

# Agenda

## Councillors

### Herefordshire:

Brigadier P Jones, Mr D C Taylor

### Worcestershire:

Mr T J Bean (Vice-Chairman), Mr M H Clarke, Mr A I Hardman, Mr P T Mills, Mr P A Mould (Chairman), Mr D W Prodger, Mr C T Smith, Mr R Udall, Mr G C Yarranton

#### 1. Apologies for Absence

To receive any apologies for absence.

#### 2. Named Substitutes

To receive details of any Member of the Authority nominated to attend the meeting in place of a Member of the Committee.

#### 3. Declaration of Interests (if any)

To invite any Councillor to declare any interest in any of the items on this Agenda.

#### 4. Confirmation of Minutes

To confirm the minutes of the meeting held on Wednesday 26 July 2006 (copy attached – pink pages).

#### 5. 2006/07 Budget Monitoring Report (p.1-4)

To inform Members of the current position on Capital Budgets and the projected outturn in Revenue Budgets for 2006/07.

#### 6. 2007/08 Budget Preparation (p.5)

To provide information on the 2007/08 budget preparation process.

**Hereford & Worcester Fire and Rescue Authority  
Budget Committee  
Wednesday 26th July, 2006 Headquarters, 2 Kings Court, Charles  
Hastings Way, Worcester (10.30 am)**

## **Minutes**

### **Present**

#### **Herefordshire:**

Brigadier P Jones, Mr DC Taylor.

#### **Worcestershire:**

Mr TJ Bean (Vice-Chairman), Mr PA Mould (Chairman), Mr RM Udall, Mr GC Yarranton.

### **Available Papers:**

- A. The agenda paper and appendices referred to (previously circulated).
- B. The minutes of the meeting of the Audit and Budget Committee held on 20th January, 2006 (previously circulated).

(A copy of the agenda papers will be attached to the signed minutes)

#### **1. (Agenda item 1) Apologies for Absence**

Apologies were received from Mr CT Smith.

#### **2. (Agenda item 2) Named Substitutes**

None

#### **3. (Agenda item 3) Declaration of Interests**

*Mr PA Mould advised the Authority that if the Firemen's Pension Scheme was discussed in such detail that it affected his personal position, he would declare a personal and a prejudicial interest. (That proving not to be the case, there was no need for Mr Mould to leave the room during the meeting.)*

#### **4. (Agenda item 4) Confirmation of Minutes**

**RESOLVED: that the minutes of the meeting of the Audit and Budget Committee held on 20th January 2006 be confirmed as a correct record and signed by the Chairman.**

#### **5. (Agenda item 5) Revenue Budget Monitoring 2006/2007**

The Committee received an update on the current Revenue Budget 2006/07 position.

The Treasurer presented the report commenting that at present a very marginal over-spend of £0.004m was being forecast to the end of the financial year. However, there were a number of underlying variations and these were set out in the report. He highlighted that the uniformed staff pay award of 2.7% had been lower than the 3.5% provided for in the budget, however, this saving was being used to offset the increases in gas and electricity costs, which were likely to rise further.

**RESOLVED: that the current revenue budget position be noted.**

## **6. (Agenda item 6) Capital Budget Review**

The Committee reviewed the current position on Capital Budgets for 2006/07.

The Treasurer reported upon the current Capital Budget position. He highlighted that the 2005/06 budget had provided for Operational Leasing of £0.145m of specialist vehicles. The 2006/07 base revenue budget provided for the revenue costs, however, the acquisition of the vehicles had been delayed. A review of the financing options indicated that finance through prudential borrowing was now slightly more cost effective. The effect of the charges was shown in Appendix 1 to the report and to the resulting five-year programme in Appendix 2.

Appendix 3 showed current expenditure of £0.257m against the budget of £5.163m. He commented that this level of expenditure to date was not unexpected given that £2.850m of the budget (Workshops and Integrated Risk Management Plan (IRMP)) was subject to specific approval before commitment. He reported that while progress had been made on vehicle replacement; property and ICT investment, there was potential slippage and a proportion of the budget may need to be reallocated to future years.

The Treasurer further reported that the Fire and Rescue Authority had approved an indicative capital programme and implemented a process that a business case for each proposal be brought to the Committee for consideration prior to approval by the full Authority. As part of the IRMP 2006/2007 a business case for the replacement of Pebworth fire station was summarised at Appendix 4 to the report.

**RESOLVED: that**

- a) The expenditure on the Pebworth scheme as referred to at paragraph 12 and appendix 4 of the report be noted and the scheme be recommended to the Authority;**
- b) The process with regard to presenting business cases for further capital programme developments as referred to in paragraphs 9,10,11, and 12 of the report be noted; and**
- c) That the current position on expenditure as set out at paragraph 13 and appendix 3 of the report and the potential slippage to the programme as now reported be noted.**

## **7. (Agenda item 7) Treasury Management Annual Report 2005/06**

The Committee was invited to review the Treasury activities for 2005/06.

The Treasurer reported upon the Authority's capital debt position.

