

Financial Performance to January 2009

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 the end of January, 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; and
- e) 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 January are detailed in the table below.

| | (Over) / Underspend £'000 |
|---|--|
| <i>Executive</i> | |
| Interest on Investments – due to the current economic climate, investment income will be less than originally anticipated. Future budgets have also been reduced to reflect the change in circumstances. | (20) |
| <i>Service Delivery</i> | |
| Operations – There will be around £10,000 left from the single year New Dimension growth for 2008/09 – this may be required in 2009/10 for operational staff. | 10 |
| District – Watch projections have been updated, and further savings are anticipated. | 30 |
| Prevention – Further salary savings have been identified in the Prevention pay budgets, due to staff vacancies and temporary contracts at a lower cost | 50 |
| Road Safety Strategy – No further spend is expected on cycle training before the end of the financial year. | 28 |
| <i>Strategy & Performance</i> | |
| Pay budgets – Savings have accrued in this business area due to staff vacancies – it is proposed that some of these savings are taken forward to pay for graphics work in 2009/10. | 28 |
| <i>Resources</i> | |
| Fleet Management – savings have accrued through staff vacancies. | 10 |
| Total | 136 |

It is proposed that variances will be transferred to individual contingencies, or rolled forward in the General Fund at the end of the year, where indicated. The current position on these contingencies is shown at Appendix A.

At present the total that will fall to the General Fund, after approval of the above, is £528,000, plus any balance remaining on the Pay and Prices Contingency

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 January.

Following approval by the Fire Authority in February 2009, a number of schemes have been cancelled or updated, and these changes are reflected in the appendix.

As part of the quarterly reporting process, a report detailing activity on each of the schemes within the capital programme will be brought to the Committee in May 2009.

Total slippage on schemes is currently estimated to be £1,063,056.

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 (£59,000)

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 future fluctuations in precept.

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.

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

7 Prudential Indicators

In line with the 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 quarterly monitoring reports during the year; the position to the end of January 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 £5.683m, 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 £5.683m, is well within its indicator.

Net Borrowing

Currently, outstanding borrowing of £5.810m exceeds the Fire Authority's investments of £5.180m.

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 £5.6m; the actual balance was £5.1m. An anticipated VAT receipt was not received in January 2009; timing differences on other receipts due in the month are being reviewed.

Debtors

In terms of amounts owed to the Authority, a balance of £26,000 remains outstanding; this includes £16,000 recently invoiced to Communities and Local Government for New Dimension officer reimbursement. A balance of £3,000 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

Revenue Budget Summary 2008/09

Appendix B

Capital Monitoring Schedule 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 | * |

Appendix A to report on
Financial Monitoring to January 2009
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
5 March 2009

