

Financial Performance to July 2017

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 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 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, and
- c) Note performance against prudential indicators to date in 2017/18.

3 Background

This report presents a review of financial performance to date for 2017/18, and encompasses the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators.

4 Revenue Budget

Monitoring has continued on the revenue budgets for 2017/18, and the position to July can now be reported as follows.

	(Over) / Under spend £'000	(Over) / Under spend % of Budget
Service Delivery		
Area Command Wholetime Fire Fighters (Watches) An underspend for the year of £300k is forecast due to watch headcount of 125 against a budget establishment of 136.	300	6%
Overtime - Wholetime Fire Fighters Lower levels of overtime give an underspend to date of £30k. Continued spending at current levels will result in total forecast underspend of £90k	90	60%
Overtime – Control Savings on overtime expenditure to date of £15k following introduction of self rostering duty system and will bring a total underspend for the year of £45k	45	100%
RDS Fire Control Underspend to date of £10k against £40k budget. Continued spends at these levels will give a total annual underspend of £30k	30	75%
Corporate Governance		
Apprenticeship Levy Actual costs are lower than predicted giving a total forecast underspend of £18k	18	30%
Total	483	2%

It is proposed that, unless specified, variances will be transferred to individual contingencies, where they will be managed with future variances.

A virement for £15,000 was agreed under delegated powers during the period; this was for consultancy in response to the business case put forward by the Police and Crime Commissioner.

An additional £23,000 was also agreed from the Capital Reserve for the scheme to procure 3 Incident Command Units in conjunction with Hereford and Worcester Fire and Rescue Service, increasing this scheme's total funding from £150,000 to £173,000.

5 2017/18 Prudential Indicators

In line with the Chartered Institute of Public Finance and Accountancy'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 July is shown below.

Capital Financing Requirement (£3.617m)

This is the amount required by the Authority to fund its capital investment. This includes all capital investment expected to be made this year, less any contributions from revenue or grant.

Authorised Limit for External Debt (£6.617m)

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 £5.698m, well within the indicator. No temporary borrowing has been necessary.

Operational Boundary (£5.698m)

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 invested at 31 July 2017 are shown below:

Debt Management Office	£4.72m
Surrey Heath Borough Council	£1.50m
Handelsbanken	£2.00m
Santander	£2.00m
Barclays	£2.00m
Lloyds	£2.00m
Nationwide	£2.00m
Mid Suffolk	£2.00m
Nottingham City Council	£2.00m
Coventry Building Society	£1.00m
Highland Council	£1.00m
Total	£22.22m

6 Financial Implications

The financial implications are as set out in the main body of the report.

7 Legal Comment

There are no direct legal implications arising from this report.

8 Initial Impact Assessment

An Initial Impact Assessment has been completed.

9 Appendices

There are no appendices attached to this report.

10 Background Papers

There are no background papers associated with this report.