

## REPORT OF THE TREASURER

# REVENUE AND CAPITAL MONITORING 2006/07

### 1 Purpose of Report

This report informs Members of the budget monitoring position to July 2006.

### 2 Recommendations

Members are asked to recommend that the Fire Authority note:

- a) The position of the revenue budget and approve the necessary changes to budgets;
- b) The virements that have been approved by officers; and
- c) The current position on capital schemes.

### 3 Background

The Fire Authority's Performance Plan for 2006-2008 was published in June and, in order to demonstrate a clear link between strategic and planning processes, the Plan allocated a proportion of the Authority's revenue budget to its five identified service areas:

- Executive
- Service Delivery
- Strategy and Performance
- Human Resources and Development
- Resources

In addition, business plans have been produced for each of the five service areas, which demonstrate the financial responsibilities of managers within each area.

The budget monitoring process for Policy Group (the Service's Management Team), and ultimately for the Fire Authority for 2006/07, is also based on the budgets allocated to each service area in the Performance Plan and the business plans. This will demonstrate consistency throughout each stage of the Authority's reporting processes, from strategic planning to day-to-day budget management.



## 4 Revenue Budget

Exceptional variances within the revenue budget are shown below. It is proposed that these balances will be moved to the General Reserve, to enable realistic monitoring to continue in the revenue budget.

	2006/07 Over/ (Underspend) £'000	2007/08 Over/ (Underspend) £'000
<b>Executive</b>		
<b>Interest on Investments</b>		
Due to the level of cash and balances currently held by the Authority, Treasury Services predict that this budget will be exceeded.	(68)	(68)
<b>Service Delivery</b>		
<b>District Performance</b>		
Vacancies on watches until the end of July have resulted in an underspend. This will diminish due to the arrival of four transferees into the Brigade. It is proposed that this is transferred to the General Reserve, and is used during 2007/08 to even out costs of recruiting over the next two years.	(60)	-
<b>Firefighters' Overtime</b>		
Low numbers of overtime levels claimed have resulted in an underspend.	(20)	-
<b>Retaining Fees</b>		
Although recruitment is ongoing at retained stations, this budget is unlikely to be fully spent by the end of the year.	(50)	
<b>Retained Support Officers</b>		
These new posts were originally budgeted at leading firefighter level, but are actually firefighter equivalent. A reduction to this budget is, therefore, required.	(25)	(25)
<b>Fire Control Convergence</b>		
The overtime budget to date has been exceeded due to staff training and long term sickness cover.	11	-
<b>Human Resources and Development</b>		
<b>Pension Scheme: Transfers Out</b>		
The amount paid for firefighters transferring out of the Brigade was lower than anticipated at year end 2005/06	(40)	-
<b>Pension Scheme: Transfers In</b>		
The net amount received for firefighters and officers transferring into the Brigade was higher than anticipated at year end.	(35)	-



## Virements approved by Officers

The following virements have been approved by officers:

	<b>£'000</b>
Computer equipment for the Retained Support Officers has been purchased from salary underspends in this area	4.5
Ladder replacement	5
Hose reel hose replacement (to be funded from Equipment Replacement Provision)	4.5
Repairs to major pump on Shrewsbury appliance ( to be funded from Equipment Replacement Provision)	2.5
Refurbishment of Land Rover to serve as Small Fires Unit (agreed by Chair and Vice-Chair)	15

## 5 Capital Programme

Progress being made on all schemes currently outstanding is shown below.

### Schemes started 2005/06

The Hydraulic Rescue Equipment Upgrade project has been completed, and the unanticipated purchase of further cutting equipment has resulted in an overspend of £12,000.

The scheme for the purchase of two additional vans for the Brigade is also complete.

Progress continues to be made on the schemes for building improvements to retained stations, replacement appliances and new information system for Fire Safety.

### Schemes started 2006/07

Work has yet to begin on the schemes in the 2006/07 programme, some of which will begin following completion of the 2005/06 projects.

The larger schemes, such as Shrewsbury Station and Headquarters improvements and accommodation for the pumping unit, are due to start at the beginning of 2007. This will be taken into account when considering when to borrow funds from the Public Works Loan Board

## 6 Reserves and Provisions

Following approval of the Fire Authority's Statement of Accounts on 14 June, the current position of the Authority's reserves and provisions for 2006/07 is shown on the following page.



	<b>£'000</b>
<b>RESERVES</b>	
<b>General Reserve</b>	
A balance of £215,000 has been transferred to the revenue budget. This represents slipped expenditure brought forward from 2005/06.	911
<b>Efficiency Reserve</b>	
A balance of £5,000 has contributed towards development costs on the Fire Safety information system, which will improve its expected efficiency.	95
<b>Transitional Funding Reserve</b>	
Half of this reserve will be moved to grant income, to offset recovery of the transitional funding within the settlement.	201
<b>Pensions Liabilities Reserve</b>	400
<b>Bad Weather Reserve</b>	273
<b>Capital Reserve</b>	
Payments to be made from this reserve for schemes within the 2006/07 programme	675
<b>PROVISIONS</b>	
<b>Equipment Replacement Provision</b>	
A contribution will be made into the reserve, for this year's replacement programme. Two of the virements reported in paragraph 4 will be funded from this provision.	100

## 7 Efficiencies

Efficiencies are monitored and reported to Policy Group on a monthly basis. Efficiencies of £336,000 include:

- £259,000 for special appliance crewing, which has been achieved;
- £32,000 for risk management posts, which has been achieved and vired into the Geographical Intelligence Unit;
- £25,000 achieved by re-evaluating two Station Officer posts to non-uniformed Fire Safety Inspecting Officers; and
- Miscellaneous savings, which are currently on course to be achieved.

Officers are also encouraged to highlight any other efficiencies as they emerge during the year, in order that they can contribute to the Authority's Annual Efficiency Statement.

## 8 Financial Implications

There are no financial implications other than those outlined in this report.



## 9 Legal Comment

The Fire Authority has the power to act as proposed in this report.

## 10 Appendices

There are no appendices attached to this report.

## 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.

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	

For further information about this report please contact Keith Dixon, Treasurer, 01743 260202 or Joanne Coadey, Principal Accountant, on 01743 260215.

