

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**25<sup>TH</sup> JUNE 2007**

**1. STATEMENT OF ACCOUNTS 2006/2007**

Report of the Treasurer.

RECOMMENDED

**1.1 THAT the following be approved:**

1.1.1 the Statement of Accounts for 2006/2007 as set out in Appendix A.

1.1.2 the Authority's backward looking 2006/2007 efficiency statement, the basis of which is set out in Appendix B.

**1.2 THAT the Statement of Accounts summary be noted (Appendix C).**

**2. PURPOSE OF REPORT**

This report is submitted to seek the approval of Members for the Authority's Statement of Account for the financial year ended 31<sup>st</sup> March 2007.

**3. BACKGROUND**

3.1 The production of Local Authority accounts is governed by the Accounts and Audit Regulations 1996. These require, amongst other things, that the accounts are closed by 30<sup>th</sup> June, following the accounting period and published by 30<sup>th</sup> September. It is also a requirement that the accounts be submitted to Members for approval by the end of June.

3.2 It is a further requirement of the Regulations that Members are informed of any material changes required by external auditors (KPMG). The accounts have not yet been audited and are attached as Appendix A.

3.3 The Accounts show net cost of services in 2006/2007 of £124.028 million, including an appropriation to earmarked reserves of £2.604 million. General balances have increased by £0.078 million.

- 3.4 Fire Service net operating expenditure was £175.48 million and includes the Fire Service Pensions deficit which was £49.5 million. Capital expenditure totalled £8.034 million, of which £3.732 million was financed from borrowing.
- 3.5 During the financial year 29 debts were written off at a total value of £976.54 in accordance with the Treasurer's delegated responsibilities.
- 3.6 The backward looking 2006/2007 efficiency statement is shown at Appendix B.
- 3.7 A Summarised Statement of Accounts (see Appendix C) is made available on the Fire Service Intranet in addition to the full set of accounts.

#### 4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report, an initial Equality Impact Assessment was undertaken which did not raise issues which required a full Equality Impact Assessment to be completed.

#### 5. **LEGAL IMPLICATIONS**

The course of action recommended in this report will enable the Authority to meet its statutory obligations under the Accounts and Audit Regulations 1996. The Clerk has been consulted in the preparation of this report.

#### 6. **FINANCIAL IMPLICATIONS**

These are contained in the report and the Statement of Accounts.

### **BACKGROUND PAPERS**

Accounts and Audit Regulations 1996  
Code of Practice on Local Authority Accounting 2006  
Final Accounts Files – Finance Office

L. BATEMAN  
TREASURER

## APPENDIX B

### WEST MIDLANDS FIRE & RESCUE AUTHORITY Efficiency Savings 2006-07

Category	Quality cross-check (QCC) met (see note 1)	One off or recurring?	Capital	All figures £'000				Cumulative Non-Cashable Efficiency Gain
				Revenue	Annual Cashable Efficiency Gain	Cumulative Cashable Efficiency Gain (including recurring gains from 2004-05 and 2005-06)	Annual Non-Cashable Efficiency Gain	
Revised shift systems/crewing arrangements (IRMP)		Recurring		✓	1,762	4,785		
Other IRMP savings		Recurring		✓	87	1,283		
Reduced Ill Health Retirements		Recurring		✓	600	600		
Other HR savings		Recurring		✓	71	149		
Better procurement		Recurring		✓	35	35		
Corporate services		Recurring		✓	56	190		
			<b>TOTAL</b>	✓	2,611	7,042	-	-

To be signed by:

<b>Chair of the Authority</b>	<b>Chief Fire Officer</b>	<b>Chief Financial Officer</b>
<b>Date:</b>	<b>Date:</b>	<b>Date:</b>

