

Financial Performance to November 2008

Report of the Chief Fire Officer

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 to date, 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) Approve virement and changes to the capital programme;
- e) Note performance against prudential indicators; and
- f) Note the information provided on balance sheet items

3 Background

This report continues the review of financial performance to date for 2008/09, and encompasses the monitoring of revenue budgets and capital schemes, the review of prudential indicators, and the monitoring of other balances held within the Authority's accounts.

4 Revenue Budget

Exceptional variances in the revenue budget to the end of November are detailed in the table below.

	(Over) / Underspend £'000
Pensions – there will be no ill health retirements occurring in this financial year, therefore lump sums for the 3 budgeted retirements will be saved.	100
Service Delivery	
District	
Projections of spend on watches have been updated, resulting in further savings	30
Prevention	
Fire Crimes Officer/Outreach Officer – savings have accrued due to posts being vacant	20
Station Manager CFS – this post is currently being covered by non uniform staff	30
Resources	
Repairs and Maintenance – this budget is now overspent with 5 months remaining. With further expenditure on portacabins and reactive maintenance, a total overspent of £30,000 is likely.	(30)
Total	150

It is proposed that variances will be transferred to individual contingencies. The current position on these contingencies is shown at appendix A.

Vacancies Management

A total of £100,000 was taken out of the budget for 2008/09 and future years, which reflected the savings that could be made from vacant posts throughout the year. The table below shows how the total has been allocated to business areas, and confirms that the savings have been found in full. These savings do not form part of the variances above as the budget has already been reduced by the total amount.

	Identified to date £'000	Target savings £'000
Executive	4	4
Service Delivery	81	81
Strategy & Performance	5	5
Human Resources & Development	7	7
Resources	3	3
Total	100	100

5 Capital Programme

Appendix B to the report provides an overview of the capital schemes within the Brigade, and the expenditure on each scheme to the end of December. Progress on each of the schemes has been reported earlier on the agenda, and changes to the programme are formally requested below:

- **Telford Station Improvements** – proposed changes to the site have been taken into account within the St Michaels Street project, therefore it is recommended that this scheme is cancelled.

The scheme's value is £60,000, with full year debt charges of £5,000. If approved, the revenue consequences will be reflected in the revenue budget for the Shrewsbury Project.

- **Accommodation for Pumping Unit** – further costs are anticipated on this scheme. It is proposed that underspends from the scheme to build garaging facilities at Oswestry (£18k) are transferred to cover these costs.
- **RTC Equipment** – this equipment has been purchased from revenue reserves, therefore this scheme should be cancelled.

6 Reserves and Provisions

The balances held on reserves and provisions are shown below. Each balance has been reviewed as part of the budget setting process for 2009/10.

- **General Reserve (£988,000)**
Represents financial risks that are faced by the Authority, based on a probability of occurrence. No demands have been identified to date, however the estimated costs associated with the Retained Firefighters Part Time Working Directive outcome are included within the reserve.
- **Efficiency Reserve (£109,000)**
To be used on initiatives with a one off cost that will result in efficiencies. Cost of property advisor is currently committed from this reserve.

- **Retained Reserve (£99,000)**
Investment in the retained reserve was slipped from 2007/08 into this year – this reserve will smooth out fluctuations in precept.

A balance of £98,000 has been transferred to the revenue budget, to fund this year's growth in the retained duty system.
- **Pension Liabilities Reserve (£461,000)**
This reserve provides for the possibility of exceptional numbers of retirements.
- **Equipment Replacement Provision (£92,000)**
Operational equipment programmes are funded via this provision, with an annual contribution to replace expenditure – this should relieve pressure on the revenue budget
- **Extreme Weather Reserve (£295,000)**
This reserve will cover excess levels of retained activity due to extreme weather.
- **Capital Reserve (£1,236,000)**
This reserve allows for the funding of small capital schemes, avoiding long term borrowing. Payments from the reserve are replaced with annual contributions. Actual spending will be linked to the delivery of the capital programme. This reserve will be maximised through the transfer of underspends on the revenue budget during the year.

A balance of £157,000 has been transferred to the revenue account in July – this is to fund one off growth items in the 2008/09 budget and should have remained in the General Fund at year end. In addition, a budgeted contribution of £231,000 has been made to the capital reserve.

The reserve currently contains £427,000 for funding capital schemes, and £809,000 which is earmarked for the St Michaels Street project.

7 Prudential Indicators

In line with the Chartered Institute for Public Finance and Accountancy (CIPFA) 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 (£9,217,000)**

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.

The Limit currently stands at £5.681m, i.e. well within the indicator. No temporary borrowing has been necessary.

- **Operational Boundary for Borrowing (£6,356,000)**

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 Boundary is well within the set indicator; in October, the Fire Authority borrowed £200,000 towards its 2008/09 capital programme.

- **Capital Financing Requirement (£6,217,000)**

This is the amount required by the Authority to fund its capital investment, and the actual balance for the year will increase as funds are borrowed for the 2008/09 capital programme.