In relation to surplus cash investment the Treasurer reported that it was invested on a day-to day basis and the average interest rate achieved in 2005/06 had been 4.61%. While this rate had been slightly higher than the benchmark figure of 4.53% he considered this to be a reasonable return on the investment performance.

Questioned on the 2005/06 additional borrowing to support capital investment he reported that a large proportion had been used to fund the new Headquarters. However, he was confident that additional capital receipts would cover this borrowing.

**RESOLVED: that the Treasury Management Annual Report 2005/2006 be noted.**

The meeting ended at 10.48 am

Chairman .....

## **5. 2006/07 BUDGET MONITORING REPORT**

### **Purpose of Report**

1. To inform Members of the current position on Capital Budgets and the projected outturn in Revenue Budgets for 2006/07.

### **Background**

2. In February the Authority set a budget requirement for 2006/07 of £27.061m made up of £27.159m net expenditure on service provision and £0.098m net transfer from balances.
3. In February the Authority also approved a capital budget of £4.870m, and with subsequently approved slippage from 2005/06 underspending, a capital budget of £5.163m is current. Additionally approval was given for operational leased vehicle assets totalling £0.279m.
4. The report is based on the position after five months' actual expenditure.

### **Revenue Budget**

5. After three months actual expenditure, as reported to the Budget Committee in July 2006, an overspend of £0.004m was forecast. After 5 months the projection has marginally worsened to £0.009m.
6. The table below provides a summary explanation of the variations shown in Appendix 1. This shows how the key variations inter-relate.

	<b>Restructure £m</b>	<b>Pay Award £m</b>	<b>FRA HQ £m</b>	<b>Other £m</b>	<b>Total £m</b>
Whole Time Pay	(0.132)	(0.065)			(0.199)
Support Pay	0.139				0.139
RDS Pay		(0.020)		0.070	0.050
Control Pay				(0.046)	(0.046)
Temporary Staff	0.069				0.069
Firefighter Pensions	(0.117)	(0.015)			(0.132)
Human Resources	0.012				0.012
Commercial Income				0.015	0.015
Utilities				0.114	0.114
HQ Rates			(0.065)		0.065
Other Property				0.069	0.069
FRA Allowances				(0.006)	(0.006)
Capital Financing			(0.055)	(0.086)	(0.141)
	(0.031)	(0.100)	0.010	0.130	(0.009)

7. The main changes are:
- Retained Duty System pay – the projected overspend relates to increased activity arising from the severe hot weather in July and flash flooding in August.
  - Control Pay – new staff are paid at a lower salary than the experienced staff budgeted, and many have chosen not to join the Local Government Pension Scheme.
  - HQ Rates – the rates for the full year are significantly higher than initially expected, however this increased cost is offset by reduced capital financing costs – see below.
  - Capital Financing – savings arise from delays to Integrated Risk Management Plan (IRMP) building projects (see Capital Budget) and increased use of receipts and lower interest rates in respect of FRA HQ.

### **Capital Budget**

8. Details of expenditure against the approved capital budget are given in Appendix 2.
9. Vehicle leasing – continues to be on track, with the replacement of expiring leases expected between September and December.
10. Vehicle Programme – work is continuing on the build of the aerial appliances which is subject to stage payments, as are two replacement narrow bodied 4-WD vehicles. Provision is made for a foam carrier, but as a result of a revised foam strategy (details to be brought to a future committee meeting) this will not be spent this year.
11. The workshop project continues to be monitored with proposed plans for progress being prepared for submission to the next Budget Committee.
12. Progress on IRMP schemes continues to be much slower than the ambitious budget plan. This will impact on future years and has a significant effect on Revenue Capital Financing Charges in 2006/07.
13. Although the total budget is £5.163m, the budget excluding IRMP and workshops is £2.313m of which £0.337m has been spent to date.

