

<b>WYFRA</b>	<b>FINANCE AND RESOURCES COMMITTEE</b>	<b>21 SEPTEMBER 2012</b>	<b>ITEM NO  5</b>
--------------	--	--------------------------	---------------------------

**REPORT OF:** CHIEF FINANCE OFFICER

**PURPOSE OF REPORT:** TO PRESENT A QUARTERLY OVERVIEW OF THE FINANCIAL POSITION OF THE AUTHORITY.

**RECOMMENDATIONS:**

- (A) THAT MEMBERS NOTE THE CONTENT OF THE REPORT
- (B) APPROVE THE REVISED REVENUE BUDGET
- (C) APPROVE THE REVISED CAPITAL PLAN

---

#### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT DETAILS**

**EXEMPTION CATEGORY:** NONE

**ACCESS CONTACT OFFICER:** G. MAREN  
CHIEF FINANCE OFFICER  
TEL: 01274 655711  
[geoff.maren@westyorkfire.gov.uk](mailto:geoff.maren@westyorkfire.gov.uk)

**BACKGROUND PAPERS  
OPEN TO INSPECTION:**

#### **SUMMARY**

The purpose of this report is to present an overview of the financial performance of the authority of the second quarter of the current financial year. The report is split into four sections dealing with revenue expenditure, capital expenditure, treasury management and debtors and creditors.

## 1. **BACKGROUND**

The purpose of this report is to present an overview of the financial performance of the Authority of the second quarter of the current financial year. The report is split into four sections dealing with revenue expenditure, capital expenditure, treasury management and debtors and creditors, however for the duration of the scheme a separate section will be included monitoring progress on the Joint Control Project.

In addition to the quarterly report to the Finance and Resources Committee reports on revenue and capital expenditure are also prepared for management board, senior managers and cost centre managers to enable them to manage their individual budgets.

## **SECTION 1 REVENUE EXPENDITURE MONITORING**

### **1. INTRODUCTION**

Expenditure is monitored throughout the year against the approved revenue budget with reports being considered by each meeting of the Management Board and each meeting of the Finance and Resources Committee. The purpose of the report is to monitor progress against the approved revenue budget; provide an early forecast outturn for the financial year; provide an explanation of any major variations, and to show the impact of any variations on the revenue balances of the Authority.

This is the first report of the financial year and is based on expenditure for the first six months of the year. Forecasts are based on previous year's expenditure patterns; as the year progresses changes to the forecast will emerge.

### **2. REVENUE BUDGET REVISION**

When the revenue budget is approved an amount is included in contingencies for pay and price increases. During the course of the financial year the budget is revised to take account of allocations from this fund.

Business rates           £97,500

The forecast has identified an overspending on property as a result of the increase in business rates. It will be necessary to make an allocation from the contingency for pay and prices to reflect this increased charge.

### **3. EXPENDITURE MONITORING**

Members will be aware that this year represents the second year of the spending review with the Authority suffering a significant loss in revenue support grant and is anticipating further significant reductions in the next two years. The main strategy for delivering the required savings is the control of salaries expenditure through non recruitment and the control of overtime which is reflected in the early expenditure forecast.

The latest forecast indicates there will be an overall under spending of £1.06m in the current financial year. An analysis of the forecast spend is shown in appendix 1 with an explanation of the major variations provided below.

	<b>FORECAST</b>	<b>APPROVED BUDGET</b>	<b>VARIANCE</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wholetime firefighters	£56,001	£56,957	-£956
Retained fire fighters	£1,805	£2,058	-£253
Support staff	£9,901	£9,693	+£477
Premises costs	£3,010	£2,920	+£90
Transport costs	£2,364	£2,225	-£139

**3.2 Wholetime Fire fighters -£956,000**

The early indications are that there will be an under spending of £0.956m on fire-fighters salaries. This is as a result of low expenditure on overtime and an increase in the number of leavers in advance of the retirement profile.

**3.3 Retained Fire fighters -£253,000**

We are currently forecasting a significant under spending on retained pay which is a result of lower than budgeted activity in the first part of the year. As the majority of the expenditure is activity driven it is likely that this forecast will change as the year progresses.

**3.4 Support staff +£477,000**

Overall we are currently projecting an under spending of £0.4m on support staff in the current financial year. However the Authority will make payments of £1.4m in the form of voluntary severance payments in October which will result in a further reduction in salary payments. It is forecast that these three factors will result in an overall overspend of £0.477m

**3.5 Premises Costs +£90,000**

As mentioned in the section on contingency this is a result of the increase in the cost of business rates.

**3.6 Transport Costs -£139,000**

This is a combination of under spending on Vehicle leasing costs, spare parts and public transport.

**4. IMPACT ON REVENUE BALANCES**

Description	General Reserve
Balance at 1 April 2012	£8.414 m
Impact of forecast	+£1.06m
Forecast balance at 31/3/2013	£9.420m

## **SECTION 2 CAPITAL EXPENDITURE MONITORING**

### **INTRODUCTION**

At its meeting on 16 February 2012, the Authority approved a three year capital programme of £28.46m which included schemes to the value of £11.586m for the current financial year.

#### **1 SCHEMES SLIPPED BETWEEN FINANCIAL YEARS AND CAPITAL VIREMENT**

The nature of major capital schemes means that expenditure often straddles a number of financial years, particularly the case in major building schemes and the development of major information systems. As part of the expenditure monitoring process, schemes totalling £1.93m which were not completed in 2011/2012, have been added to the 2012/2013 capital plan increasing it to £13.495m. This plan has now been further revised to take account of schemes that will not now be completed in year reducing the total cost of the capital plan to £12.548m.

At the Authority AGM in 2010 the Management Board was given delegated power to approve individual virement between capital schemes of up to £100,000. Details of any approvals will be reported to committee throughout the year as part of this report.

In addition to the original approved capital plan the Authority has received a capital grant of £3.6m for the joint procurement of a replacement control system with South Yorkshire FRA. The Executive Committee has given approval for inclusion of this scheme within the financial plan and reports on progress will be included within this report at all future meetings.

#### **2 CAPITAL PAYMENTS 2012/2013**

The actual capital payments to date total £1.803m most of which is on schemes which commenced in the previous financial year. Details of expenditure on individual schemes are included in Appendix 3.

#### **3 APPROVALS UNDER FINANCIAL PROCEDURE 3.11**

Under financial procedures 3.11 the Management Board can approve expenditure on schemes in the approved capital plan up to an amount of £100,000. This approval is subject to approvals being reported to the Finance and Resources Committee. Details of schemes approved by the Management Board are attached in Appendix 2.

