

WEST YORKSHIRE FIRE AND RESCUE AUTHORITY

MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON 18 NOVEMBER 2011 AT FIRE SERVICE HEADQUARTERS, BIRKENSHAW

Present: Councillors J Hughes (in the Chair), J Dodds (as substitute for Councillor M Khan), R Grahame, D Hall, P Harrand, D Hopkins, A McKenna, D Ridgway, B Smith and A Wallis

Apologies: Councillor M Khan

19 MINUTES OF THE LAST MEETING

RESOLVED

That the Minutes of the Committee at a meeting held on 16 September 2011 be signed by the Chair as a correct record.

20 URGENT ITEM

There were no urgent items for consideration at the meeting.

21 EXCLUSION OF THE PUBLIC – SECTION 100a, LOCAL GOVERNMENT ACT 1972

There were no items which required the exclusion of the public and press.

22 DISCLOSURES OF INTEREST

No declarations of interest were made in any matter under discussion at the meeting.

23 QUARTERLY FINANCIAL REVIEW

Consideration was given to a report of the Chief Finance officer which presented the latest financial forecast based on expenditure and income in the third quarter of the current financial year.

It was reported that there had been an increase in the underspend on the revenue account since the date of the last meeting due to the continuation of non-recruitment and this now stood at £1.16m. Capital financing charges were reported to be less than had been originally anticipated and planned for, due to the current low interest rates. Members were advised that, with the exception of the capital financing charges, the underspend was sustainable and would help with savings in future

years and it was reported that the forecast revenue balance at 31 March 2012 was £8.623m.

With regard to capital expenditure monitoring, Members were advised that a capital spend of £10m was anticipated in the current year and, whilst some £2m of schemes had slipped into the 2011 – 12 programme it was likely that some schemes would also slip out of the programme by the end of the year.

Members raised a number of issues related to the revenue and capital expenditure and specifically with regard to the increase in revenue income, the purchase of smart boards, impact of slippage and expenditure on Personal Protective Equipment (PPE).

It was further reported that the Authority had £52m in outstanding debt and, as a result of the positive cash flow, there had been no new temporary borrowing since the date of the last meeting. Members were advised that the reduction in long term borrowing of £3m was due to early repayment of temporary loans. It was anticipated that some funds would be locked into loans with advantageous interest rates in advance of planned expenditure thereby avoiding a predicted increase in interest rates in the future.

Members raised the issue of outstanding debtors and were advised that the Authority had not previously had problems collecting debts which was reflected in the fact that the accounts did not include provision for doubtful debts.

RESOLVED

- (i) That the report be noted;
- (ii) That the revised revenue budget be approved; and
- (iii) That approval be given to the revised capital plan.

24 TREASURY MANAGEMENT REVIEW – 6 MONTHLY REPORT

The Chief Finance Officer submitted a report which presented the Treasury management mid-year report 2011 / 12 covering the period 1 April – 30 September 2011.

It was reported that all treasury management activity undertaken during the period complied with the approved strategy, the CIPFA Code of Practice and the relevant legislative provisions and no changes to the Strategy were proposed for the remainder of the current financial year.

Members were further advised of the indicators the Authority used to measure treasury management risks as follows;

- interest rate exposures
- maturity structure of borrowing
- investments for periods longer than 364 days

The report included a précis of the impact the Eurozone crisis, coupled with the weakening economic outlook was having on Treasury Management activity.

RESOLVED

- (i) That the Treasury Management mid-year report 2011 / 12 be noted; and
- (ii) That the latest Treasury Management indicators be noted.

25 ISSUES AFFECTING MEDIUM-TERM FINANCIAL FORECAST FOR 2012 / 13 – 2015 / 16

Consideration was given to a report of the Chief Finance Officer which provided an overview of the issues facing the Authority in preparation for the 2012 / 13 revenue budget and medium term financial plan.

It was reported that in addition to the real cuts of 25% in funding over the spending review period the Authority was also facing additional expenditure pressures through

- loss of revenue support grant (10.53%)
- council tax freeze and capping criteria
- national pay awards
- capital financing costs for Integrated Risk Management Plan (IRMP) projects
- employer pension contributions
- general inflation

The report explained the negative impact that the one-year precept grant in 2012 / 13 would have on the longer term financial plan.

Members were advised that the best case based on an equal share of grant cuts would still leave the Authority facing a budget shortfall of £13m by 2014 / 15 on top of savings of £5.8m made in 2011 / 12. The impact of this being a long term budget deficit of £7.4m on top of any future savings through non-recruitment.

The report set out the measures that were being taken by management to address the long term financial problem.

RESOLVED

That the report be noted.

26 RESPONSE TO CONSULTATION ON LOCAL GOVERNMENT RESOURCE REVIEW – PROPOSAL FOR BUSINESS RATES RETENTION

Members considered a report of the Chief Finance Officer which presented the response submitted on behalf of the Authority (in consultation with the three political group leaders) in respect of the consultation on the Local Government Resources Review which had offered revised proposals for the distribution of non-domestic rates. The proposals had included giving local authorities the ability to retain any future growth.

Members were advised that a change in treatment of non-domestic rates may result in the freezing of the fire formula (used for the distribution of grants) which in turn would mean any future cuts in grant would be shared evenly by all fire authorities rather than perpetuating the existing imbalance between metropolitan and shire or combined authorities' funding.

RESOLVED

That the response be noted.

27 RESPONSE TO CONSUTLATION ON DISTRIBUTION OF CAPITAL GRANTS

The Chief Finance Officer submitted a report which provided details of the CLG consultation document on the Distribution of Capital Grants.

It was reported that a capital grant for the fire service of £270m had been announced by central government over 4 years. The consultation sought fire authorities' views on how the grant should be allocated. Detail of the response made in consultation with the three political group leaders on behalf of this Authority, was set out in the report now submitted.

RESOLVED

That the response be noted.

28 FAIRWEATHER GREEN – COST OF ABLUTION REFURBISHMENT

In response to a question raised at the April 2011 meeting of this Committee, the Director of Corporate Resources submitted a report which summarised the improvements and associated costs of the newly refurbished washing, toilet and shower facilities at Fairweather Green Fire Station.

RESOLVED

That the report be noted.

Chair