

**M. Pearson  
CLERK TO THE AUTHORITY**

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**To: The Chair and Members of the  
Resources Committee  
(see below)**

**SERVICE HEADQUARTERS  
THE KNOWLE  
CLYST ST GEORGE  
EXETER  
DEVON  
EX3 0NW**

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Your ref :  
Our ref :  
Website : www.dsfire.gov.uk

Date : 21 April 2010  
Please ask for : Sam Sharman  
Email : ssharman@dsfire.gov.uk

Telephone : 01392 872200  
Fax : 01392 872300  
Direct Telephone : 01392 872393

**RESOURCES COMMITTEE**  
(Devon and Somerset Fire and Rescue Authority)

**Thursday 29 April 2010**

A meeting of the Resources Committee will be held on the above date, **commencing at 10.00 hours in Conference Room B in Somerset House, Service Headquarters** to consider the following matters.

M. Pearson  
Clerk to the Authority

**A G E N D A**

1. **Apologies**
2. **Minutes** of the meeting held on 8 February 2010 attached (Page 1).
3. **Items Requiring Urgent Attention**

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

4. **Declarations of Interest**

Members are asked to consider whether they have any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and declare any such interests at this time. *Please refer to the Note 2 at the end of this agenda for guidance on interests.*

**PART 1 – OPEN COMMITTEE**

**5. Financial Performance Report 2009/10**

Report of the Treasurer (RC/10/8) attached (page 6)

**6. Debt Recovery Procedure**

Report of the Treasurer (RC/10/9) attached (page 15)

**PART 2 – ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PRESS AND PUBLIC**

Nil

**MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER**

Membership:-

Councillors Gordon (Chair), Yeomans (Vice Chair), Horsfall, Hughes OBE, Smith, Turner and Woodman

**Substitute Members**

Members are reminded that, in accordance with Standing Order 36, the Clerk (or his representative) MUST be advised of any substitution prior to the start of the meeting.

## **NOTES**

### **1. ACCESS TO INFORMATION**

Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Sam Sharman on the telephone number shown at the top of this agenda.

### **2. DECLARATIONS OF INTERESTS BY MEMBERS**

#### ***What Interests do I need to declare in a meeting?***

As a first step you need to declare any personal interests you have in a matter. You will then need to decide if you have a prejudicial interest in a matter.

#### ***What is a personal interest?***

You have a personal interest in a matter if it relates to any interests which you must register, as defined in Paragraph 8(1) of the Code.

You also have a personal interest in any matter likely to affect the well-being or financial position of:-

- (a) you, members of your family, or people with whom you have a close association;
- (b) any person/body who employs/has employed the persons referred to in (a) above, or any firm in which they are a partner or company of which they are a director;
- (c) any person/body in whom the persons referred to in (a) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of which you are a Member or in a position of general control or management and which:-
  - you have been appointed or nominated to by the Authority; or
  - exercises functions of a public nature (e.g. a constituent authority; a Police Authority); or
  - is directed to charitable purposes; or
  - one of the principal purposes includes the influence of public opinion or policy (including any political party or trade union)

**more** than it would affect **the majority** of other people in the Authority's area.

Anything that could affect the quality of your life (or that of those persons/bodies listed in (b) to (d) above) either positively or negatively, is likely to affect your/their "well being". If you (or any of those persons/bodies listed in (b) to (d) above) have the potential to gain or lose from a matter under consideration – to a **greater extent** than **the majority** of other people in the Authority's area - you should declare a personal interest.

#### ***What do I need to do if I have a personal interest in a matter?***

Where you are aware of, **or ought reasonably to be aware of**, a personal interest in a matter you must declare it when you get to the item headed "Declarations of Interest" on the agenda, or otherwise as soon as the personal interest becomes apparent to you, **UNLESS** the matter relates to or is likely to affect:-

- (a) any other body to which you were appointed or nominated by the Authority; or
- (b) any other body exercising functions of a public nature (e.g. membership of a constituent authority; other Authority such as a Police Authority);

of which you are a Member or in a position of general control or management. In such cases, provided you do not have a prejudicial interest, you need only declare your personal interest if and when you speak on the matter.

#### ***Can I stay in a meeting if I have a personal interest?***

You can still take part in the meeting and vote on the matter unless your personal interest is also a prejudicial interest.

#### ***What is a prejudicial interest?***

Your personal interest will also be a **prejudicial** interest if **all** of the following conditions are met:-

- (a) the matter is not covered by one of the following exemptions to prejudicial interests in relation to the following functions of the Authority:-
  - statutory sick pay (if you are receiving or entitled to this);
  - an allowance, payment or indemnity for members;
  - any ceremonial honour given to members;

- setting council tax or a precept; **AND**
- (b) the matter affects your financial position (or that of any of the persons/bodies as described in Paragraph 8 of the Code) or concerns a regulatory/licensing matter relating to you or any of the persons/bodies as described in Paragraph 8 of the Code); **AND**
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest is so significant that it is likely to prejudice your judgement of the public interest.

