

## REPORT OF THE TREASURER

# MONITORING OF REVENUE BUDGET AND CAPITAL PROGRAMME, INCLUDING PRUDENTIAL INDICATORS

### 1 Purpose of Report

This report is part of the regular monitoring process undertaken throughout the year. It details the latest position on revenue and capital budgets, recommending action where necessary, and also monitors the Fire Authority's Prudential Indicators.

### 2 Recommendations

The Fire Authority is recommended to:

- a) Note the progress on the revenue budget and the capital programme;
- b) Approve the virements, set out in paragraphs 4,5 and 6, noting those already agreed using powers delegated to the Chief Fire Officer and the Treasurer; and
- c) Note the Fire Authority's position against Prudential Indicators.

### 3 Background

As part of the regular monthly monitoring of the revenue budget, carried out by officers, net underspends have been moved to reserves and balances, following Fire Authority approval on 18 October 2006.

This paper reports further underspends and additional virements that have been requested, and these movements arise as a result of further monthly monitoring, and also a full review of the base budget with department heads, as part of the budget setting process.

Progress on the Fire Authority's capital programme for 2006/07 is reported, and the Fire Authority's performance against agreed Prudential Indicators is shown as part of the approved reporting process.



## 4 Revenue Budget Monitoring

Budget variations following monitoring	£'000
<b>Service Delivery</b>	
<b>Firefighter Overtime</b> – spending at current levels to the end of the year will result in an underspend	(35)
<b>Retained Duty System</b>	
<b>Retaining Fee</b> – current numbers are below establishment and, therefore, the budget will be underspent	(38)
<b>Drills and Training</b> – use of extra hours for drills and training is now established, but budgeted level is unlikely to be reached this year	(60)
<b>Turnouts</b> – a saving will be made here due to firefighter levels being under establishment, and also less turnouts being made	(45)
<b>Community Fire Safety</b> – activity in this area has steadily increased during the year. If Retained firefighters are instructed to continue working at current activity levels, a further £50,000 will be required to cover payments claimed.	50
<b>Cleaning and Administration</b> – a small underspend is predicted here	(13)
<b>Retained Holiday Pay</b> – as holiday pay is a proportion of other activity payments, an underspend is expected	(13)
<b>Smoke Alarms</b> – an increase in budget is required here to cover costs of purchasing alarms fitted by retained and wholetime staff	36
<b>Fire Control</b>	
<b>Control Convergence</b> - actual costs of this post will exceed grant received from Department for Communities and Local Government (DCLG)	21
<b>Control Staff</b> – staff costs are likely to exceed budgeted levels, due to high turnover	14
<b>Control Overtime</b> – overtime costs are high due to levels of training and cover that have been required in Control	31
<b>Strategy and Performance</b>	
<b>Pay</b> – secondment of officer to DCLG has resulted in an underspend in this area	(14)



<b>Budget variations following monitoring</b>	<b>£'000</b>
<b>Human Resources and Development</b>	
<b>Removal Expenses</b> – expenditure in this area has been high following a number of transfers into the Brigade	30
<b>Associate Trainers</b> – this budget will not be spent in the current year. Future years have also been reduced	(40)
<b>Executive</b>	
<b>Investment Income</b> – income in this area is likely to exceed budget by around £100,000, although £75,000 is required to allocate interest to reserves and provisions	(25)

## 5 Review of the Base Budget

It is proposed that the virements detailed below are taken from balances, previously approved as underspends by the Fire Authority.

<b>Virements following base budget review</b>	<b>£'000</b>
<b>Employee Handbook</b> – resources are requested to enable completion of the Handbook	5
<b>Computer Licences</b> – renewal needed for Gauge job evaluation system	7
<b>Assessor Support</b> – increased assessor pool required. Another assessor training course to be run in the new year	3
<b>Human Resources Legal Services - Service Level Agreement</b> – an initial subscription is required to an Human Resources legal/information specialist organisation, for one year	9

## 6 Virements Approved by Officers

The following virements have been approved, using powers delegated to the Chief Fire Officer and the Treasurer.

	<b>£'000</b>
Revenue costs of Fire Safety System	6
Training on safety equipment for Workshops mechanics	3
Increases to Casual User allowance budgets	7
Increase to Firesetters travel budget	6



## 7 Capital Programme

Work has begun on the following schemes within the 2006/07 programme.

- A full survey and report have been completed for the improvements to the Shrewsbury site, and more testing is required prior to decisions being made.
- The rescue tender project team has identified a vehicle and its equipment requirements, which have now been ordered.
- A boat has been ordered, and a decision is awaited on the towing vehicle required.
- An outline business case has been considered for the accommodation for the pumping unit, although this requires further work before any decisions are made, which may delay completion of the scheme.
- Orders have been placed for the three Scania appliances within the programme.

Progress on all schemes within the programme continues to be monitored and reported.

## 8 Prudential Indicators

### a) **Authorised Limit for External Debt (£8,154,000)**

The prudential indicator of £8,154,000 includes a provision for temporary borrowing, should the receipt of revenue money be delayed. The limit currently stands at £4,292,000.

### b) **Operational Boundary (£5,298,000)**

This boundary, unlike the Authorised Limit, can be exceeded, although this would trigger an investigation. Borrowing is well within the Boundary at £4,473,000.

### c) **Capital Financing Requirement (£5,154,000)**

The capital financing requirement is £4,292,000. Future borrowing on the capital programme is unlikely to see the original indicator exceeded.

### d) **Net Borrowing**

Currently borrowing of £4,450,000 is offset by investments of £5,807,000, i.e. well within the capital financing requirement.

## 9 Financial Implications

The financial implications are as set out in the report.

## 10 Legal Comment

There are no direct legal implications arising from this report.



## 11 Appendices

There are no appendices attached to this report.

## 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.

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

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202.

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