## **SECTION 3 TREASURY MANAGEMENT**

### **TREASURY MANAGEMENT**

At its meeting on 16 February the Authority approved a treasury management strategy as part of the overall Revenue Budget and Capital Planning process. This strategy sets out how the Authority will deal with its cash flows arising from the capital investment plan and revenue budget. The strategy sets out both the Borrowing Strategy and Investment Strategy that the Authority will follow for the period. At subsequent meetings there will be a comparison of activity against the treasury management strategy, including a detailed half yearly report. A comparison of performance against the key prudential indicators is provided in the appendix at the end of this report.

#### **3.1 OVERALL ECONOMIC POSITION**

##### **Outlook for the economy and interest rates**

The Bank of England's Monetary Policy Committee has continued to maintain base rate at 0.5% and also to use quantitative easing to try and stimulate the economy into growth. Overall, the economic situation is little changed with uncertainty surrounding potential European bail-outs continuing to impact on the UK. As the year progresses there may be more under-spending on capital financing charges as a result of the continuing low rates of interest available on both existing variable rate loans and any new fixed rate borrowing the authority takes.

#### **3.2 BORROWING**

The latest cash flow forecast indicates that the Authority will not need to take any new long term loans before the end of the calendar year and possibly not before the end of the financial year dependent upon performance delivering the capital plan.

As part of the treasury management strategy it was approved that the Authority would reduce external investment by using balances to reduce borrowing. In the current year the Authority has two sources of cash which can be used to reduce borrowing:-

Revenue balances – The Authority has revenue balances of £8.4m at the beginning of the financial year.

Pension Grant – the Authority received a grant of £20m in July to fund the annual cost of Fire Fighter pensions which will be paid during the year.

If the Authority does need to borrow to fund cash flow this will be done using short term loans which currently offer best value. As a result the long term loans outstanding total £56.272m a reduction of £0.08m on the balance at 1 April 2012.

#### **3.3 INVESTMENTS**

The final part of this section of the report deals with the Authority's investment strategy. In general the Authority will only invest funds for the following reasons:-

1. to facilitate day to day cash flow variations
2. to temporarily invest funds which have been borrowed from capital purposes in advance of interest rate increases
3. to invest internal funds (e.g. revenue balances) when it is deemed more prudent to do so rather than using them to reduce borrowing.

However, in the current economic climate, the Authority is limiting investment and using internal balances to reduce borrowing wherever possible. The Authority's Treasury Management Strategy has set limits on the amount that can be invested in single institutions so as to spread the risk, the exception to this being the Government's debt management organisation which is unlimited as it is seen as being risk free. This explains the analysis of current investments shown in the table below and why the larger investments are in the institution which is paying the lowest interest rate.

### **Investments as at 31 August 2012**

<b>Counterparty</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Amount £000s</b>
Bank of Scotland	0.75%	Deposit account	1,479
DMO	0.25%	13/09/2012	3,600
	0.25%	10/09/2012	3,400
	0.25%	21/09/2012	1,500
	0.25%	01/10/2012	3,000
	0.25%	08/10/2012	3,000
Handelsbanken	0.70%	Deposit account	1,000
Aviva Sterling Liquidity Fund	0.45%	Money market fund	1,481
Gouldmann Sachs Liquidity fund	0.55%	Money market fund	1,488
<b>Total</b>			19,948

#### **Government DMO**

As can be seen from the above list, the Authority has significant funds invested with DMO, the Government's deposit facility. Whilst returns are poor, the facility is obviously free of risk and has the advantage that the authority is able to specify more easily maturity dates to coincide with dates on which large payments, for example salaries, are to be made. One of the investments with DMO (£3.6m) is a specific amount representing a grant received towards the joint control centre scheme.

#### **The Bank of Scotland**

This account is held primarily for liquidity purposes – the account offers instant access and is useful for the withdrawal of funds when the Authority is unable to find monies to borrow on a particular day, but also offers a good level of security.

#### **Money market Funds**

The deposits in the money market funds form part of overall funds of £6.1 billion for Aviva and £6.2 billion for Goldman Sachs that invest mainly in AA and AAA rated financial institutions and companies. Both companies have stressed that their current policy is to maximise income whilst protecting principal and liquidity.

#### **Svenska Handelsbanken**

A new deposit facility has recently been opened with Svenska Handelsbanken, a AA rated Swedish bank. Not only is the bank rated AA but Sweden's sovereign rating is also AAA.

## SECTION 4 JOINT CONTROL PROJECT.

The Authority has received a grant of £3.6m to fund the procurement of a replacement control centre for South and West Yorkshire Fire Authorities. Whilst separate governance arrangements for the joint control of the project have been agreed, it is appropriate to report on progress to each meeting of the Finance and Resources Committee. Future reports will provide details of progress on the scheme along with detailed monitoring of capital expenditure. The Authority's Executive Committee provided scheme approval on 30 May 2012, however as there has not yet been any expenditure incurred

To date approval has been given by the project board for expenditure totalling £1.016m although none of this has actually been spent. The table below summarises approvals, commitments and expenditure.

Type of expenditure	Approvals			Commitment	Payments
	West Yorkshire	South Yorkshire	Total		
San H radio systems	£156,139	£156,139	£312,278	£312,278	
Uninterrupted power supply		£80,000	£80,000		
IT PSN compliance		£14,000	£14,000		
IT PSN compliance	£29,899		£29,899		
Server room	£312,000		£312,000		
Mobile data terminals		£148,500	£148,500	£148,500	
Ground based network	£66,072	£53,403	£119,475		
	<b>£564,110</b>	<b>£452,042</b>	<b>£1,016,152</b>	<b>£460,778</b>	<b>£0</b>



## **SECTION 5 DEBTORS AND CREDITORS**

The final section of the report deals with the payment of creditors and collection of income from debtors.

### **1. Payment of Invoices**

The prompt payment of invoices is set down in Best Value legislation and as such the Authority is measured on the payment of invoices by a performance indicator. The Authority is required to pay all undisputed invoices within 30 days of receipt, if not suppliers are within their rights to charge the Authority interest on outstanding bills.

The target for the prompt payment of invoices set by central government for 2012/13 is 100%. In the first six months 97.43% of invoices have been paid within 30days.

### **2. Outstanding Debt**

The Authority receives income for services provided, these include special services, training courses, fire safety certificates, licences for telecom masts on premises. In most cases because of the type of service provided it is not possible to raise a charge in advance of the service and as a consequence debtor accounts are raised.