***What do I need to do if I have a prejudicial interest?***

If you have a prejudicial interest in a matter being discussed at a meeting, you must declare that you have a prejudicial interest (and the nature of that interest) as soon as it becomes apparent to you. You should then leave the room unless members of the public are allowed to make representations, give evidence or answer questions about the matter by statutory right or otherwise. If that is the case, you can also attend the meeting for that purpose.

You must, however, leave the room **immediately after you have finished speaking (or sooner if the meeting so decides)** and you cannot remain in the public gallery to observe the vote on the matter. Additionally, you must not seek to **improperly influence** a decision in which you have a prejudicial interest.

***What do I do if I require further guidance or clarification on declarations of interest?***

If you feel you may have an interest in a matter that will need to be declared but require further guidance on this, please contact the Clerk to the Authority – preferably before the date of the meeting at which you may need to declare the interest. Similarly, please contact the Clerk if you require guidance/advice on any other aspect of the Code of Conduct.

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

8 February 2010

### Present:-

Councillors Gordon (Chair), Healey (vice Woodman), Smith, Turner and Yeomans

### Apologies:-

Councillors Hughes OBE and Woodman

### **\*RC/16. Minutes**

**RESOLVED** that the Minutes of the meeting held on 16 November 2009 be signed as a correct record, subject to amendment under Minute \*RC/9 (Declarations of Interest) to add a new line to reflect that "no interests were declared".

### **\*RC/17. Declarations of Interest**

Members were invited to consider whether they had any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and to declare any such interests.

At this stage, no interests were declared.

### **\*RC/18. Treasury Management Performance 2009/10**

The Committee received for information a report of the Treasurer (RC/10/1) that provided details of the Authority's borrowing and investment activities during the first nine months of 2009/10 (to the end of December 2009) and which compared this performance against the approved Treasury Management Strategy.

The Authority's treasury management adviser, Mark Swallow, was in attendance at the meeting to present the report and he highlighted the following points:

- Technically the country was out of recession, although it was likely that interest rates would rise in 2010 as a result in order to control inflationary pressures. This may result in a substantial increase in the cost of borrowing;
- None of the Prudential Indicators had been breached and a prudential approach had been taken in relation to investment decisions taken during the year to date with priority being given to liquidity and security over yield;
- Whilst investment returns had reduced from the previous year as a consequence of the fall in interest rates, the Authority was still achieving returns above the LIBID 7 day rate, which is the benchmark for this type of short term investment.

Reference was made to the position for the Authority should the United Kingdom lose its AAA rating. It was noted that this would result in an increased cost of borrowing.

**\*RC/19. Financial Performance Report 2009/10**

The Committee received for information a report of the Treasurer (RC/10/2) that provided an update on the following matters:

- Revenue budget monitoring position for the current financial year based upon spending to the end of December 2009 against the approved Revenue Budget for 2009/10;
- Performance against the 2009/10 capital budget and prudential indicators;
- Forecast performance against other financial targets for 2009/10.

At this stage, projections indicated that spending will be £0.494m less than the approved Revenue Budget for 2009/10, equivalent to just 0.68%. It should be noted that this projection had taken account of the impact of the transfer of £0.357million to an earmarked reserve to part fund the introduction of the Integrated Clothing Project (ICP) as agreed by the Committee on 16 November 2009 (Minute RC/12 refers). There had been variations in spending patterns as compared with the projections, including retained pay costs (linked to activity levels) and the lower than anticipated pay awards for both uniformed and non-uniformed staff.

In terms of spend against the approved capital programme for 2009/10, it was noted that spending was projected to be at £9.924million as against £10.236million resulting in an underspend of £0.312million. This underspend was to be carried forward to support the Programme in 2010/11.

The report also set out details of performance against other financial targets, including efficiency savings, aged debt analysis and payment of supplier invoices. The Treasurer drew attention to the position in respect of aged debts and advised that action was being taken to recover debt through the legal process where necessary.

NB. Minute RC/20 below also refers.

**RC/20. Capital Programme 2010/11 to 2012/13 and Associated Prudential Indicators**

The Committee considered a report of the ACFO (Service Support) (RC/10/3) that set out the proposed, adjusted three year capital programme for 2010/11 to 2012/13. The report covered the proposals for estates, fleet and equipment together with details of the financing of the revised capital programme and associated prudential indicators.

**RESOLVED** that the Authority, at its budget meeting on 19 February 2010, be recommended to approve the revised Capital Programme 2010/11 to 2012/13 and the associated Prudential Indicators as set out in report RC/10/3.

**RC/21. 2010/11 Revenue Budget and Council Tax Level**

The Committee considered a report of the Treasurer and Chief Fire Officer (RC/10/4) that set out the necessary financial background in order that the Committee could give due consideration to an appropriate level of Revenue Budget and Council Tax for 2010/11 and to make a recommendation to the Fire and Rescue Authority accordingly.

