

Financial Performance to December 2013

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 movements and virements to the revenue budget, where requested;
- c) Approve changes to the capital programme, and
- d) Note performance against prudential indicators to date in 2013/14.

3 Background

This report comprises a review of financial performance to date for 2013/14, and encompasses the monitoring of revenue budgets and capital schemes, and the review of treasury management activities, including prudential indicators.

4 Revenue Budget

Monitoring has continued on the revenue budgets and capital programme for 2013/14, and the position to December 2013 can now be reported and is shown on the following page.

	(Over) / Under spend £'000
Pay	
Area Command	
Watches – further savings identified to end of December	87
Retained Duty System	
Variances in activity areas:	
• Retaining fee	78
• Turnouts	40
• Additional payments due to sick pay	(80)
• Attendance	(8)
• National Insurance	76
• Retained holiday pay	17
• Pensions	(19)
• Loss of earnings	(18)
Corporate Support – further salary savings identified to the end of the year	21
Executive – salary savings identified to the end of the year, due to reduced working hours	43
Human Resources – savings identified to the end of the year, due to reduced working hours and staff secondments	25
Operations – overspends due to additional Watch Manager	(23)
ICT – overspends due to additional temporary staff	(24)
Planning and Performance – salary savings identified to the end of the year, due to a staff vacancy	33
Prevention	
Inspecting officers – salary savings identified to the end of the year due to staff vacancies	26
Risk Reduction Officer – no established budget	(10)
Vulnerable Persons Advocates savings	25
Resources – Supplies officer vacancy and Fleet Manager savings	13
Pay and Prices – allocations have been made to the revenue budget from the pay and prices contingency; there will be unspent contingency at the end of the year. A total of £470,000 has been reallocated in future budgets.	500

	(Over) / Under spend £'000
Pensions – ill-health contributions - provision is made in the revenue budget for contributions into the Pension Account following ill-health retirements. There is likely to be an underspend in this area at the end of the year	180
Pensions – ongoing pension costs – regular costs that are met from the revenue account for injury payments will exceed budgeted levels at the end of the year.	(30)
Uniforms – the revenue budget currently provides for 12 retained recruits per year. This year will have seen 36 recruits, and it is proposed that the additional funds required are transferred from the Equipment Reserve.	(28)
Operational equipment – additional funds are required for helmet replacement	(40)
Rates – additional funds were requested in November for increased rates; following appeal, these funds are not required	40
Communications – funds are required to progress the communications strategy	(30)
Total	894

It is proposed that a balance of £300,000 is allocated to the Pensions Reserve, in readiness for ill-health retirements contributions to be funded from reserves. Other variances will be transferred to individual contingencies, where they will be managed with future variances.

5 Capital Programme

Regular capital monitoring reports are brought to this Committee, which detail spend and progress on each scheme.

The outstanding capital schemes have been reviewed by officers, and, as a result, a number of changes have been made to the timing of some of the schemes. The Committee is asked to recommend that the Authority approve these changes, which are shown in the table on the following page.

Scheme	Approved	Now
Fit out major incident room (£30K)	2014/15	2015/16
Installation of heating system at Tweedale (£60k)	2014/15	2015/16
Retained station locks (£30k)	2013/14	2014/15
Wellington improvements (£200k)	2013/14	2014/15
Command and Control pods and vehicles (£50k)	2013/14	2014/15
Replace prime movers (£150k)	2014/15	2016/17
Light pumping unit (£350k)	2014/15	2016/17

Other identified changes are:

Vehicle tracking (£35K) – this scheme has been reviewed and the Committee is asked to recommend that the Authority cancel the scheme at the present time.

Appliance bay doors at Shrewsbury (£50k) – the Committee is asked to recommend that the value of this scheme is increased to £70,000.

6 2013/14 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 December 2013 is shown below.

Capital Financing Requirement (£4.699m)

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 (£7.699m)

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:

Leeds City Council	£1.50m
Blackpool Council	£1.64m
Liverpool City Council	£2.00m
Newcastle City Council	£1.97m
Plymouth City Council	£2.00m
Tameside Metropolitan Borough Council	£1.88m
Nat West	£2.00m
Debt Management Office	£0.50m
Total	£13.49m

The Chief Fire Officer and Treasurer have approved the use of additional counterparties for the investment of the Authority's cash balances. These institutions are included in Shropshire Council's approved counterparty list.

7 Financial Implications

The financial implications are laid out in the main body of this report.

8 Legal Comment

There are no direct legal implications arising from this report.

9 Initial Impact Assessment

An Initial Impact Assessment form 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.

Use of Revenue Balances to Fund Capital Programme

The variances identified in the report are now available for alternative use by the Authority, and it is important that these funds are used in a way that safeguards the service in future years, when financial stability is uncertain.

Officers have reviewed the possible uses for these balances, and recommend that a revenue contribution is made to the funding of the Authority's capital programme.

The Committee receives regular updates on the Authority's capital programme, which currently contains 23 projects in varying stages of completion. Capital works to be completed in 2013/14, that would require funding, will total around £830,000.

The Committee is asked to recommend that the Authority approve the use of revenue balances to fund capital schemes.