

# Financial Performance to February 2014

## 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 movements and virements to the revenue budget, where requested;
- c) Note performance against prudential indicators to date in 2013/14; and
- d) Approve the write off of a bad debt of £2,500, detailed in section 6.

### 3 Background

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

### 4 Revenue Budget

Work has now begun on the outturn of the revenue budget for 2013/14, but variances to February 2014 can be reported. These variances are shown on the following table.

	<b>(Over) / Under spend £'000</b>
<b>Pay</b>	
<b>Area Command</b>	
Watches – further savings identified to the end of February	37
<b>Retained Duty System</b>	
Variances in activity areas:	
• Additional hours – cleaning and administration	(23)
• Attendance	20
• Loss of earnings	25
• Pensions	26
<b>Executive</b> – executive officer post removed from April, post filled until June	(34)
<b>Control</b> – savings in overtime budget and retained RDS posts	33
<b>Human Resources</b> – further savings identified to the end of the year, due to reduced working hours and staff secondments	11
<b>Operations</b> – savings in Operation Planning Manager post due to staff secondments	32
<b>Other Budgets</b>	
<b>Capital charges</b> – savings have been identified in budgets for debt interest and contributions to reserves in lieu of debt charges. The revenue budget for 2014/15 has been reduced.	50
<b>Training</b>	
Variances have been identified in the following areas of Service training:	40
• Fire Service College costs	10
• Wholetime recruit training	40
• Training aids and resources	
<b>Total</b>	<b>267</b>

Variances will be transferred to individual contingencies.

### **Capital Expenditure from Revenue**

The Authority agreed at its last meeting that balances from pay and prices would be used to fund the capital programme for 2013/14. An amount of £830,000 was transferred, but capital payments are likely to total around £550,000. It is proposed that the balance is taken to the Capital Reserve to fund projects, which have slipped into 2014/15.

## Information Management

Savings will be made in information and communications technology (ICT) budgets, as grant received from the Department for Communities and Local Government will be used to fund costs associated with Control Room changes. These costs total around £185,000. It is proposed that this balance is transferred to the ICT Reserve for future expenditure in this area.

## 5 2013/14 Prudential Indicators

In line with Chartered Institute of Public Finance and Accountancy's (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 February 2014 is shown below.

### Capital Financing Requirement (£4.699m)

This is the amount required by the Authority to fund its capital investment. It 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:

Barclays	£1.83m
Debt Management Office	£3.36m
Handelsbanken	£2.00m
Lloyds	£2.00m
Nat West	£2.00m
Borough of Telford & Wrekin	£1.82m
<b>Total</b>	<b>£13.01m</b>

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.

## **6 Outstanding Authority Debtor**

Firefighters attended a special service call in 2010 to assist in the clear up of a diesel spillage in Shifnal, and officers subsequently invoiced the owner of the vehicle involved. Since that time Finance officers have attempted to collect payment but, despite pursuing the owner, driver and associated insurer, have been unsuccessful in recovering the funds.

The Chief Fire Officer and the Treasurer are in agreement that, due to the time that has elapsed since the incident, and the cost of pursuing the debt further, it should be written off against the Authority's bad debt provision.

As the value of the debt is £2,500, and officers are required to gain permission from the Fire Authority for write offs exceeding £1,000, Members are asked to approve that this debt is written off.

## **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.