The Treasurer made reference to the following information in presenting the report:

- details of the local government finance settlement for 2010/11 (which was the final year of the three year grant settlement covering the years 2008/09 to 2010/11), together with the position in respect of the Comprehensive Spending Review (CSR 2007) and capping;
- details of the core revenue budget requirements for 2010/11, together with details of existing inescapable commitments and proposed essential spending needs, that had been included on the draft revenue budget for 2009/10;
- proposals for the level of Council Tax in 2010/11 and the Medium Term Financial Plan (MTFP) 2010/11 to 2012/13;
- the precept consultation for 2010/11;
- the levels of reserves and balances.

The Treasurer stated that, to set a budget at £75.135 million (a 3.41% increase on the approved 2009/10 budget) as recommended within the report, would require an increase in the council tax of 3.74% over the 2009/10 level, equating to an additional £2.59 per annum on a Band D Property. The report set out the implications of setting the council tax at this level.

The Treasurer made reference to the position in respect of reserves and stated that, whilst current levels were in excess of the 5% minimum requirement, this was still in the lower quartile when compared with all fire and rescue services in the country. He recommended that, in view of the uncertainties in respect of future revenue grant funding and the current economic climate, the Authority should seek to protect its reserve balance as much as possible to provide some stability through a forthcoming turbulent financial period.

Reference was made to the precept consultation which had been carried out in respect of the 2010/11 budget proposals as required by Section 65 of the Local Government Finance Act 1992. It was suggested that the number of respondents could be increased by the utilisation of measures such as wholtime and/or retained firefighters taking out leaflets into the community when undertaking community safety activities, for example.

Councillor Gordon expressed his thanks for the work that had been undertaken by the Treasurer and his team in respect of the budget proposals for 2010/11, whereupon Councillor Yeomans proposed (and was seconded by Councillor Healey):

“that the recommendation as set out in report RC/10/4 be approved”.

Upon a vote (5 for, 0 against), the motion was carried.

**RESOLVED** that it be recommended to the budget meeting of the Devon and Somerset Fire and Rescue Authority to be held on the 19 February 2010 that;

- (i) a Net Budget Requirement of £75,135,000 for 2010/2011 be set;
- (ii) a level of council tax of £71.77 for a Band D property, representing an increase of 3.74% over the figure for 2009/2010, be set.

**\*RC/22. Target Setting for the Devon and Somerset Fire and Rescue Authority's Corporate Plan 2010/11 to 2012/13**

The Committee considered a report of the Director of Corporate Services (RC/10/5) that set out proposals for targets under Goal 3 “to provide an effective, efficient and economic service” of the Corporate Plan for 2010/11 to 2012/13.

**RESOLVED**

- (a) That the following measures and targets be approved:
  - (i) To manage expenditure within a tolerance of -1%;
  - (ii) To achieve the savings from combining the two services of £3 million over the five years from 1 April 2007;
  - (iii) To achieve a Level 3 assessment on Use of Resources in the 2010/11 Comprehensive Area Assessment (CAA);
  - (iv) That no target be included in respect of the levels of efficiencies achieved to date.
- (b) That the targets are included in the Devon and Somerset Fire and Rescue Authority Corporate Plan 2010/11 to 2012/13 for submission to the Devon and Somerset Fire and Rescue Authority in February 2010 for final approval.

**\*RC/23. Exclusion of the Press and Public**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A (as amended) to the Act as set out below:

- For Minute RC/24 (“Specialist Rescue”), paragraph 4 - information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
- For Minute RC/25 (“Debt Write Off”), paragraphs 1, 2 and 3 - information relating to an individual, information which is likely to reveal the identity of an individual and information relating to the financial or business affairs of a particular person (including the authority holding that information).

**RC/24. Specialist Rescue**

(An item taken in accordance with Section 100A (4) of the Local Government Act 1972 during consideration of which the press and public were excluded from the meeting).

The Committee considered a report of the ACFO (Service Support) (RC/10/6) that outlined the issues in respect of the role and responsibilities for Level 3 Specialist Rescue activities and any potential payment associated with this.

**RESOLVED** that a report be submitted to the Devon and Somerset Fire and Rescue Authority at its meeting on 19 February 2010 setting out the recommendation of the Resources Committee thereon.



**\*RC/25. Debt Write Off**

(An item taken in accordance with Section 100A (4) of the Local Government Act 1972 during consideration of which the press and public were excluded from the meeting).

(The Chairman vacated the Chair and left the room during discussion of this item whereupon the Vice Chairman took the Chair).

The Committee considered a report of the Treasurer (RC/10/7) detailing an overpayment of ill-health and injury benefits to an individual.

