

## Financial Management Strategy

Overall purpose : to provide the necessary financial resources to enable the Service to make life safer in Hampshire, and to ensure a high standard in the management of public finances.

### Financial Planning - Budget strategy

- The budget strategy will be clearly related to the priorities set out in the HFRS Plan 2010 – 2013.
- Growth and savings proposals to be presented in a transparent manner to members as part of the annual budget cycle, identifying planned outcomes and performance improvements for budget growth and mechanisms for achieving any significant savings.
- Ensure that the long-term level of revenue commitments does not exceed long-term funding likely to be available including reasonable expected levels of future grant settlement and council tax.
- Maintain three-year budget projections based where necessary on alternative scenarios to reflect uncertainty of spending and resource assumptions in order to set the likely context for making final resource allocation decisions on an annual basis.
- Seek to achieve Government targets for efficiency gains – all targets have been met to date.
- Set a prudent minimum level of reserves based on a strategic-level risk assessment and reassessed annually as part of the budget process.
- Operate within firm cash limits, allocating provision for pay and other inflation at the start of the financial year.
- Contain spending within the approved cash limit for the year with no supplementary allocations being made from reserves other than in exceptional circumstances.
- Seek best value for money in services which should always include considerations for quality, risk to achieve sustainability, environmental impact, local economic development and equalities as well as price.
- Aim to achieve a level of council tax that is in the lower quartile of the taxes of Combined Fire Authorities.
- Seek to keep council tax increases at or below the average increase in state pensions.

### Capital programming

- Review capital strategy on an annual basis and prepare a three-year

programme in the light of needs identified in the Corporate Plan, vehicle replacement programme and built estate condition survey, and prepare a three year capital programme in accordance with the strategy.

- Continue to reduce the proportion of vehicles leased and aim for full ownership of the fleet.
- Reinvest income from disposal of capital assets where possible in order to fund new developments and initiatives identified in the IRMP.
- Make full use of Government-supported borrowing.
- Make use of unsupported borrowing within the framework of the Prudential Code where there is a sound business case approved by the Authority.

### **Provision of Financial Services - effective management of budgets**

- Maintain rigorous annual budgeting and budget monitoring processes.
- Maintain integrated accounting, budgetary and human resources systems.

### **Ensuring good practice and probity**

- Apply sound financial regulations and associated financial procedures in support of good practice in financial administration and corporate governance.
- Provide an effective and efficient internal audit function which works co-operatively with the service's external auditors.
- Recognise the statutory role of the Treasurer in ensuring lawful and financially prudent decision making.
- Report the internal audit strategy to the Governance Committee.
- Present an annual internal audit assessment for the Service to the Governance Committee.
- Operate and develop computing systems with enhanced provision of financial management information to users.
- Comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management.
- Comply with accounting and audit standards contained in the relevant codes of practice and CIPFA guidance.

## Efficient and accessible processing of transactions

- Operate best practices in relationships with local contractors and suppliers, including payment of bills in line with the Government's prompt payment target - achieving 97% within 10 days.
- Seek continuous improvement through "customer focus" in the delivering of financial services and support.
- Improve and extend the use of computing systems in delivering financial support services to users.
- Ensure that financial systems are set up in a way which facilitates use of e-government and e-procurement.
- Review the balance of in-house and contracted-out provision of financial services with the aim of achieving best value.
- Maintain a separate bank account for the Authority irrespective of any contracted-out arrangements for financial administration.

## Financial Health Indicators

The Finance and General Purposes Committee receive quarterly budget monitoring reports. The following indicators are used. Underspends are not flagged in the report unless there is a potential delivery of service issue.

<b>Revenue budget</b>			
	Green variances	Amber variances	Red variances
Pay and allowances	Less than +/- £100k and less than +/- 1%	+/- £100k to +/- £200k and +/- 1%	Over +/- £200k and over +/- 2%
Other	Less than +/- £50k	+/- £50k to +/- £100k	Over +/- £100k
<b>Capital programme management</b>			
Actual capital expenditure compared with estimate (% variation)			+/- 10%
Capital receipts and other third party contributions (% variation on financing plan)			+/- 10%