The level of outstanding debt owed to the Authority to the 31 August 2012 is £91,136 this can be profiled as follows:

Less than 60 days - £ 59,773  
Greater than 60 days - £ 31,363

The procedure for issuing accounts and debt collection is provided by Kirklees Council under a Service Level Agreement. A summary of the procedure for collecting outstanding debt is detailed below:

21 days first reminder letter  
28 days second reminder letter  
35 days instigation of debt recovery system

As detailed above, there is currently £31,363 of debt which is at the recovery stage.

**2012/2013 REVENUE EXPENDITURE MONITORING**  
**SEPTEMBER 2012**

EXPENDITURE	PAYMENTS	EXPEND	APPROVED	VIREMENT	REVISED	FORECAST
	TO DATE	FORECAST	BUDGET		BUDGET	VARIANCE
	£000	£000	£000		£000	£000
Wholtime firefighters	£23,101	£56,001	£56,957		£56,957	-£956
Retained firefighters	£658	£1,805	£2,058		£2,058	-£253
Firefighters pensions	£475	£1,500	£1,482		£1,482	£18
Brigade control	£712	£1,798	£1,821		£1,821	-£23
Support staff	£3,685	£10,170	£9,693	£0	£9,693	£477
Other employee expenses	£195	£667	£667	£0	£667	£0
Premises expenses	£575	£3,010	£2,920	£0	£2,920	£90
Transport costs	£736	£2,225	£2,364		£2,364	-£139
Supplies and services	£1,640	£4,284	£4,326	£0	£4,326	-£42
Insurance	£743	£743	£743		£743	£0
Lead authority charges		£288	£288		£288	£0
Capital financing charges		£7,128	£7,207		£7,207	-£79
Provision for pay & prices		£1,446	£1,446	£0	£1,446	£0
<b>Total Expenditure</b>		<b>£91,065</b>	<b>£91,972</b>	<b>£0</b>	<b>£91,972</b>	<b>-£907</b>
Grants	£386	£1,404	£1,404		£1,343	£61
Other Income	£874	£1,404	£1,313		£1,313	£91
<b>Total Income</b>		<b>£2,808</b>	<b>£2,717</b>	<b>£0</b>	<b>£2,656</b>	<b>£152</b>
<b>Net expenditure</b>		<b>£88,257</b>	<b>£89,255</b>	<b>£0</b>	<b>£89,316</b>	<b>-£1,059</b>

**Management Board Approvals under financial procedures 3.11  
June and August**

Description	Amount
<b>August 2012</b>	
Replacement lay flat hose	£80,000

CAPITAL BUDGET MONITORING 2012/13						
SUMMARY						
Directorate	Original Capital Plan	Expenditure Approvals	Virement/Slippage	Revised Capital Plan	Expenditure 2012/13	Balance Uncommitted
Property services	£685,000	£550,000	£192,000	£877,000	£191,040	£685,960
IRMP	£5,175,000	£1,540,000	£627,700	£5,802,700	£702,168	£5,100,532
Information technology	£725,000	£480,000	£0	£725,000	£189,189	£535,811
Transport	£928,000	£958,000	-£17,700	£910,300	£371,683	£538,617
Operations	£3,433,000	£1,523,000	£100,200	£3,533,200	£153,000	£3,380,200
Fire Safety & Community Relations	£700,000	£700,000	£0	£700,000	£196,503	£503,497
	<b>£11,646,000</b>	<b>£5,751,000</b>	<b>£902,200</b>	<b>£12,548,200</b>	<b>£1,803,583</b>	<b>£10,744,617</b>

**CORPORATE RESOURCES  
PROPERTY**

Details of Scheme	Original Capital Plan	Expenditure Approvals	Virement/Slippage	Revised Capital Plan	TOTAL EXPT	Balance Uncommitted
<b>Oakroyd Hall</b>						
Phased major refurbishment - conference room	£50,000		-£50,000	£0	£0	£0
<b>Training Centre</b>						
Asbestos removal and major environmental improvements	£50,000	£50,000		£50,000	£670	£49,330
MPTC - replacement of electrical and emergency back up safety systems and fabric repairs	£80,000	£80,000		£80,000	£1,760	£78,241
Replacement of roof to old gym building	£60,000	£60,000		£60,000	£0	£60,000
Training Centre and main block - external refurbishment	£0	£0	£27,000	£27,000	£1,295	£25,705
<b>Fire Stations</b>						
Moortown - installation of a diesel tank drainage interceptor and refuelling pad	£30,000	£30,000		£30,000	£1,500	£28,500
Slaitwaite - replacement roof & internal refurbishment	£25,000			£25,000	£0	£25,000
Fairweather Green - replacement of heating system & internal fabric upgrade	£85,000	£85,000		£85,000	£0	£85,000
<b>General Strategic Refurbishments</b>						
Phased strategic refurbishment of vehicle pits	£15,000	£15,000		£15,000	£0	£15,000
Health & Safety improvements	£40,000	£40,000		£40,000	£7,459	£32,541
Electrical, heating and other services equipment replacement	£50,000	£50,000		£50,000	£8,161	£41,839
Lightening and power surge protection	£30,000			£30,000	£0	£30,000
Asbestos management & removal	£20,000	£20,000		£20,000	£2,590	£17,410
DDA access improvements	£10,000			£10,000	£0	£10,000
Internal fabric refurbishment	£30,000	£30,000		£30,000	£2,158	£27,842
Upgrading of appliance bay doors	£10,000			£10,000	£0	£10,000
External fabric refurbishments	£20,000	£20,000		£20,000	£5,363	£14,637
Tarmac and surface to drill ground replacement	£30,000	£30,000		£30,000	£10,151	£19,849
Kitchen refurbishments	£10,000			£10,000	£0	£10,000
Access control & security improvements	£40,000	£40,000		£40,000	£9,795	£30,205
<b>TOTAL CAPITAL PLAN 2012/13</b>	<b>£685,000</b>	<b>£550,000</b>	<b>-£23,000</b>	<b>£662,000</b>	<b>£50,901</b>	<b>£611,099</b>
<b>Refurbishment Programme</b>						
FSHQ Whitehall Road Access			£4,000	£4,000	£1,500	£2,500
Breathing Apparatus building extension for kit storage, change & shower facilities		£0	£41,000	£41,000	£37,537	£3,463
Strategic Corporate development		£0	£9,000	£9,000	£9,000	£0
Strategic Major Refurb Rothwell & Brighouse Fire Stations		£0	£8,000	£8,000	£8,000	£0
Phased programme Ablution Refurb inc FWG		£0	£4,000	£4,000	£2,880	£1,120
Hunslet Refurbishment		£0	£40,000	£40,000	£11,996	£28,004
Oakroyd Hall Major refurbishment		£0	£12,000	£12,000	£0	£12,000
Emergency electrical back up power supply systems		£0	£14,000	£14,000	£3,770	£10,230
Illingworth Environmental improvement & DDA		£0	£2,000	£2,000	£1,000	£1,000
Phased programme of washing & welfare refurbishments - Odsal & Cleckheaton		£0	£9,000	£9,000	£0	£9,000
Upgrading of defective heating systems - Moortown, FWG, Bingley & Odsal		£0	£5,000	£5,000	£1,455	£3,545
Replacement of tarmac & surfaces		£0	£2,000	£2,000	£2,000	£0
Health & Safety Improvements		£0	£14,000	£14,000	£14,000	£0
Improvements to electrical, heating, legionella prevention, appliance bay battery chargers		£0	£23,000	£23,000	£23,000	£0
Training facility & training tower refurbishments		£0	£14,000	£14,000	£14,000	£0
DDA access improvements		£0	£4,000	£4,000	£0	£4,000
Security System Installations		£0	£10,000	£10,000	£10,000	£0
<b>TOTAL SLIPPAGE</b>		<b>£0</b>	<b>£211,000</b>	<b>£211,000</b>	<b>£138,639</b>	<b>£72,361</b>
<b>TOTAL CAPITAL INCLUDING SLIPPED SCHEMES</b>	<b>£685,000</b>	<b>£550,000</b>	<b>£192,000</b>	<b>£877,000</b>	<b>£191,040</b>	<b>£685,960</b>