Shropshire and Wrekin Fire Authority
Budget Monitoring Report to 30 January 2009

83% of year

| | Budget | Spend | Committed | Balance | % Spent |
|--|-------------------|-------------------|----------------|------------------|------------|
| Key Business Areas | | | | | |
| Executive | | | | | |
| Executive | 71,525 | 48,663 | 0 | 22,862 | 68% |
| Members | 84,214 | 72,064 | 223 | 11,927 | 86% |
| Insurance and Legal | 396,156 | 391,539 | 0 | 4,617 | 99% |
| Income | -127,481 | -448,730 | 0 | 321,249 | 352% |
| Financial Services and Leasing | 181,683 | 229,995 | 0 | -48,312 | 127% |
| Pensions | 309,829 | 156,491 | 0 | 153,338 | 51% |
| Non pay budget | 915,926 | 450,022 | 223 | 465,681 | 49% |
| Pay - Executive | 627,251 | 516,190 | | 111,061 | 82% |
| Pay budget | 627,251 | 516,190 | 0 | 111,061 | 82% |
| Contingency | 163,000 | | | | |
| Service Delivery | | | | | |
| Community Fire Safety | 83,300 | 63,858 | 1,100 | 18,342 | 78% |
| Arson and Business Safety | 29,080 | -38,442 | 166 | 67,356 | -132% |
| Road Safety | 40,919 | 12,255 | 0 | 28,664 | 30% |
| Fire Control Convergence | 46,361 | 12,376 | 0 | 33,985 | 27% |
| Youth Initiatives | 26,150 | 13,020 | 0 | 13,130 | 50% |
| Retained Recruitment | 5,000 | 1,076 | 0 | 3,924 | 22% |
| Non pay budget | 230,810 | 64,143 | 1,266 | 165,401 | 28% |
| Pay - District Performance | 9,671,001 | 7,704,032 | | 1,966,969 | 80% |
| Pay - Operations | 402,083 | 309,956 | | 92,127 | 77% |
| Pay - Prevention | 1,049,551 | 859,094 | | 190,457 | 82% |
| Pay - Control | 705,786 | 753,311 | | -47,525 | 107% |
| Pay budget | 11,828,421 | 9,626,393 | 0 | 2,202,028 | 81% |
| Contingency | 279,000 | | | | |
| Human Resources and Development | | | | | |
| Occ Health, Pensions and HR | 184,970 | 98,043 | 0 | 86,927 | 53% |
| Training and Development | 587,534 | 373,671 | 0 | 213,863 | 64% |
| Equality and Diversity | 40,331 | 14,789 | 1,405 | 24,137 | 40% |
| New Dimension | -48,268 | -225,001 | 504 | 176,229 | 465% |
| Non pay budget | 764,567 | 261,502 | 1,909 | 501,156 | 34% |
| Pay - Training and Development and HR | 1,038,124 | 873,884 | | 164,240 | 84% |
| Pay budget | 1,038,124 | 873,884 | 0 | 164,240 | 84% |
| Contingency | -2,000 | | | | |
| Strategy and Performance | | | | | |
| Performance Improvement | 37,015 | 10,685 | 10,888 | 15,442 | 58% |
| Communications | 286,957 | 225,589 | 7,787 | 53,581 | 81% |
| Information Management | 141,820 | 95,583 | 20,262 | 25,975 | 82% |
| Management of Risk | 113,903 | 100,560 | 3,977 | 9,366 | 92% |
| Radio | 312,460 | 237,582 | 0 | 74,878 | 76% |
| Regional Management Board | -2,068 | -11,526 | 0 | 9,458 | |
| Secondment Programme | 4,566 | 19,327 | 0 | -14,761 | |
| Non pay budget | 894,653 | 677,800 | 42,914 | 173,939 | 81% |
| Pay - Strategy and Performance | 804,534 | 645,571 | | 158,963 | 80% |
| Pay budget | 804,534 | 645,571 | 0 | 158,963 | 80% |
| Contingency | -7,000 | | | | |
| Resources | | | | | |
| Facilities | 943,574 | 723,857 | 13,123 | 206,594 | 78% |
| Hydrants | 154,260 | 56,909 | 100 | 97,251 | 37% |
| Equipment and Uniform | 406,745 | 343,663 | 51,341 | 11,741 | 97% |
| Fleet Management | 537,402 | 399,452 | 47,929 | 90,021 | 83% |
| Workshops | -127,264 | -37,709 | 2,583 | -92,138 | 28% |
| Non pay budgets | 1,914,717 | 1,486,172 | 115,076 | 313,469 | 84% |
| Pay - Resources | 437,287 | 354,681 | | 82,606 | 81% |
| Pay budget | 437,287 | 354,681 | 0 | 82,606 | 81% |
| Contingency | -41,000 | | | | |
| Pay and Prices Contingency | 186,526 | 0 | 0 | 186,526 | 0% |
| General Fund | | | | | |
| Non Pay Budgets | 4,907,199 | 2,939,639 | 161,389 | 1,806,171 | 63% |
| Pay Budgets | 14,735,617 | 12,016,719 | | 2,718,898 | 82% |
| Contingency | 392,000 | | | | |
| Total | 20,034,816 | 14,956,358 | 161,389 | 4,525,069 | 75% |

Appendix B to report on
Financial Monitoring to January 2009
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
5 March 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 | 92,827 | 74,998 | 17,829 | | | | | 17,829 | Budget now spent |
| Building Improvements | 18,202 | 18,202 | 0 | | | | | 0 | Budget now spent |
| Garaging Ford Ranger | 2,171 | 2,171 | 0 | | | | | 0 | Following approval by Fire Authority in Feb, this balance to be vired to Pumping Unit Accommodation scheme |
| 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 Shrewsbury - 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 | |
| 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 | 41,982 | -3,305 | | | | | -3,305 | |
| Fireground Radios | 19,452 | 18,909 | 543 | | | | | 543 | |
| Management Information System | 6,724 | 1,006 | 5,718 | | | | | 5,718 | |
| <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 | | 625,250 | |
| 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 | | | | 145,000 | | | | 145,000 | Balance of previously cancelled schemes, less increases to appliances schemes |
| Total | 808,354 | 594,596 | 213,758 | 1,040,000 | 0 | 190,702 | 0 | 849,298 | |

785,298.34