

Statement of Accounts 2014/15

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 sets out the key revenue issues, which have arisen from work on the Statement of Accounts 2014/15, and seeks approval for use of the General Fund balance in 2015/16.

2 Recommendations

The Fire Authority is recommended to:

- a) Approve the addition of £45,000 to 2015/16 revenue budgets, for expenditure that has slipped from 2014/15; and
- b) Approve the proposed use of the General Fund balance in 2014/15.

3 Background

Closedown of the financial year 2014/15 is nearing completion, and the Authority's Statement of Accounts will be audited by Grant Thornton in August. The Statement must be signed by 30 June 2015 by the Treasurer, as responsible finance officer, to certify that the Statement presents a true and fair view of the financial position of the Authority.

The Fire Authority agreed at its February 2012 meeting that the Statement of Accounts would be formally approved in September each year by its Audit and Performance Management Committee.

This report informs the Authority of the outturn of the revenue account in 2014/15, and recommends the possible treatment for the balance on the General Fund.

4 Revenue Budget and Expenditure

In February 2014, Shropshire and Wrekin Fire Authority approved a revenue budget of £21.380m for 2014/15. This budget quantified the Service's strategic and operational plans, and the further sub-division into business areas also enabled individual business plans to be quantified, and achievements monitored.

The revenue budget for 2014/15 was funded as follows:

Council tax income	£13.260m
Non-domestic rates from authorities	£1.395m
Business rates top-up grant	£2.103m
Government Grant	£4.622m
	£21.380m

As in previous years, a further one-off grant was offered to those authorities that froze council tax in 2014/15. After considering the effects on long-term financial planning, the Fire Authority agreed to increase council tax by 1.99%, or 3p per week, for a Band D household.

During 2014/15 the Fire Authority has approved net transfers to the General Fund balance of £812,000. Actual outturn on the revenue budget was £20.347m, resulting in an additional surplus of £221,000, which is detailed below.

Some of this year's savings represent expenditure that has slipped from 2014/15 into 2015/16, and it is proposed that this will be held in the General Fund balance at the end of the year, and transferred back to the revenue account for use in 2015/16.

The Authority is asked to approve this transfer of £45,000 into revenue budgets for 2015/16 for the continuation of projects.

Slipped Expenditure	£'000
Service Transformation Programme - projects	45

The remaining variances from the revenue budget at the end of the year were identified as follows:

Efficiencies and other variances	£'000
Staff – very few staff variances remained at year end, following budget monitoring during the year.	-26
Technical Services – some savings were identified in operational equipment and maintenance; in addition a further contribution of £50,000 has been made to the Equipment Replacement Provision, which covers irregular costs and smoothes the revenue budgets in this area.	-21
IT and Communications – there is a net overspend on the information technology and communications budgets; however a contribution of £149,000 has been made to the IT Reserve during the year, to reflect expenditure covered by government grant for protection of control rooms.	-75
Financial Services – some savings have been identified in revenue contributions to capital, as some schemes have been funded from government grant. The balance of schemes to be funded from revenue but not yet completed, totalling £1.128m, has been transferred to the Earmarked Capital Reserve for use in 2015/16. Further debt charges at the end of the year have resulted in an overspend in this area.	56
Human resources and development – expenditure on one-off recruitment, and increased costs for payroll services, have resulted in an overspend. This will be addressed in budgets for the following year.	-21
Planning and Performance – there are savings on the running costs of Service Transformation projects that are currently in development. Also, funds set aside for the Service's communications strategy have not been required, as a substantive Communications Officer is now in post.	71
Training and Health and Safety – unspent balances remain in these areas, and budgets have been realigned from 2015/16.	88
Income – income achieved includes £72,000 from Shropshire Fire Risk Management Services Ltd, for recharge of services.	93
Other savings identified	11
Total	176

5 Use of the General Fund Balance

The outturn on the revenue budget is held in the General Fund at the end of the year, and it has been the Authority's policy to allocate funds and reduce the balance to zero. This has been done by transferring part of the balance into current revenue budgets, to continue projects and work streams, which are not completed, and allocating the remainder into Authority reserves.

In September 2014, the Strategy and Resources Committee recommended that future balances on the General Fund should be allocated to the Unearmarked Capital Reserve, to fund major improvements at the Stafford Park site in Telford. This was approved by the Fire Authority in October 2014.

General Fund Balance 2014/15

The balance on the General Fund at the end of 2014/15 is £1.033m, and Members have been asked to approve that a balance of £45,000 is left in the Fund, to cover expenditure that has slipped into 2015/16.

As well as the approved transfer into the Unearmarked Capital Reserve, Members are asked to consider a contribution to the Service Transformation Programme Staff Reserve. This reserve has been extremely effective in allowing the transfer of skills onto the projects within the Programme for the duration that they are required, and officers propose that a contribution of £500,000 is made to ensure the continued use of the reserve over the next two years.

6 Annual Governance Statement

The Annual Governance Statement for 2014/15 has been drafted, for consideration by the Treasurer, while signing the Statement of Accounts by the end of June. The Statement will be taken to the Audit and Performance Management Committee in July for approval, along with an Improvement Plan for 2015/16, and will subsequently be contained within the Statement of Accounts.

7 Financial Implications

Financial implications are outlined in the main body of the report.

8 Legal Comment

Under the Accounts and Audit Regulations 2011, the Fire Authority or one of its Committee is required to approve the Statement of Accounts 2014/15 by the end of September 2015.

9 Appendix

There are no appendices to this report.

10 Background Papers

There are no background papers associated with this report.