CAPITAL BUDGET MONITORING 2012/13						
IRMP						
Details of Scheme	Original Capital Plan	Expenditure Approvals	Virement/ Slippage	Revised Capital Plan	TOTAL EXPT	Budget Remaining
<b>LAND PURCHASE</b>						
South Kirkby	£200,000	£200,000		£200,000	£15,347	£184,653
Rastrick	£500,000	£500,000		£500,000	£16,231	£483,769
Menston	£600,000			£600,000	£0	£600,000
Killingbeck	£800,000			£800,000	£0	£800,000
Batley Carr	£800,000			£800,000	£0	£800,000
<b>CLOSE CALL</b>						
Rothwell close call land	£80,000			£80,000	£0	£80,000
Rothwell close call block	£350,000			£350,000	£1,340	£348,660
Castleford close call block	£350,000			£350,000	£11,988	£338,012
Castleford close call refurbishment	£600,000			£600,000	£124,388	£475,612
<b>VEHICLES</b>						
Fire Response Unit	£0		£54,200	£54,200	£39,856	£14,344
Fire Response Unit	£55,000			£55,000	£0	£55,000
Bradford CARP	£0		£274,500	£274,500	£151,945	£122,555
Huddersfield CARP	£640,000	£640,000	-£100,000	£540,000	£114,912	£425,088
<b>SLIPPED SCHEMES</b>						
Pontefract Firestation New Build			£260,000	£260,000	£126,315	£133,685
Normanton Fire Station New Build			£129,000	£129,000	£91,772	£37,228
Normanton close call house	£200,000	£200,000	£10,000	£210,000	£8,073	£201,927
<b>TOTAL CAPITAL PLAN 2011/12</b>	<b>£5,175,000</b>	<b>£1,540,000</b>	<b>£627,700</b>	<b>£5,802,700</b>	<b>£702,168</b>	<b>£5,100,532</b>

CAPITAL BUDGET MONITORING 2012/13						
OPERATIONS						
Details of Scheme	Original Capital Plan	Expenditure Approvals	Virement/ Slippage	Revised Capital Plan	TOTAL EXPT	Balance Uncommitted
High pressure air mats	£70,000	£70,000		£70,000	£0	£70,000
BA Equipment	£940,000			£940,000	£0	£940,000
Lay flat hose	£100,000			£100,000	£0	£100,000
PPV fans	£26,000	£26,000		£26,000	£0	£26,000
Line rescue equipment	£25,000	£25,000		£25,000	£9,065	£15,935
Ultra lightweight portable pumps	£12,000	£12,000		£12,000	-£1,521	£13,521
Water rescue equipment	£15,000	£15,000		£15,000	£4,865	£10,135
PPE	£900,000	£900,000		£900,000	£0	£900,000
Hydrants	£450,000	£450,000		£450,000	£53,679	£396,321
Ladder replacements	£45,000	£45,000		£45,000	£51,069	-£6,069
Replacement control project - Premises	£550,000	£50,000		£550,000	£14,662	£535,338
Replacement control project - Contingency	£300,000	£0		£300,000		£300,000
<b>TOTAL CAPITAL PLAN 2012/13</b>	<b>£3,433,000</b>	<b>£1,523,000</b>	<b>£0</b>	<b>£3,433,000</b>	<b>£131,819</b>	<b>£3,301,181</b>
Command Units ICT Provision and Upgrade	£0		£91,500	£91,500	£15,200	£76,300
Water Rescue Equipment	£0		£8,700	£8,700	£5,981	£2,719
<b>TOTAL SLIPPAGE</b>	<b>£0</b>	<b>£0</b>	<b>£100,200</b>	<b>£100,200</b>	<b>£21,181</b>	<b>£79,019</b>
<b>TOTAL CAPITAL INCLUDING SLIPPED SCHEMES</b>	<b>£3,433,000</b>	<b>£1,523,000</b>	<b>£100,200</b>	<b>£3,533,200</b>	<b>£153,000</b>	<b>£3,380,200</b>