**RESOLVED** that the recommendation (as amended) contained within report RC/10/7 be approved.

**\* DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 14.15hours and concluded at 16.28hours

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	RC/10/8
<b>MEETING</b>	RESOURCES COMMITTEE
<b>DATE OF MEETING</b>	29 APRIL 2010
<b>SUBJECT OF REPORT</b>	FINANCIAL PERFORMANCE REPORT 2009/2010
<b>LEAD OFFICER</b>	Treasurer
<b>RECOMMENDATIONS</b>	<p>(a) <i>That the budget monitoring position in relation to projected spending against the 2009/2010 revenue and capital budgets be noted;</i></p> <p>(b) <i>That the performance against 2009/2010 financial targets, be noted.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>This report provides a further update of the budget monitoring position for the current financial year, based upon spending to the end of March 2010. It should be emphasised that this report does not represent the final outturn position in relation to 2009/2010. Further work is required in the coming weeks to finalise the 2009/2010 outturn. The final outturn position will be considered at the full authority meeting to be held on the 28<sup>th</sup> May 2010.</p> <p>At this stage, projections indicate that revenue spending will be £0.312m less than budget, equivalent to just 0.43% of the total budget. This projection is very much in line with previous reports considered by this committee during the course of the financial year. At this stage no recommendation is made as to how any underspend is to be utilised, subject to the final outturn position</p> <p>This report also provides a summary of the Authority's forecast performance against its financial targets.</p>
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY IMPACT ASSESSMENT</b>	An initial assessment has not identified any equality issues emanating from this report.

<b>APPENDICES</b>	Appendix A – Summary of Forecast Performance against 2009/2010 Financial Targets.  Appendix B – Subjective Analysis of 2009/2010 Revenue Spending.  Appendix C – Capital Monitoring Statement 2009/2010.
<b>LIST OF BACKGROUND PAPERS</b>	

## 1. **INTRODUCTION**

1.1 This report provides an updated monitoring report for the current financial year, based upon spending to the end of March 2010. It should be emphasised that the figures contained in this report do not represent the final outturn position for 2009/2010, as further work is required to validate some of the figures. For instance details of final claims for retained pay relating to March 2010, will not be known until the end of April 2010 when the April pay run is processed. As well as providing projections of spending against the 2009/2010 revenue and capital budget, the report also includes forecast performance against other financial performance indicators, including the prudential and treasury management indicators.

1.2 The report is presented in the following three Sections.

**SECTION A** – Performance against the 2009/2010 Revenue Budget.

**SECTION B** – Performance against the 2009/2010 Capital Budget and Prudential Indicators.

**SECTION C** – Performance against Other Financial Indicators.

1.3 Appendix A to this report provides a summary of performance against each of our targets. The key issues relating to our forecast performance against each of these targets are explained within each section of this report.

## 2. **SECTION A - REVENUE BUDGET 2009/2010**

2.1 Current projections are for total revenue spending in 2009/2010 to be £72.347m, as compared to an approved budget of £72.659m, representing an underspend of £0.312m, equivalent to just 0.43% of the total budget. It should be emphasised that this projection includes the impact of the transfer of an amount of £0.357m to an earmarked reserve to part fund the introduction of the Integrated Clothing Project (ICP), as agreed at the last meeting of Resources Committee held on the 16 November 2009 (Minute RC/11/(a) refers). Appendix B provides an analysis of projected spending against each of the subjective budget headings, and explanations of the more significant variations from budget are explained below in paragraphs 3 to 9 below.

## 3. **EMPLOYEE COSTS**

### Wholetime Staff

3.1 Spending against wholetime pay costs is anticipated to be £0.224m less than budget, primarily as a result of the impact of the 2009 pay award being settled at 1.25%, as compared to the 2.3% provision made in the budget.

### Retained Staff

3.2 At this stage it is projected that spending against this budget heading will be £0.208m over budget, primarily as a consequence of above average fire activity, particularly in the last quarter of the financial year.

3.3 It should be emphasised that this figure does not include the financial impact of the Employment Tribunal case under the Part-Time Workers (Less than Favourable Working Conditions) Regulations which ruled in favour of retained firefighters in respect of not enjoying the same rights as their named comparators in relation to access to pension and sickness absence. The complex negotiations between the NJC Employers and the FBU are nearing completion and 'in principle' payments have been agreed to compensate those retained firefighters impacted, backdated to 1 July 2000. It is estimated that the cost to this authority of this settlement is likely to be in the region of £0.500m. A financial provision of £0.497m has already been set aside from previous Authority decisions to fund this potential liability, however, until the detail of the payments for each retained firefighter is received and its impact calculated we cannot be sure of the exact figure.

#### Non-Uniformed Staff

3.4 The forecast spending on non-uniformed pay includes the costs associated with the Community Safety Action Teams (CSAT) engaged as part our prevention activities to reduce the number of fire calls, and the redundancy and early retirement costs associated with the agreed restructure to the Senior Management Board, resulting in the deletion of two senior management posts.

#### Training Expenses

3.5 Savings of £0.129m have been achieved against the training budget, primarily as a consequence of delays in the delivery of planned courses.