As the Authority still has a number of schemes to pay for within its capital programme, the Capital Financing Requirement, at £5.681m, is well within its indicator.

- **Net Borrowing**

Currently, investments of £6.3m exceed the Fire Authority's outstanding borrowing of £5.810m.

8 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 monitoring carried out in December projected a balance available for investment of £6.6m; the actual balance was £6.4m. Projections assumed a VAT receipt in December which will not be received until early 2009.

Debtors

In terms of amounts owed to the Authority, a balance of just £12,000 remains outstanding. Of this total, £3,300 remains unpaid after 90 days; these accounts are problematic and have already been referred to Legal Services.

9 Legal Comment

There are no direct legal implications arising from this report.

10 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.

11 Appendices

Appendix A Contingencies 2008/09

Appendix B Capital Programme 2008/09

12 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.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings	*	Retained	*
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	*
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

Contingencies 2008/09

	Executive £	HR & Development £	Service Delivery £	Strategy & Performance £	Resources £	Total £
CFA 16 July						
Leasing	80,000					
Audit Fees	10,000					
E&D Assistant savings		5,000				
Special Projects (EMcK)		-15,000				
Control salary deficit			-20,000			
Retaining Fees			20,000			
Turnouts			30,000			
Additional Hours			30,000			
Community Fire Safety			-80,000			
Fire Investigation Equipment			-3,000			
Hospitality	-3,000					
Policy Group 24 September						
Management Support salaries	-6,000					
Projectors at retained stations				-7,000		
Phones at retained stations				-10,000		
GD Staff overspend					-3,000	
S&R 18 September						
E&D Assistant savings		8,000				
RMB savings				10,000		
Projections on watches			95,000			
less half to go forward to 0910			-45,000			
Drills			30,000			
Turnouts			30,000			
Community Fire Safety			-60,000			
Sub total	81,000	-2,000	27,000	-7,000	-3,000	96,000
Approved CFA 17 December						
Leasing renegotiation fees	-12,000					
Overtime			35,000			
Public Holiday overtime			20,000			
Turnouts			30,000			
Additional Hours			30,000			
Drills			20,000			
National Insurance			17,000			
Retained Holiday Pay			20,000			
Contract Car charges					-8,000	
Sub total	69,000	-2,000	199,000	-7,000	-11,000	248,000
To be reported to S&R 22 January						
Projections on watches			20,000			
Transferees			10,000			
Pension III Health contribution	100,000					
Fire Crimes Officer vacancy			10,000			
Station Manager CFS			30,000			
Prevention salaries bfwd			10,000			
Repairs and Maintenance costs					-30,000	
Total	169,000	-2,000	279,000	-7,000	-41,000	398,000

Appendix B to report on
Financial Performance to November 2008
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
22 January 2009

Shropshire and Wrekin Fire Authority
Capital Programme 2008/09

Schemes	Balance bfwd	Spend to 31/03/09	Balance	Total Budget 2008/09	Amended Total Budget	Spend to 31/03/09	Committed	Balance	Progress to date
	£	£	£	£	£	£	£	£	
<u>Schemes started 2007/08 and prior</u>									
<i>Land and Buildings</i>									
Accommodation for Pumping Unit	74,998	74,998	0					0	Budget now spent
Building Improvements	18,202	18,202	0					0	Budget now spent
Garaging Ford Ranger	20,000	2,171	17,829				17,829		No further spend against this scheme
Telford Station Improvements	60,000		60,000				60,000		
Lecture Room Improvements	40,000		40,000				40,000		
Fire Alarm Installations	30,000		30,000				30,000		Spend of around £4k likely on this scheme
Training Improvements	92,000	6,755	85,245				85,245		
Shrewsbury Improvements		3,241	-3,241					-3,241	Spend on Sbury - balance of budget moved to 'contingency'
<i>Vehicles and Equipment</i>									
E Technology	0	2,940	-2,940					-2,940	
Appliances	446,112	423,312	22,800					22,800	
RTC Equipment for Ranger	26,633		26,633					26,633	RTC Equipment likely to be purchased from Equipment Replacement Reserve - this scheme might be used for compressor - around 17k (5k running cost)
Digitisation of Files	1,000		1,000					1,000	
Boat	21,189	1,080	20,109					20,109	Purchase of trailer
Asset Tracking System	38,677	41,869	-3,192					-3,192	
Fireground Radios	19,452	18,909	543					543	
Management Information System	6,724		6,724					6,724	
<u>Schemes started 2008/09</u>									
<i>Land and Buildings</i>									
Building Improvements				65,000		65,000		0	Further spend on Craven Arms
Training Facilities				30,000				30,000	
<i>Vehicles and Equipment</i>									
Appliance Replacement				740,000		114,751		625,249	
Small Fires Unit				20,000				20,000	
RDS Availability System				25,000				25,000	
Temperature Monitoring System - Training				15,000		10,952		4,048	
*Unallocated borrowing approval				85,000				85,000	Balance of previously cancelled schemes, and £80k balance of small fires unit)
Total	894,987	593,477	301,510	980,000	0	190,703	0	789,297	

784,180.00