**CAPITAL BUDGET MONITORING 2012/13**

**CORPORATE RESOURCES**

**IT**

<b>Details of Scheme</b>	<b>Original Capital Plan</b>	<b>Expenditure Approvals</b>	<b>Virement/ Slippage</b>	<b>Revised Capital Plan</b>	<b>TOTAL EXPT</b>	<b>Balance Uncommitted</b>
Computer hardware	£80,000			£80,000	£0	£80,000
Human resources data base upgrade	£50,000	£50,000		£50,000	£4,050	£45,950
Software licences	£250,000	£250,000		£250,000	£130,988	£119,012
Wireless networks	£20,000			£20,000	£0	£20,000
Replacement servers	£90,000	£90,000		£90,000	£4,832	£85,168
Networking hardware	£50,000	£50,000		£50,000	£36,875	£13,125
Business continuity	£50,000			£50,000	£0	£50,000
Mobile computing	£40,000	£40,000		£40,000	£9,361	£30,639
Technicians tools	£15,000			£15,000	£0	£15,000
Computer hardware - secure internet	£80,000			£80,000	£0	£80,000
<b>TOTAL CAPITAL PLAN 2011/12</b>	<b>£725,000</b>	<b>£480,000</b>	<b>£0</b>	<b>£725,000</b>	<b>£186,106</b>	<b>£538,894</b>
Replacement PC Equipment	£0			£0	£3,083	£-3,083
Networking Hardware	£0			£0	£0	£0
Mobile Computing / Home Working	£0			£0	£0	£0
	£0	£0	£0	£0	£3,083	£-3,083
<b>TOTAL CAPITAL INCLUDING SLIPPED SCHEMES</b>	<b>£725,000</b>	<b>£480,000</b>	<b>£0</b>	<b>£725,000</b>	<b>£189,189</b>	<b>£535,811</b>

**CAPITAL BUDGET MONITORING 2012/13**

**CORPORATE RESOURCES**

**TRANSPORT**

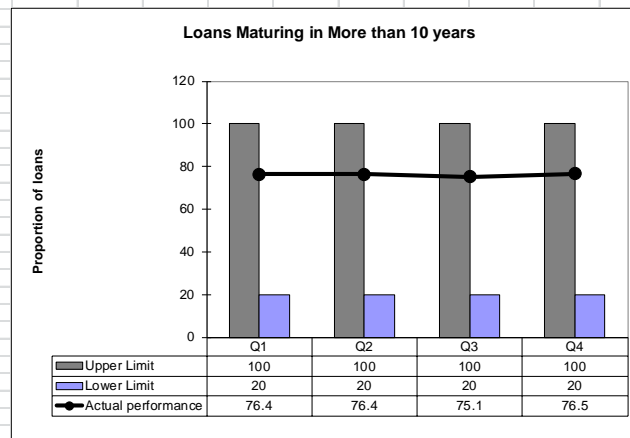
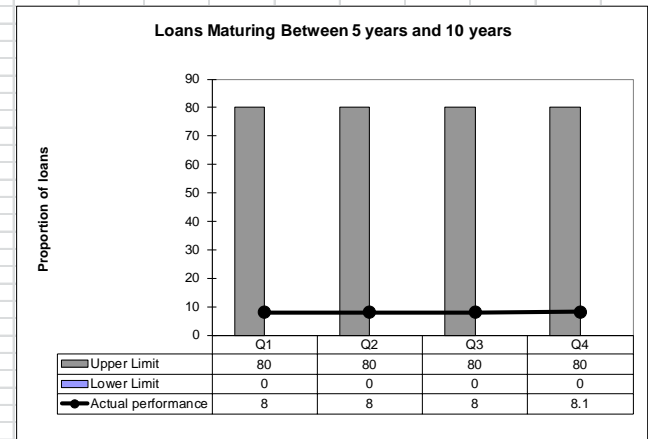
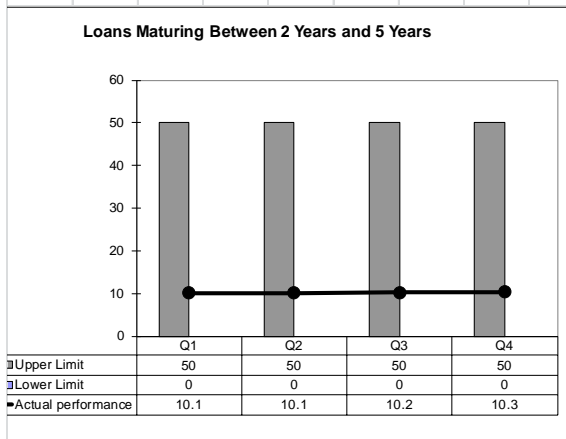
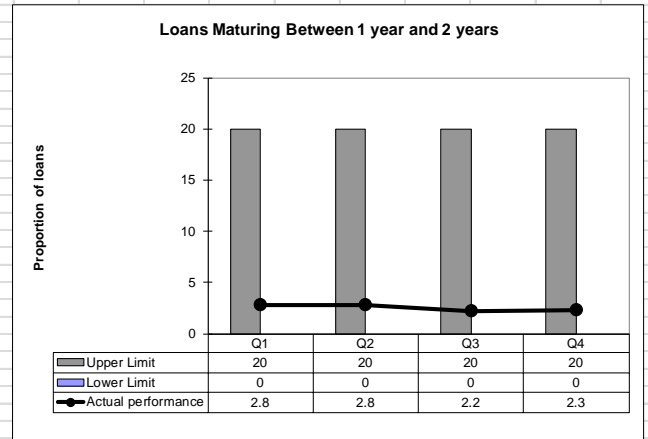
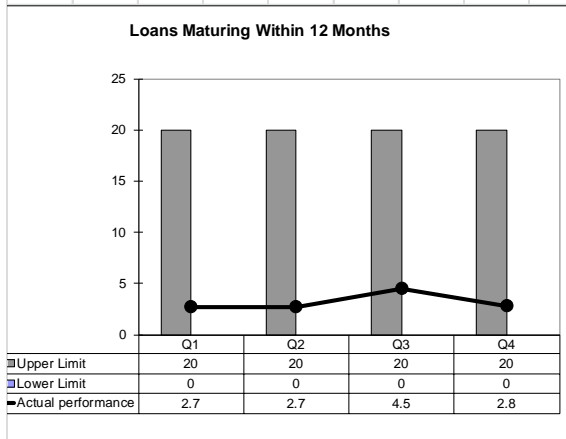
<b>Details of Scheme</b>	<b>Original Capital Plan</b>	<b>Expenditure Approvals</b>	<b>Virement/ Slippage</b>	<b>Revised Capital Plan</b>	<b>TOTAL EXPT</b>	<b>Balance Uncommitted</b>
Vehicle replacement (Appliances * 5)	£938,000	£938,000	£-30,000	£908,000	£359,645	£548,355
Traffic management system	£20,000	£20,000		£20,000	£0	£20,000
<b>TOTAL CAPITAL PLAN 2011/12</b>	<b>£958,000</b>	<b>£958,000</b>	<b>£-30,000</b>	<b>£928,000</b>	<b>£359,645</b>	<b>£568,355</b>
Vehicle Replacements	£0	£0	£0	£0	£3,885	£-3,885
Traffic Management System	£0	£0	£12,300	£12,300	£8,153	£4,147
	£0	£0	£12,300	£12,300	£12,038	£262
	0			0		£0
<b>TOTAL CAPITAL INCLUDING SLIPPED SCHEMES</b>	<b>£958,000</b>	<b>£958,000</b>	<b>£-17,700</b>	<b>£940,300</b>	<b>£371,683</b>	<b>£568,617</b>