#### Fire Service Pension Costs

3.6 As a result of fewer cases of ill-health retirements than had been budgeted a saving of £0.046m has been achieved against Fire Service Pension Costs.

### **4. PREMISES RELATED COSTS**

#### Repair and Maintenance

4.1 Whilst spending on estates repair and maintenance is more than budget, this is more than offset by the savings on debt charges emanating from the slippage in capital spending.

#### Energy Costs

4.2 Spending on energy costs is more than budget as a result of costs associated with the implementation of the Carbon Management Programme e.g. installation of smart meters, in pursuit of the Service target to reduce carbon emissions by 30%.

### **5. TRANSPORT RELATED COSTS**

#### Repair and Maintenance

5.1 Some slippage in maintenance projects has resulted in savings against this budget line.

#### Running Costs and Insurances

5.2 As a result of increases in fuel costs not being as high as had been anticipated in the first three quarters of the year, and reductions in insurance claim costs, spending on transport running costs have been less than budget.

### **6. SUPPLIES AND SERVICES**

#### Equipment and Furniture

6.1 The overspend of £0.102m on equipment and furniture primarily relates to additional equipment costs relating to training activity (fully offset by increased training income).

### Communications

- 6.2 As a consequence of the need to support the implementation of the new national radio scheme (Firelink) and the RCC project, a number of other ICT projects have not have been delivered by the end of the financial year, resulting in an underspend against the Communications budget of £0.067m.

## **7. ESTABLISHMENT COSTS**

### Insurances

- 7.1 As a consequence of fewer insurance claims to be funded from self-insurance arrangements, savings of £0.119m have been achieved from non-fleet insurances.

## **8. CAPITAL FINANCING COSTS**

- 8.1 As a consequence of slippage in spending against the 2008/2009 and 2009/2010 capital programmes, and savings on leasing costs, overall debt charges for 2009/2010 are £0.317m less than budget.

- 8.2 The savings on debt charges from capital spending slippage has enabled additional capital spending of £0.215m on vehicles and equipment to be financed direct from revenue therefore avoiding the need to borrow.

## **9. INCOME**

### Other Income

- 9.1 Income targets have been exceeded by £0.360m, primarily from additional training income as a consequence of the Service securing orders to deliver firefighter recruit training to other fire and rescue authorities i.e. Royal Berkshire, Cornwall, Dorset and the States of Jersey.

### Earmarked Reserves

- 9.2 As agreed at the last meeting of Resources Committee, and ratified by the full Authority meeting held on the 14 December 2009, an amount of £0.357m is to be transferred to an earmarked reserve to fund additional costs of the ICP project in 2010/2011

## **10. SUMMARY OF REVENUE SPENDING**

- 10.1 Whilst not representing the final outturn position for 2009/2010, the figures indicated in this report suggest a very satisfactory position of revenue spending being within 0.43% of the overall budget of £72.659m. It should also be noted that these figures are very much in line with previous projections brought to each meeting of the Resources Committee held during the financial year.

- 10.2 The final financial outturn report for 2009/2010 will be reported to the full authority meeting on the 28<sup>th</sup> May 2010, once the accounts for 2009/2010 have been closed. That report will make proposals as to how any variation from the overall budget is to be managed.

## **11. SECTION B – CAPITAL PROGRAMME 2009/2010 AND PRUDENTIAL INDICATORS**

- 11.1 Appendix C to this report provides a summary of the projected spend against the current year capital programme. This indicates that overall spending will be £9.573m, as compared to an agreed programme of £10.311m, resulting in an underspend of £0.738m.

- 11.2 It should be noted that the previous programme level of £10.236m has been increased by £0.075m. This reflects additional vehicles purchased out from lease arrangements the funding for which has been contained within savings on the revenue leasing line.

Prudential Indicators (including Treasury Management)

- 11.3 As a consequence of capital spending forecast to be within agreed limits none of the agreed prudential indicators are forecast to be breached. Actual external borrowing as at 31 March 2010 was £26.650m, which is well below the authorised limit for external debt of £36.628m (the absolute maximum that the Authority has agreed as affordable).
- 11.4 In relation to investment returns, investment income of £0.090m was achieved against an income target of £0.105m, the shortfall being a consequence of the falling interest rates since the budget was set. An average return of 0.84% has been achieved to the end of March 2010, as compared to the average LIBID 7 day rate (industry benchmark), for the same period of 0.39%.
- 11.5 External borrowing has been taken at an average borrowing rate of 3.75%. This compares with a target of 4.18% assumed in setting the debt charges budget for 2009/2010.

**12. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS**

Efficiency Savings

- 12.1 The Authority's forward looking Annual Efficiency Statement, required to be submitted to the CLG annually, has targeted additional cashable savings of £0.906m to be achieved in 2009/2010. The majority of these savings are to be delivered from the implementation of the dual crewing of aerial appliances, reductions in fire calls, further savings from the combination of ex-Devon and ex-Somerset FRS, and from better procurement. At this stage of the year monitoring has indicated that we are on course to achieve this saving target.
- 12.2 In relation to the cumulative savings to be achieved from the combination, including savings to be achieved in 2009/2010, the current forecast is that total savings of £3.6m will be achieved by the year 2012/2013, which exceeds the original target figure of between £1.6m and £3.0m.