## West Midlands Fire and Rescue Authority

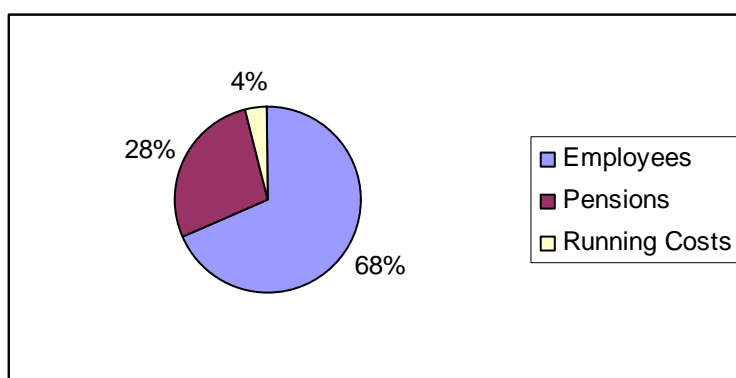
### Statement of Accounts 2006/07 Summary

#### How much did the Service cost in 2006/07?

The majority of the net cost of Fire Service expenditure relates to firefighting and rescue operations (£107.3m) and community fire safety work (£14.865m).

The total Net Operating expenditure for the Fire Service for 2006/07 was approximately £175.5m. This figure includes pension costs of £49.5m which need to be shown in accordance with specific accounting requirements.

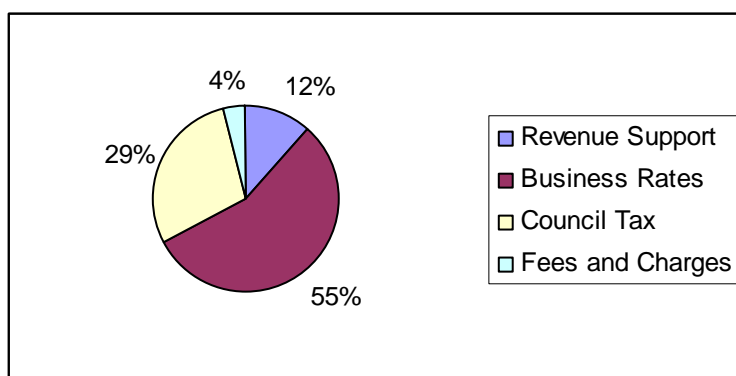
The types of costs can be broken down as follows:



#### How was the Service funded in 2006/07?

The total income of the Authority in 2006/07 was £114.0m. The majority of funding comes from the Government in the form of grant and a share of business rates.

The various sources of funding are shown below:



## Balances and Reserves

The Fire Authority must consider the level of general balances it wishes to maintain before it can decide the level of Council Tax to charge in any year.

In order to set a balanced budget in 2006/07 the Authority assumed no movement in general balances. The actual level of general balances increased in the year by £0.078m, leaving £3.632m general balances at the end of the financial year. The Authority holds general balances as funding to meet any unforeseen events which it may need to respond to. Interest is earned on any unused balances.

In addition, as part of the closedown of accounts process, consideration needs to be given to the level of earmarked reserves required. These are amounts set aside to meet specific anticipated future demands. The level of earmarked reserves increased by the end of the year by £2.604m. This brought the total level of these reserves to £17.315m (full details are on page 33 of the Statement of Accounts). Interest is earned on any balances until expenditure is committed against the demands identified.

## Capital Expenditure and Funding

In 2006/07, the Authority spent £8.034 million on capital projects.

The expenditure was incurred on the following:

	£000s
Land & Buildings	1,782
Vehicles	1,490
Equipment	740
ICT Software Licences	270

A considerable amount of this expenditure was financed by borrowing (46.5%). The balance was funded by grants, direct revenue funding and the utilisation of capital receipts.

In the same way that borrowing was used to help purchase assets during 2006/07, borrowing in earlier years meant that at the end of 2006/07, the Authority had total loans of £44.946m (the interest and principle on any loans needs to be met from future revenue budgets). The value of fixed assets held by the Authority as at 31<sup>st</sup> March 2007 which the loans had helped fund was £93.9m, of which approximately 91% related to land and buildings and 9% related to vehicles and equipment.

Further information can be found by contacting the Finance Manager at West Midlands Fire Service Headquarters, Lancaster Circus Queensway, Birmingham B4 7DE. Telephone No. 0121 380 6920 or e-mail: [dennis.bishop@wmfs.net](mailto:dennis.bishop@wmfs.net).

**This information can also be made available in other languages and formats including large print, Braille and audiotape. Please phone**

Ref. AU10406078/MG/LH

**0121 380 6007.**