**CAPITAL BUDGET MONITORING 2012/13**

**FIRE SAFETY**

<b>Details of Scheme</b>	<b>Original Capital Plan</b>	<b>Expenditure Approvals</b>	<b>Virement/ Slippage</b>	<b>Revised Capital Plan</b>	<b>TOTAL EXPT</b>	<b>Balance Uncommitted</b>
Home Fire Safety Checks	£700,000	£700,000	£0	£700,000	£196,503	£503,497
<b>TOTAL CAPITAL INCLUDING SLIPPED SCHEMES</b>	<b>£700,000</b>	<b>£700,000</b>	<b>£0</b>	<b>£700,000</b>	<b>£196,503</b>	<b>£503,497</b>

TREASURY MANAGEMENT PERFORMANCE INDICATORS  
LOAN MATURITY

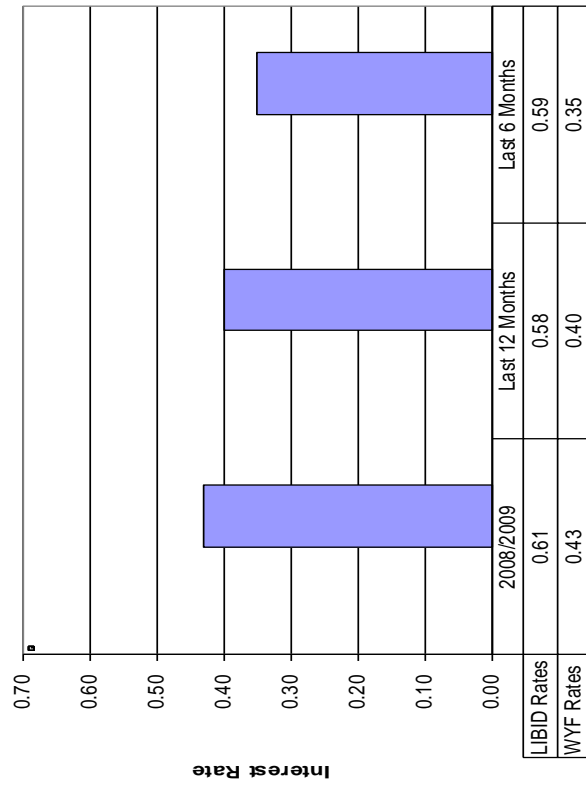




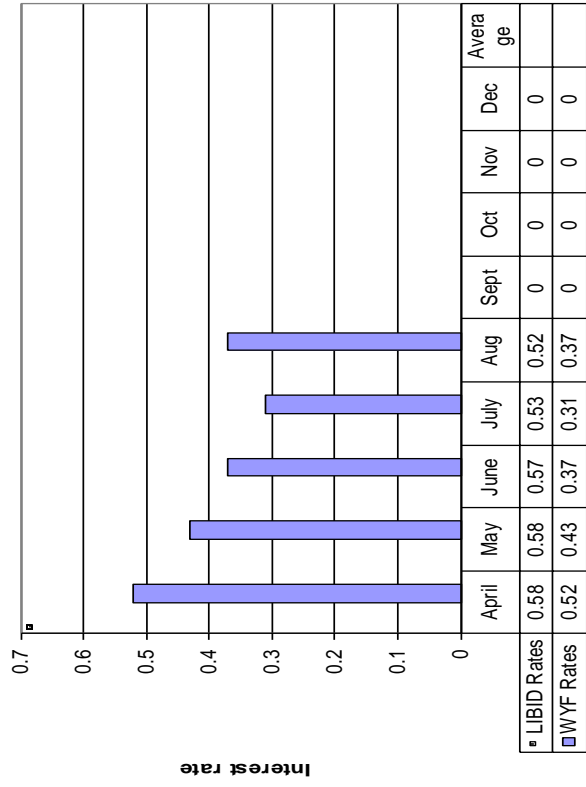
TREASURY MANAGEMENT PERFORMANCE INDICATORS

INVESTMENTS

Temporary Investments



Monthly Investment Performance



<b>WYFRA</b>	<b>FINANCE AND RESOURCES COMMITTEE</b>	<b>21 SEPTEMBER 2012</b>	<b>ITEM NO  6</b>
--------------	--	--------------------------	---------------------------

**REPORT OF:** Director of Strategic Development

**PURPOSE OF REPORT:** To seek approval for the marketing and sale of land and building assets following the approval of the Integrated Risk Management Action Plan (IRMP) in December 2011.

**RECOMMENDATIONS:** That Members approve the marketing of the surplus land and property as detailed in this report.

#### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT DETAILS**

**EXEMPTION CATEGORY:** N/A

**ACCESS CONTACT OFFICER:** Noel Rodriguez

#### **BACKGROUND PAPERS**

**OPEN TO INSPECTION:** IRMP December 2011 - Item 14  
Full Authority Committee – 16<sup>th</sup> December 2011

**ANNEXES:**

#### **SUMMARY**

Following the approval of the IRMP Action Plan proposals in December 2011, West Yorkshire Fire and Rescue Authority (WYFRA) will have ten fire station sites and one piece of land surplus to requirements. Capital receipts from the sale of these assets will support the long term financial strategy and help minimise future borrowing. The marketing of these assets can commence with immediate effect and the actual sale of assets would take place within an appropriate time frame aligned to the opening of new fire stations.

## 1. BACKGROUND

1.1. In 2010/11, a fundamental review of emergency fire cover across West Yorkshire was commenced. The outcome of the first phase of this review was reported to Members at a Meeting of the Authority in September 2011; a 12 week period of public consultation commenced on a range of proposals to close and merge fire stations. In December 2011, following the consultation period, Members approved the merger of ten fire stations, with five new fire stations to be built in optimum locations to provide the best emergency cover. This will result in the closure of ten fire stations. This is the first phase of implementation of the findings of the emergency cover review for West Yorkshire, which requires significant capital investment.