Aged Debt Analysis

- 12.3 As at 31 March 2010, an amount of £108,672.47 was due from debtors relating to invoices that are more than 85 days old, equating to 23.98% of the total debt outstanding. This is a deterioration to the figures reported for the previous quarter (18.91%). A paper elsewhere on the agenda gives further detail on debt management.

Payment of Supplier Invoices within 30 days

- 12.4 The ratio of supplier invoices paid within 30 days (or other agreed credit terms) is that 97.62%, compared to our target figure of 98.00%. It should also be noted that the majority of suppliers are now being paid within 20 days, as a result of a Service decision to make a temporary change to the payment period down from 30 days to 20 days during the period of the recession, to assist smaller suppliers, in particular, with their cash flow position.

**KEVIN WOODWARD**  
**Treasurer**

APPENDIX A TO REPORT RC/10/8

**FINANCIAL PERFORMANCE INDICATORS 2009/2010**

Revenue Budget	Forecast £m	Target £m	Variance (favourable) /adverse %
Forecast Spending	72.347	72.659	(0.43%)
Efficiency Savings to be achieved in 2009/2010	0.906	0.906	0.00%
Cumulative Efficiency Savings from Combination by 2012/1013	3.659	3.000	(21.97%)

Prudential Indicators and Treasury Management Indicators	Forecast £m	Target £m	Variance (favourable) /adverse %
Capital Expenditure	9.573	10.311	(7.16%)
Capital Financing Requirement (CFR)	28.133	28.673	(1.88%)
Authorised limit for external debt	26.651	36.628	(27.24%)
Operational boundary for external debt	26.651	33.761	(21.06%)
Investment Income	0.90	0.105	14.29%
	Actual (31 March 2010) %	Target %	Variance (favourable) /adverse %
Investment Return	0.84%	0.39%	(0.45%)
Cost of Borrowing	3.75%	4.18%	(0.43%)

Prudential Indicators and Treasury Management Indicators	Actual (31 March 2010) %	Target Upper limit %	Target Lower limit %	Variance (favourable) /adverse %
Limit of fixed interest rates based on net debt	100.00%	100.00%	70.00%	0.00%
Limit of variable interest rates based on net debt	0.00%	30.00%	0.00%	(30.00%)
Maturity structure of borrowing limits				
Under 12 months	3.60%	10.00%	0.00%	(6.40%)
12 months to 2 years	3.77%	15.00%	0.00%	(11.23%)
2 years to 5 years	12.45%	30.00%	0.00%	(17.55%)
5 years to 10 years	5.56%	50.00%	0.00%	(44.44%)
10 years and above	74.62%	100.00%	50.00%	(25.38%)

Other Indicators	Actual (31 March 2010) %	Target %	Variance (favourable) /adverse %
Aged Debt over 85 days	23.98%	10.00%	13.98%
Payments to Suppliers within 30 days	97.62%	98.00%	0.38%



