

Financial Performance to October 2011

Report of the Treasurer

For further information about this report please contact Rachel Musson, Treasurer, on 01743 252007, or Joanne Coady, 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 variations to the revenue budget where requested;
- c) Note the position on the capital programme, and approve inflationary increases where requested;
- d) Approve the cancellation of capital schemes where indicated;
- e) Note performance against prudential indicators to date in 2011/12; and
- f) Note performance in Treasury Management to date in 2011/12.

3 Background

This report comprises a review of financial performance to date for 2011/12, and encompasses the monitoring of revenue budgets and capital schemes, and the review of treasury management activities, including prudential indicators.

4 Revenue Budget

Monitoring continues on the revenue budgets and capital programme for 2011/12, and the position to October can now be reported.

	(Over) / Under spend £'000
Executive and Resources	
Technical Services: Savings have been identified in Printing and Stationery	11
Human Resources and Development	
Staff Advertising budget is unlikely to be spent	15
Service Delivery	
Area Command: Increased spend on watches prior to Public Value establishment changes from 1 July 2011	(12)
Retained Duty System: Saving resulting from retaining fees and attendances	10
Prevention: Further savings due to post vacancies	11
Total	35

It is proposed that variances will be transferred to individual contingencies.

5 Capital Programme

Activity and spend to date on current capital schemes are reported elsewhere on the agenda, although the Committee is asked to consider a number of changes to the programme:

Appliance Replacement – there are schemes currently within the programme to replace three appliances at a total cost of £600,000. However, each appliance is likely to cost £220,000 to complete, and therefore a virement of £60,000 is proposed from the pay contingency to inflation proof the schemes.

Document Management – this scheme was approved in 2009/10, but work on the scheme has not yet begun. It is likely that work in this area will be looked at as part of the Authority’s wider Information and Communications Technology (ICT) strategy. It is therefore proposed that this scheme is cancelled, and that the debt charges within the revenue budget are retained until work begins on any wider ICT scheme.

6 2011/12 Prudential Indicators

In line with the Chartered Institute of Public Finance and Accountancy (CIPFA) 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 October is shown below.

Prudential Indicator	Budget 2011/12 £'000	Actual 2011/12 £'000
Capital Financing Requirement (CFR)	8,256	8,125
Operational boundary for external debt	8,256	8,125
Authorised limit for external debt	11,256	11,125

There are currently no indications that the prudential indicators will be exceeded or amended.

7 Treasury Management Review 2011/12

The Authority will be provided with a regular update on the current position of its investments and any strategy updates which have occurred.

Investments will continue to be made within the restricted creditworthiness criteria adopted.

Funds currently invested are shown below:

Birmingham City Council	£2.00m
Bristol City Council	£1.36m
Debt Management Office	£3.97m
Total	<u>£7.33m</u>

At present there is no reason to amend current policies of delaying borrowing and thereby minimising cash available for investment. Also, in light of the current financial uncertainty, the Authority's policy has continued to be to lend to the Debt Management Office and other Local Authorities only. This policy is to be reviewed with Treasury Services over the coming weeks.

8 Financial Implications

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

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

There are no appendices attached to this report.

12 Background Papers

There are no background papers associated with this report.