hardware	122	0	
ICCS upgrade	52	10	
Mobile data terminal (MDT) replacements		0	150
MDT software upgrades		51	
Control room building	151	0	
Corporate gazetteer		65	
Secondary control		69	

DCLG Control Grant - Capital Total received £1m	Spend to date 2013/14 £'000	Planned 2014/15 £'000	Planned 2015/16 £'000
Wide Area Network – hardware and Wi-Fi expansion		120	
Retained availability system development		35	
Fit out of major incident room (now scheduled for 2015/16)			30
Net Motion one-off software		40	
Command and Control pod for vehicle (now scheduled for 2015/16)			25
	509	390	205
Total			1,104

The balance of these schemes will be funded from the ICT Reserve.

5 2014/15 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 March 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 £5.810m, 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:

Nat West	£1.26m
Lloyds	£2.00m
Barclays	£2.00m
Cornwall Council	£1.75m
Nationwide	£2.00m
Merthyr Tydfil CBC	£2.00m
Debt Management Office	£3.20m
Handelsbanken	£2.00m
Total	£16.21m

6 Financial Implications

There are no financial implications other than those detailed in the report.

7 Legal Implications

There are no legal implications arising from this report.

8 Initial Impact Assessment

This report presents historical data. An Initial Impact Assessment has not, therefore, been completed.

9 Equality Impact Assessment

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

10 Appendices

There are no appendices attached to this report.

11 Background Papers

There are no background papers associated with this report.