**APPENDIX B TO REPORT RC/10/8**

<b>DEVON &amp; SOMERSET FIRE AND RESCUE AUTHORITY</b>				
<b>Revenue Budget Monitoring Report 2009/10</b>				
		<b>2009/10 Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance over/(under) £000</b>
		<b>£000 (1)</b>	<b>£000 (2)</b>	<b>£000 (3)</b>
<b>Line No</b>				
	<b>SPENDING</b>			
	<b>EMPLOYEE COSTS</b>			
1	Wholetime uniform staff	32,756	32,532	(224)
2	Retained firefighters	12,145	12,353	208
3	Control room staff	2,226	2,163	(63)
4	Non uniformed staff	8,544	8,890	346
5	Training expenses	1,153	1,024	(129)
6	Fire Service Pensions recharge	1,955	1,909	(46)
		<b>58,779</b>	<b>58,871</b>	<b>92</b>
	<b>PREMISES RELATED COSTS</b>			
7	Repair and maintenance	1,039	1,152	113
8	Energy costs	502	570	68
9	Cleaning costs	374	383	9
10	Rent and rates	1,266	1,282	16
		<b>3,181</b>	<b>3,387</b>	<b>206</b>
	<b>TRANSPORT RELATED COSTS</b>			
11	Repair and maintenance	587	519	(68)
12	Running costs and insurances	1,194	843	(351)
13	Travel and subsistence	1,288	1,237	(51)
		<b>3,069</b>	<b>2,599</b>	<b>(470)</b>
	<b>SUPPLIES AND SERVICES</b>			
14	Equipment and furniture	2,298	2,400	102
15	Hydrants-installation and maintenance	120	87	(33)
16	Communications	1,086	1,019	(67)
17	Uniforms	935	949	14
18	Catering	141	188	47
19	External Fees and Services	67	128	61
20	Partnerships & regional collaborative projects	100	100	-
21	USAR Equipment	25	1	(24)
		<b>4,772</b>	<b>4,872</b>	<b>100</b>
	<b>ESTABLISHMENT COSTS</b>			
22	Printing, stationery and office expenses	413	397	(16)
23	Advertising	89	76	(13)
24	Insurances	377	258	(119)
		<b>879</b>	<b>731</b>	<b>(148)</b>
	<b>PAYMENTS TO OTHER AUTHORITIES</b>			
25	Support service contracts	634	629	(5)
		<b>634</b>	<b>629</b>	<b>(5)</b>
	<b>CAPITAL FINANCING COSTS</b>			
26	Capital charges	4,537	4,220	(317)
27	Revenue Contribution to Capital spending	82	215	133
		<b>4,619</b>	<b>4,435</b>	<b>(184)</b>
28	<b>TOTAL SPENDING</b>	<b>75,933</b>	<b>75,524</b>	<b>(409)</b>
	<b>INCOME</b>			
29	Treasury management investment income	(105)	(90)	15
30	Grants and Reimbursements	(2,200)	(2,117)	83
31	Other income	(901)	(1,261)	(360)
32	Internal Recharges	(68)	(66)	2
33	Contribution to/from Reserves	-	0	-
34	Earmarked Reserve	-	357	357
35	<b>TOTAL INCOME</b>	<b>(3,274)</b>	<b>(3,177)</b>	<b>97</b>
36	<b>NET SPENDING</b>	<b>72,659</b>	<b>72,347</b>	<b>(312)</b>

**2009/2010 CAPITAL PROGRAMME MONITORING STATEMENT**  
**(Based on Spending to March 2010)**

<b>PROJECTED SPENDING</b>	<b>2009/2010 Programme</b>	<b>Projected Outturn</b>	<b>Projected Variance (under)/over</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>ESTATES</b>			
Exeter Middlemoor	1,702	1,380	(322)
Exeter Danes Castle	1,856	1,780	(76)
Minor improvements and structural maintenance (including 2008/2009 slippage)	1,926	1,574	(352)
Welfare facilities on stations	300	160	(140)
Diversity & equality grant	34	34	-
USAR Works	35	35	-
SHQ building/USAR - 2008/2009 slippage	224	70	(154)
<b>SUB TOTAL - ESTATES</b>	<b>6,077</b>	<b>5,033</b>	<b>(1,044)</b>
<b>FLEET AND EQUIPMENT</b>			
Appliance Replacement	2764	4,051	1,287
Specialist Operational Vehicles	532	161	(371)
Equipment	571	123	(448)
Asset Management Plan System	177	15	(162)
Revenue funded vehicles	190	190	-
<b>SUB TOTAL - FLEET AND EQUIPMENT</b>	<b>4,234</b>	<b>4,540</b>	<b>306</b>
<b>TOTAL PROGRAMME 2009/2010</b>	<b>10,311</b>	<b>9,573</b>	<b>(738)</b>

<b>TO BE FINANCED BY;</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>External Borrowing</b>	8,882	8,284	(598)
<b>Other Funding;</b>			
Direct Revenue Funding	215	215	-
Capital Grants	914	914	-
Earmarked Reserve	300	160	(140)
<b>TOTAL FINANCING</b>	<b>10,311</b>	<b>9,573</b>	<b>(738)</b>



# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

<b>REPORT REFERENCE NO.</b>	RC/10/9
<b>MEETING</b>	RESOURCES COMMITTEE
<b>DATE OF MEETING</b>	29 APRIL 2010
<b>SUBJECT OF REPORT</b>	DEBT RECOVERY PROCEDURE
<b>LEAD OFFICER</b>	Treasurer
<b>RECOMMENDATIONS</b>	<i>That the current procedures in relation to the recovery of outstanding debt be noted.</i>
<b>EXECUTIVE SUMMARY</b>	Following consideration of the 2009/2010 Financial Performance Report at the previous meeting of the Resources Committee (Minute RC/19 refers), held on the 8 <sup>th</sup> February 2010, the Committee requested a report on the procedures adopted for the recovery of outstanding debts, to include information on those debts that may be subject to write-off.
<b>RESOURCE IMPLICATIONS</b>	None
<b>EQUALITY IMPACT ASSESSMENT</b>	An initial assessment has not identified any equality issues emanating from this report.
<b>APPENDICES</b>	None
<b>LIST OF BACKGROUND PAPERS</b>	None

## **1. INTRODUCTION**

- 1.1 The 2009/2010 Financial Performance Report considered elsewhere on the agenda to this meeting includes the reporting of the Authority's performance against its agreed financial indicators. One of those indicators relates to the performance against the 'Aged Debt over 85 days'.
- 1.2 As at 31 March 2010 the ratio of debts over 85 days, as compared to the total levels of debt outstanding, was 23.98%, compared to the target set at the beginning of the year to be within 10%. The previous Financial Performance Report, considered at the meeting of Resources Committee held on the 8<sup>th</sup> February 2010, reported this ratio to be 18.91% as at 31 December 2009, representing deterioration from previous performance. In light of this information the Committee requested a report to the next meeting to outline the procedures used for debt recovery, to include further information about the levels of debt and the potential for any of those debts to be written-off.

