

Financial Performance to March 2017

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011 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;
- c) Note changes to capital schemes and approve cancellation where specified, and
- d) Note performance against prudential indicators to date in 2016/17.

3 Background

This report presents a review of financial performance to date for 2016/17, 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 2016/17, and the position to March can now be reported as follows.

	(Over) / Under spend £'000
<u>Service Delivery</u>	
Operations Officer Allowances and Overtime Officer overtime payments during 2016/17 of £9k are unbudgeted and flexi duty payments have exceeded budget by £6k	(15)
Operations Control Overtime The budget of £46k is underspent by £18k this year.	18
<u>Executive and Resources</u>	
Finance Interest on Investments Interest on balances invested has yielded a further £17k over expected levels	(17)
Resources Repairs and Maintenance A balance remains on this budget at the year end	23
Laundry Costs of uniform laundry and repairs have exceed budgeted levels	(24)
Furniture Purchase Additional furniture purchases during the year has resulted in an overspend	(11)
Vehicle Parts Spend of £122k from budget of £108k gives an overspend of £14k	(14)
<u>Corporate Services</u>	
Legal Fees Recharge from Telford and Wrekin council for legal services was £23k below budgeted levels for 16/17	23
Total	(17)

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

Service Transformation Programme

Costs of staff seconded to projects within the Service Transformation Programme total £334k to the end of March 2017. These costs include ICT support and SharePoint development

Funds are available for these staff costs, within the Service Transformation Programme Staff Reserve. Members are requested to approve the transfer of funds from reserves into the revenue budget.

5 Capital Programme

Expenditure for the year on the Authority's capital programme is being finalised as part of the closedown process, and a report will be taken to Strategy and Resources Committee detailing the out turn.

Seven schemes have been completed, including the replacement of three fire appliances, ten light vehicles and operational rescue equipment.

There are a number of schemes which require cancellation or rescheduling within the programme; Members are asked to review the schemes and approve the changes.

2016/17 - Review and replacement of reserve rescue tender	The review of rescue requirements will take place over the next 4 years, with a recommendation to refurbish the existing reserve rescue tender, which should last for another 5 years. It is recommended that the scheme to replace the rescue tender is moved to 2021/22.
2014/15 – Installation of Biomass heating system at Wellington	Officers have reviewed this scheme and have concluded that it is no longer a viable use of funding. The scheme was discussed with members of the Strategy and Resources Committee in February 2017, where it was recommended that the scheme was cancelled, and other environmentally friendly initiatives were considered as an alternative.
2015/16 – Compartment Fire Training Facility at Telford	Officers recommend that this scheme is cancelled and the facility is delivered as an integral part of the major improvements planned at Telford Training Centre.

6 2016/17 Prudential Indicators

In line with 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 regular monitoring reports during the year; the position to the end of March is shown below.

Capital Financing Requirement (£3.888m)

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 (£6.888m)

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 currently invested are shown below:

Santander	£2.00m
Handelsbanken	£1.34m
Barclays	£2.00m
Lloyds	£2.00m
Nationwide	£2.00m
Salford City Council	£2.00m
Suffolk County Council	£2.00m
Surrey Heath Borough Council	£1.50m
Nottingham City Council	£2.00m
Telford and Wrekin Council	£2.00m
Total	£18.84m

7 Financial Implications

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

8 Legal Comment

There are no direct legal implications arising from this report.

9 Initial Impact Assessment

An Initial Impact Assessment has been completed.

10 Appendices

There are no appendices attached to this report.

11 Background Papers

There are no background papers associated with this report.