

## Statement of Accounts 2008/09

### Report of the Treasurer

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

#### 1 Purpose of Report

The report presents the Statement of Accounts 2008/09 for approval by the Fire Authority, and seeks specific approval to a number of virements from the General Fund in 2009/10.

#### 2 Recommendations

The Fire Authority is recommended to:

- a) Approve the Statement of Accounts 2008/09 attached as an appendix, subject to incorporating the Annual Governance Statement and to audit;
- b) Authorise the Treasurer to make any final adjustments, subject to reporting these to the next meeting of the Authority; and
- c) Approve the virements set out in paragraph 4i - £341,000, 4iii - £125,000 (£12,000 subject to the attached report) and 4v - £432,000.

#### 3 Background

Your officers have closed the accounts for 2008/09 by 30 June 2009, as required by the Accounts and Audit Regulations. These should be approved by the Fire Authority and signed by the Chair by that date. As a result of the timing of the local elections, however, and, after consulting with the Auditors, approval is being sought today.

The formal audit will conclude in July, after which the formal Statement of Accounts will be published, and a final report brought to the Fire Authority. The deadline for publication of the audited Statement of Accounts is 30 September 2009, and the Authority has delegated responsibility to the Audit and Performance Management Committee to receive the Annual Governance Report and opinion of the Auditor, and for the Chair to sign the Letter of Representation by that date.

Key outcomes are dealt with below and pick up the main issues revealed by the Balance Sheet in the attached Statement of Accounts.

#### 4 The General Fund

The net total of efficiencies, slippage and other savings is held in the General Fund Balance. This totals £1,128,000. The Fire Authority's policy is to reduce this total to zero during the year by:

- Considering whether to add slippage to 2009/10 budgets in order to catch up the service delivery
- Considering approval of requests to use unspent resources for additional services in 2009/10
- Transferring any balance to the Unearmarked Capital Reserve in order to minimise capital financing charges

The Fire Authority was told in April 2009 that the General Fund stood at £764,000, plus items already agreed to be rolled forward, i.e. £811,000 in total. Therefore a further £317,000 of slippage, efficiencies and net underspendings has been confirmed during the close-down. This is made up of unspent provision for pay and prices (£132,000), slippage (£55,000), income (£29,000), IT and Communications maintenance (£56,000) and further net underspends (£45,000).

At this stage, it is **recommended** that the General Fund be used as follows:

	<b>£000</b>
i) Vire slippage, as detailed in the Explanatory Foreword to the Accounts, to expenditure budgets in 2009/10	341
ii) Note specific virements already approved at the April 2009 meeting of the Fire Authority	177
iii) Vire the following budgets arising from requests by officers:	
a) Operational Support Officer Request to continue funding two posts during 2009/10	70
b) Funding to develop the Communications Strategy	13
c) Funding the decommissioning of hill-top aerial sites subject to verification that anticipated revenue savings will justify the outlay	30
d) Installation of upgrade of Wide Area Network (WAN) Connectivity (see report 11b)	12
	----- 125 -----
iv) Note that further requests have been made, and will be the subject of reports to the Fire Authority in October 2009	53
v) Transfer the balance to the Unearmarked Capital Reserve to fund the Shrewsbury Accommodation Scheme	432
	<hr/> 1,128

The other implications to be drawn from the final outcome of the revenue account are firstly that a Backward Looking Efficiency Statement can be submitted made up of:

	<b>£000</b>
Vacancy management whilst maintaining service levels	60
Retained staff cost savings through reductions in incidents and call-outs	100
Restructuring duties and use of partnerships	41
Procurement savings	
- Health and Safety	8
- Radio communications	31
As reported in April 2009	240
Ill-health retirement costs	
The current budget is based on previous experience. These numbers have been reduced consistently and it now seems reasonable to account for the efficiency.	50
	290

This total achieves the £275,000 a year average based on current national efficiency targets. At present it would seem premature to declare more than the £149,000 Forward Looking Efficiencies for 2009/10, as reported in April 2009. However, it is hoped that current trends in efficiencies will continue and the final figure will be higher.

The second conclusion is that the outcome indicates ongoing budget reductions in a number of areas, which will help the budget in 2009/10 and later years, notably reductions in the ill-health pension costs, and debt charges on the Shrewsbury Accommodation Project.

## **5 Other Balance Sheet Items**

Officers analytically review the Balance Sheet, checking in particular the major variations from the previous year. This should help identify material errors or misstatements. Particular attention is drawn to:

- i) Fixed assets  
The increase in vehicles, plant and equipment reflects the catching-up of the 2007/08, and the delivering of the 2008/09, replacement vehicle programme.
- ii) Debtors and prepayments  
The main reason for the year's increase is that Government debtors, notably Pension Account Top Up Grant, and HM Revenue and Customs, have increased, i.e. there is no concern that payment will not be received.

- iii) Investments  
The reduction reflects the improved performance delivering the capital programme, which has reduced cash held in 2007/08 from borrowing for capital payments. In addition, some borrowing for the 2008/09 capital programme has not been made yet.
- iv) Cash overdrawn  
Actual cash balances are invested, and are, therefore, minimal. However, un-presented cheques on 31 March are then added, creating the appearance of being overdrawn.
- v) Reserves  
The General Reserve has been reduced by the Fire Authority's decision to transfer provision for Retained Staff pensions to the Pensions and Other Staff Issues Reserve, and further balances to the Unearmarked Capital Reserve.

The Capital Reserve has been split between that element being used to provide for replacement of existing short-lived assets, and the unearmarked element being used to fund the Shrewsbury Accommodation Project.

The changes in the Fire Pension and County Pension Reserves reflect the changes in the Long Term Pensions Liability. Both are "book", rather than actual, transaction changes, and arise from independent actuarial assessment.

## **6 Conclusions**

The form of the Statement of Accounts is dictated by legislation and recommended accounting practice. This report and the Introductory Foreword provide some explanation, which, together with the pre-meeting on 3 July 2009, will assist Members to comment on the Accounts and inform future financial decisions.

In addition a shortened and simplified statement will be posted on the Fire Authority's website following the meeting.

## **7 Financial Implications**

The financial implications are outlined in the main body of the report.

## **8 Legal Comment**

Under the Accounts and Audit Regulations 2003, the Fire Authority is required formally to approve the Statement of Accounts 2008/09 by the end of June 2009.

## 9 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.

## 10 Appendix

Statement of Accounts 2008/09

## 11 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	*