### **Recommendation**

**The Treasurer recommends the current budget position be noted.**

### **Background papers**

None

## Hereford & Worcester Fire and Rescue Authority

### 2006/07 REVENUE BUDGET MONITORING

Period 5 - August 2006

	BUDGET TO DATE	ACTUAL TO DATE	VARIATION TO DATE	ANNUAL BUDGET	FORECAST OUTTURN	FORECAST VARIATION
Employees - FF Wholetime	4,409	4,391	(18)	11,541	11,342	(199)
Employees - FF Retained	876	986	110	2,674	2,724	50
Employees - Control Room	277	261	(16)	728	682	(46)
Employees - Support Staff	1,227	1,270	43	2,944	3,083	139
USAR Team etc	118	63	(55)	710	710	0
Temporary Staff	20	49	29	47	116	69
	<b>6,927</b>	<b>7,020</b>	<b>93</b>	<b>18,644</b>	<b>18,657</b>	<b>13</b>
Firefighters Pensions	819	856	37	2,504	2,372	(132)
	<b>819</b>	<b>856</b>	<b>37</b>	<b>2,504</b>	<b>2,372</b>	<b>(132)</b>
Community Fire Safety	87	90	3	261	261	0
Other Service Delivery	17	40	23	50	50	0
	<b>104</b>	<b>130</b>	<b>26</b>	<b>311</b>	<b>311</b>	<b>0</b>
Performance Management	37	19	(18)	111	111	0
Marketing	18	18	0	53	53	0
Equality and Diversity	5	0	(5)	15	15	0
	<b>60</b>	<b>37</b>	<b>(23)</b>	<b>179</b>	<b>179</b>	<b>0</b>
Personnel and Medical	75	74	(1)	134	146	12
IPDS	15	5	(10)	45	45	0
Training	161	147	(14)	484	499	15
	<b>251</b>	<b>226</b>	<b>(25)</b>	<b>663</b>	<b>690</b>	<b>27</b>
Equipment Support/Supplies	289	314	25	868	868	0
Health and Safety	2	1	(1)	5	5	0
Fleet	149	171	22	448	448	0
ICT	275	345	70	728	728	0
Admin Services	65	71	6	194	177	(17)
HQ Catering	0	0	0	0	0	0
Corporate Events	0	0	0	0	0	0
Property Services	627	805	178	969	1,217	248
Water Support	20	18	(2)	59	59	0
FRA Costs	91	82	(9)	238	232	(6)
Insurances	0	0	0	293	293	0
	<b>1,518</b>	<b>1,807</b>	<b>289</b>	<b>3,802</b>	<b>4,027</b>	<b>225</b>
Finance SLAs and Audit Fees	17	0	(17)	114	114	0
Travel and Subsistence - FRS wide	27	37	10	60	60	0
Capital Financing	(20)	196	216	1,607	1,466	(141)
Other Employee Expenses	13	39	26	40	40	0
Other Corporate Costs	2	(5)	(7)	104	104	0
	<b>39</b>	<b>267</b>	<b>228</b>	<b>1,925</b>	<b>1,784</b>	<b>(141)</b>
Grants and Contributions	(69)	(23)	46	(869)	(869)	0
	<b>(69)</b>	<b>(23)</b>	<b>46</b>	<b>(869)</b>	<b>(869)</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>9,649</b>	<b>10,320</b>	<b>671</b>	<b>27,159</b>	<b>27,151</b>	<b>(8)</b>
<i>to/(from) Earmarked reserves</i>	0	0	0	(163)	(163)	0
<i>Planned Transfer to/(from) Balances</i>	0	0	0	65	65	0
<i>Un-planned Transfer to/(from) Balances</i>	0	0	0	0	8	8
<b>NET BUDGET REQUIREMENT</b>	<b>9,649</b>	<b>10,320</b>	<b>671</b>	<b>27,061</b>	<b>27,061</b>	<b>0</b>

**Hereford & Worcester Fire and Rescue Authority**  
**Capital Budget Monitoring 2006/07**

**Period 5 : August 2006**

	REVISED BUDGET 2006/07 £000	Expenditure to date 2006/07 £000	Remaining 2006/07 £000
<b>Vehicle Leasing</b>			
Replacing expiring leases - Vans	69	54	15
Replacing expiring leases - Cars	210	31	179
	<b>279</b>	<b>85</b>	<b>194</b>

	REVISED BUDGET 2006/07 £000	Expenditure to date 2006/07 £000	Remaining 2006/07 £000
<b>Vehicle Programme</b>			
Routine Replacements	1,025	161	864
Specialist Replacements	375	0	375
	<b>1,400</b>	<b>161</b>	<b>1,239</b>
FRAHQ - retentions	11	0	11
Workshop	800	0	800
IRMP - Station Improvement Provision	2,050	3	2,047
Property Projects (including DDA)	375	50	325
Other ICT Projects	235	63	172
Fireground Radios	51	38	13
VMDS	36	4	32
Document Management System	28	0	28
<b>Other Schemes</b>			
IRMP - Water Rescue Equipment	127	18	109
IRMP - PPA Equipment	50		50
<b>Annual Total</b>	<b>5,163</b>	<b>337</b>	<b>4,826</b>

## **6. 2007/08 BUDGET PREPARATION**

### **Purpose of Report**

1. To provide information on the 2007/08 budget preparation process.
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2. As part of the Medium Term Financial Strategy approved by the Authority, the projected budget requirement for 2007/08 is £28.123m.
  3. Based on the two year grant figure provided by the Department of Communities and Local Government in February 2006, (£10.384m) and a cautious projection of tax-back changes, this gives a Band D precept of £64.98.
  4. This figure represents an increase of 4.9% on the 2006/07 precept and is in accordance with the precept increase strategy incorporated with the approved Medium Term Financial Strategy.
  5. As reported in the Budget Monitoring Report elsewhere on this agenda, the lower than expected pay award and delays to the ambitious IRMP capital programme will have an impact on the 2007/08 budget requirement.
  6. Work continues on reviewing all aspects of the 2007/08 projection and details will be brought to the next Budget Committee.
  7. As in previous years, there is a timetable of Authority meetings and workshops established to discuss budget proposals:-  
  

06 Nov 2006	-	Members Budget Seminar
24 Nov 2006	-	Budget Committee – Initial expenditure proposals
14 Dec 2006	-	Fire and Rescue Authority
22 Jan 2007	-	Budget Committee
15 Feb 2007	-	Fire and Rescue Authority – Precept Setting

### **Background papers**

None