## 2. INFORMATION

2.1. Negotiations regarding the acquisition of land to accommodate the five new fire stations are now at an advanced stage and suitable sites have been identified in the following areas:

- Rastrick
- Menston
- Dewsbury
- Killingbeck
- South Kirkby

2.2. When the new fire stations are operational, disposal of the ten current sites will need to take place and the early marketing of these sites for sale is most likely to generate the best return. In addition to the ten sites that will be surplus to requirements following construction of the five new stations above, a further piece of land in the Castleford area is also now surplus to requirements. This piece of land was purchased as part of a previous proposal to re-site Castleford fire station. Following the emergency cover review in 2010/11, this fire station is no longer necessary.

2.3. The current property market is described as being stagnant; however prime development land is still being sought. WYFRA has utilised the chartered surveyors, Walker Singleton, to provide an estimated alternative use valuation of the ten fire station sites and the land in Castleford.

2.4. The available sites will be :- Sounth Elmsall, Hemsworth, Brighouse, Elland, Rawdon, Otley, Gipton, Stanks, Dewsbury, Batley and 'Gillatts Quarry Airdale Castleford'.

2.5. The sale of these assets can take place as and when appropriate, dependant on progress with land acquisition and the construction of new fire stations. There is potential for prospective purchasers to negotiate an option to buy fire station sites at an agreed price prior to the fire station closing, with ownership transferring when the new fire station(s) are operational.

2.6. Should a particular site attract favourable interest and a higher than anticipated market price be offered for quicker occupation, this could influence the order in which fire stations are closed and merged. Early marketing will give an indication of interest and will assist in the planning process. The land in Castleford is currently

not being used and the marketing and sale of this land can take place with immediate effect.

### **3. LEGAL IMPLICATIONS**

- 3.1. The Authority is empowered under the Local Government Act 1972 to dispose of land in any manner it wishes, the only constraint being that the disposal must be for the best consideration reasonably obtainable unless the Secretary of State consents to an undervalue sale (limited general authorisation to sell at undervalue for certain purposes is set out in CLG Circular 06/1993 but it is not intended to seek such authorisation in the case of any of these proposed disposals).
- 3.2. Recently enacted Regulations made under the Localism Act 2011 oblige District Councils to create Registers of publicly owned assets of community value and give community groups the right to trigger a process under which they can bid for such assets but they would still have to pay the full market price absent a decision to apply the undervalue rules in authorised cases. If this process was to be invoked it could slow down the disposal process. However fire station assets owned by this Authority are not currently considered to be within the statutory definition of community value assets to which the rules apply since they are not (excepting any ancillary use which does not count for this purpose) used for social welfare or social interest purposes.

### **4. FINANCIAL IMPLICATIONS**

- 4.1. It is anticipated that the sale of this land will ultimately generate capital receipts in the region of £2.5m, although this will depend upon demand and the state of the market at the time of disposal.
- 4.2. The Authorities medium term financial plan is dependant upon major capital investment to deliver long term revenue savings. The income from the sale of surplus land will be used either to fund new build or to repay existing debt thus reducing on-going borrowing costs.

### **5. EQUALITY AND DIVERSITY IMPLICATIONS**

- 5.1. There are no equality and diversity implications arising from this report.

### **6. HEALTH AND SAFETY IMPLICATIONS**

- 6.1. Once an existing site becomes vacant, the quick sale and disposal of the site will reduce the risk to the Authority as there is potential for Health and Safety issues arising from an unoccupied site.

### **7. SERVICE PLAN LINKS**

- 7.1. WYFRA priorities in the Service Plan include *'providing effective and ethical governance and achieve value for money in managing resources'*. To do this the Authority will provide appropriate and high quality buildings, vehicles and equipment to ensure operational effectiveness, and be environmentally sound.
- 7.2. The Action Plan for 2012/13 includes the acquisition of suitable land sites at Rastrick, Menston, Dewsbury, Killingbeck and South Kirkby and the ten fire station sites will be surplus to requirements following implementation of this action.

## **8. CONCLUSIONS**

- 8.1. Following the approval of the IRMP Action Plan in December 2011, a number of fire station sites will become surplus to requirements and can be sold. The Capital receipts from the sale of these sites will reduce borrowing.
- 8.2. The marketing of these assets can take place prior to the purchase of new sites and full planning permission being granted. There is potential that prospective buyers may wish to take up an 'option to buy' to guarantee them taking ownership of a site or sites at an agreed price when a fire station(s) closes.

<b>WYFRA</b>	<b>FINANCE AND RESOURCES COMMITTEE</b>	<b>21 September 2012</b>	<b>ITEM No  7</b>
--------------	--	--------------------------	---------------------------

**REPORT OF:** CHIEF FINANCE OFFICER

**PURPOSE OF REPORT:** TO PRESENT AN UPDATE ON THE  
TECHNICAL CONSULTATION ON BUSINESS  
RATES RETENTION

**RECOMMENDATIONS:** THAT THE AUTHORITY NOTE THE  
CONTENTS OF THE REPORT

---

**EXEMPTION CATEGORY:** NIL

**ACCESS CONTACT OFFICER:** Geoff Maren  
Tel: 01274 655711  
[geoff.maren@westyorksfire.gov.uk](mailto:geoff.maren@westyorksfire.gov.uk)

**BACKGROUND PAPERS OPEN TO INSPECTION:**

DCLG Technical Consultation Business Rates Retention.

**SUMMARY**

The Government issued a consultation paper on the Business Rates Retention to fire and rescue authorities in July 2012 requiring response by 21 September 2012. This report provides an outline of the issues facing the Authority to be supported by a verbal update at the committee.

## 1 BACKGROUND

- 1.1 The government have issued a consultation paper on the Retention of Business Rates requesting responses by 24 September 2012. The consultation paper which is seven parts is consulting on 3 main issues:
- Establishing the base line level of funding allocation levels for Authorities
  - Setting up the business rates retention system
  - Details of how the rates retention system will operate.
- 1.2 The paper comprises 250 pages, includes 83 different questions which form the basis of the consultation. Of these questions only two relate specifically to fire and these are explained below. In addition there is one general question which will have a specific impact on this Authority. However it is important that we examine each of the other issues raised to ensure that there is no knock on effect for fire.
- 1.3 To ensure there will be a consistent response, a meeting of the Treasurers of the 6 Metropolitan Fire Authorities will take place on 19 the September when the final responses will be collated. This will take the form of an individual response for each Fire Authority along with a response on behalf of AMFRA (the Association of Metropolitan Fire and Rescue Authorities). The detailed technical response will be tabled at the meeting for approval.

