

Financial Performance to December 2010

Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202, or Joanne Coadey, Principal Accountant, 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) Note the position on the capital programme,
- d) Note performance against prudential indicators to date in 2010/11,
- e) Note the information provided on balance sheet items

3 Background

This report comprises a review of financial performance to date for 2010/11, and encompasses the monitoring of revenue budgets and capital schemes, the review of treasury management activities, including prudential indicators, and the monitoring of other balances held within the Authority's accounts.

4 Revenue Budget

Monitoring has continued on the revenue budgets and capital programme for 2010/11, and the position after nine months of the year can now be reported.

	(Over) / Under spend £000
Executive and Resources	
Pay – savings on Finance salaries	4
Service Delivery	
District – further savings are anticipated on watches	30
Retained Duty System – Retained Support Officer vacancy	7
Prevention – Inspections – Crew Manager vacancy	16
Total	57

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

Pay and Prices Contingency

If the Authority has received no pay award instructions by the end of the financial year, there will be a balance of £300,000 remaining in the pay and price contingency.

Growth

As part of the budget setting process, officers were asked to submit business cases for growth items for the next financial year. These bids were considered by senior officers, and, where possible, they are to be funded from underspends identified in the current year. Successful bids are shown below, with those over £10,000 also approved by the Chair and the Vice Chair of the Authority.

	£000
Officer training courses	14
Core skills courses	13
Building legislation awareness training	12
Telephone exchange replacement at Telford	8
Continuation of temporary IT post	9
Enhancements to call handling	3
Commander training equipment	2
Total	58

The balance on each contingency is as follows:

	£000
Executive and Resources	0
Corporate Performance and Operations	108
Human Resources and Development	0
Service Delivery	<u>158</u>

This is the position after vacancy savings of £150,000 had been achieved, and also takes into account the rescheduling of the capital scheme at Wellington fire station, also to be funded from 2010/11 underspends.

Reserves and Provisions

The position reported in the Statement of Accounts at 31 March 2010 is unchanged. There has been no development in the Tribunal regarding retained firefighters and part-time regulations.

5 Capital Programme

Progress on each of the schemes has been reported elsewhere on the agenda. There are currently no variances to report to the Committee.

6 2010/11 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 quarterly monitoring reports during the year; the position to the end of December is shown below.

Authorised Limit for External Debt (£10.165m)

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, i.e. well within the indicator. No temporary borrowing has been necessary.

Operational Boundary for Borrowing (£6.710m)

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 trigger an investigation. At £5.810m, the borrowing is well within the set indicator; the Fire Authority has yet to borrow £200,000 of its requirement.

Capital Financing Requirement (£6.710m)

This is the amount required by the Authority to fund its capital investment. The Capital Financing Requirement has been reviewed following closedown of the accounts, and has been updated to £6.710m. This includes all capital investment expected to be made this year, less any contributions such as capital grant or revenue.

The Authority is currently operating within the requirement.

Net Borrowing

Currently, the Fire Authority's outstanding investments of £7.74m exceed borrowing of £5.81m.

7 Balance Sheet Items

Cash and Investments

Cash flows into and out of the Authority's bank accounts are recorded by Finance officers, and are monitored by Finance, and by Treasury Services to assist the investments process.

Cash flow projections have estimated a cash balance available for investment at the end of December of £7.4m: the actual balance was £7.8m. The excess balance relates to fewer purchases and payments being made than projected.

Debtors

In terms of amounts owed to the Authority, there are no issues to be brought to the attention of the Committee at this time.

8 Treasury Review 2010/11

Current Investments

Funds currently invested are shown below:

Nationwide	£2.00m
Lloyds	£1.00m
Nat West	£1.74m
Barclays	£2.00m
Clydesdale	£1.00m
Total	<u>£7.74m</u>

9 Financial Implications

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

10 Legal Comment

There are no direct legal implications arising from this report.

11 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 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 has not, therefore, been completed.

12 Appendices

There are no appendices with this report

13 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Business Continuity Planning		Member Involvement	
Capacity		National Framework	
Civil Contingencies Act		Operational Assurance	
Efficiency Savings	*	Public Value	
Environmental		Retained	*
Financial	*	Risk and Insurance	
Fire Control/Fire Link		Staff	
Information Communications and Technology		Strategic Planning	*
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*
Legal			