## 2 INFORMATION

### Fire Specific Questions

#### Question 9

#### **Do you agree that we should introduce a Fire and Rescue sparsity adjustment at 1%**

Following lobbying from the Combined and Shire Fire Authorities the paper proposes to top slice 1% from the fire relative needs formula to be redistributed using population sparsity as the basis of distribution. The purpose of this is to reflect the additional cost of providing cover in rural areas using extra fuel costs owing to the need to cover greater distances as justification.

If implemented, this change will take an additional £2.8m of grant away from the metropolitan brigades including £0.4m from this Authority.

This change is fundamentally flawed for a number of reasons, the principal one being that it would once again move resources away from the areas of high deprivation when it has been proved that there is a direct link between deprivation and fire risk. Added to this research has shown that higher traffic levels in urban areas actually result in higher fuel usage than in rural areas. Clearly the Authority will be opposing this change and the detailed response will be presented at the meeting.

## **Question 62**

**Do you agree with our proposal to set single purpose fire and rescue authority share of billing authorities business rates baseline at 2% ?**

With effect from April 2013 the Fire Authority funding will come from three sources

- Revenue support Grant
- Top up grant
- Share of billing authority's business rate baseline.

In theory the first two elements will be fairly stable with revenue support grant provided by central government and the top up grant increased annually in line with RPI.

The final factor which is the share of the Authority's business rate baseline is likely to be the most volatile as it is dependent upon economic activity in the area. Each billing Authority will keep 50% of its business rates income with the other 50% being paid over to central government to fund the top and tariff system and the proposed safety net. Under this proposal 2% of the billing Authority's share would be paid to the fire authority as part of its overall funding.

In cash terms it is estimated that total Business rate income for West Yorkshire will be in the Region of £940m of which £470m would be retained by the billing Authorities providing this Authority with around £9.4m of funding.

It is felt that 2% probably delivers the correct balance by allowing the Fire Authority to share in the economic growth or decline of the region whilst at the same time maintaining a degree of stability over fire service funding.

## **Non-Fire Specific impacting on the FRA**

### **Taking Account of Relative Needs and Relative Resources**

#### **Question 10**

**Do you agree that we should restore the level of relative resources amount in 2013-14 to that for 2010-2011**

#### **Question 11**

**Do you agree that we should compensate for restoring the level of the resources amount in 2013-2014 to that for 2010-2011 by increasing the level of the central allocation only?**

The purpose of the Relative Resources Element of the Revenue Support Grant formula is to compensate those authorities with a low tax base for their inability to raise council tax by giving them more grant. The aim of this being that when grant and council tax income are taken into account, the cost of providing the same level of service in any authority should result in the same level of council tax.



As part of the deficit reduction programme the government reduced the amount of money included in the relative resources element which had the impact of taking grant away from the most deprived areas which are least able to replace it with council tax income.

Following representation government are proposing to reverse this change and remove the grant from the relative needs block instead. They are therefore consulting on options to make this change

The impact of this change will be significant for this Authority delivering additional grant of between £1.2m and £1.5m. Clearly the Authority will support this change.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 The Authority are aware of the scale of financial cuts facing the Authority over the duration of this and the following spending review period. This consultation paper is about setting the baseline level of funding for the period up to 2020. It is therefore important that the Authority makes its case to protect and wherever possible increase the level of funding that is available.

### **4 EQUALITY & DIVERSITY IMPLICATIONS**

- 4.1 The proposals will, once again, move resources away from the areas of high deprivation when it has been proved that there is a direct link between deprivation and fire risk. The reduction in resources may also affect our ability to meet the requirement of the Public Sector Equality Duty across all the protected characteristics.

### **5 HEALTH & SAFETY IMPLICATIONS**

- 5.1 None directly from this report.

### **6 RECOMMENDATION**

- 6.1 Members are asked to note the content of the report and approve it as the basis of the response to the consultation.

<b>WYFRA</b>	<b>FINANCE AND RESOURCES COMMITTEE</b>	<b>21 SEPTEMBER 2012</b>	<b>ITEM NO  8</b>
--------------	--	------------------------------	---------------------------

**REPORT OF:** THE DIRECTOR OF CORPORATE RESOURCES

**PURPOSE OF REPORT:** TO CONSIDER MEMBER ATTENDANCE AT THE LEADERSHIP ACADEMY

**RECOMMENDATIONS:** THAT CONSIDERATION BE GIVEN TO THE ATTENDANCE OF A MEMBER AT THE LEADERSHIP ACADEMY IN THE AUTUMN / WINTER 2012

---

#### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT DETAILS**

**EXEMPTION CATEGORY:** None

**CONTACT OFFICER:** NICOLA HOUSEMAN  
01274 655740

**BACKGROUND PAPERS:**

#### **SUMMARY**

As part of the Authority's Member development programme, invitations from appropriate courses are accepted with a view to giving Members the opportunity to participate in focused learning and networking experiences.

## **1. INFORMATION**

- 1.1 Information has been received from the Local Government Group with regard to a series of 6 – day Leadership Academy programmes to be held at the Warwick Conference Centre, Coventry.
- 1.2 There are 3 available programmes scheduled between October 2012 and February 2013

## **2. BACKGROUND**

- 2.1 The Academy, whilst not specifically targeted at Fire Authority Members, has been found to be very useful by Authority members who have attended in the past – most recently, Councillor Hughes in 2011 / 2012.
- 2.2 The Leadership Academy is now recognized by the Institute of Leadership and Management (ILM) and graduates will receive an accredited certificate. It will be held over six days during the course of a 3-month period.
- 2.3 The Module course details are as follows;
  - Module one - personal leadership skills
  - Module two - political leadership – theoretical and practical aspects of strategic leadership
  - Module three - community leadership and cohesion
- 2.4 Members are expected to attend both days of each module with a high level of participation and discussion.

## **3. EQUALITY AND DIVERSITY IMPLICATIONS**

- 3.1 There are no Equality and Diversity implications in this report.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 The cost of the Academy (residential course) remains at last year's level - £1,000 for the first place booked and £1,250 thereafter. The fee covers accommodation, meals, refreshments, material and tuition for the duration of the 6-day course. Any additional travel and subsistence costs for the attending member(s) would be met from within existing revenue budget provision

## **5. HEALTH AND SAFETY IMPLICATIONS**

- 5.1 None arising from this report.

## **6. SERVICE PLAN LINKS**

- 6.1 Attendance on relevant development programmes will assist the Authority in providing effective and ethical governance.

## **7. RECOMMENDATION**

- 7.1 It is recommended that consideration be given to the attendance of Member(s) at the Leadership Academy (on the basis that they have not previously participated in a similar Academy programme).