## **2. DEBT RECOVERY PROCEDURE**

- 2.1 The Service operates its own Finance System (INTEGRA), which was originally installed in 1998 into ex-Devon FRS as part of the move to a becoming a combined fire authority at that time. Prior to that Devon FRS had relied upon the financial systems of Devon County Council. As part of the merger with ex-Somerset FRS it was agreed early on that the new authority would benefit from continuing to utilise the existing Devon FRS finance system, with only Payroll (Somerset CC) and Pensions (Devon CC) being brought in from outside.
- 2.2 The INTEGRA system is a fully integrated commitment system, which means that all the main modules that you would expect with a mainstream finance system i.e. Purchase Ordering, Payments, Debtors and Cash Management, are directly integrated into the General Ledger so as data entry into any of these modules are immediately reported into the General Ledger file. This enables 'real time' reporting to be provided.
- 2.3 Debtor invoices raised for fees and charges provided by the Service, these are input directly into INTEGRA by our administrative offices, resulting in a paper invoice being sent to the Debtor, and the necessary invoice information and general ledger coding to be recorded immediately. There are 16 separate offices across the 2 counties raising debtor invoices on the system, including Service HQ and the 6 area admin offices.
- 2.4 Any staff engaged in raising invoices receives sufficient training from members of the Finance Team before using the system including the procedure to be adopted in terms of debts that are not paid within agreed terms. This includes documented user notes for reference. The procedure is effectively a 6 stage process, as outlined in Table 1 overleaf:-

**TABLE 1 – DEBT RECOVERY PROCEDURE**

	<b>Period (days)</b>	<b>Action Required</b>	<b>Who is Responsible</b>
Stage 1		Debtors invoice raised on INTEGRA	Department/Section
Stage 2	After 28 days	A reminder is generated from INTEGRA and submitted to the Debtor with a copy of the original invoice.	Department/Section
Stage 3	After a further 7 days	The debtor is to be contacted by telephone to ascertain that the invoice/reminder has been received, and if so to make enquiries as to why the invoice has not been paid, and request immediate payment.	Department/Section
Stage 4	After a further 7 days	If payment has still not been received then the matter is referred to the Finance Team who will record as an 'aged debtor'  On receipt of an 'aged debt' the Finance Team will attempt to make telephone contact with the debtor to ascertain when payment can be expected, and to agree further time for payment if appropriate.	Department/Section  Finance Team
Stage 5	After 7 days (or more if further time agreed)	All relevant information is passed to the Service Insurance/ Risk Manager for further action by the authority solicitor.	Finance Team
Stage 6		Service Insurance/Risk Manager to liaise with the solicitor to agree appropriate action depending on the size of the debt and likelihood of successful recovery of payment.	Service Insurance/Risk Manager

2.5

This above procedure has proved to be effective in ensuring that the majority of debts are recovered in good time. The procedure is due for review and it is likely that the time period before which a debt is forwarded to the Service Insurance/Risk manager will be reduced. During 2009/2010 a total of 1,440 invoices, totalling £3,782,318.50, were raised on INTEGRA, of which only 130 (9.02%) were outstanding as at 31 March 2010.

**3. ANALYSIS OF OUTSTANDING DEBT AS AT 31 MARCH 2010**

3.1 The total debt outstanding as at 31 March 2010 amounts to £453,238.91. An analysis of the aged of this debt is provided in Table 2 below:

**TABLE 2 – AGED DEBT ANALYSIS AS AT 31 MARCH 2010**

	Total value	
Within 28 days	£324,372.31	71.57%
29 – 56 days	£18,632.88	4.11%
57 – 84 days	£1,561.25	0.34%
Over 85 days	£108,672.47	23.98%
	<b>£453,238.91</b>	<b>100.00%</b>

3.2 The area of concern highlighted from the Financial Performance Report, considered elsewhere on this agenda, relates to the ratio of debt over 85 days which is well in excess of the 10% target. It should be noted that of the total debt figure of £108,672.47 in excess of 85 days, an amount of £81,805 relates to 3 debtors who have been slow in making payment and who are continuing to be pursued for payment. If these 3 debtors were removed the ratio would reduce to 7.23%. A summary of the current position in relation to the pursuance of these debts is provided in Table 3 below, including commentary as to the risk for any potential write-off.

**TABLE 3 – SUMMARY OF CURRENT POSITION WITH DEBTS OVER 85 DAYS**

Debtor	£	Current Position	Potential for write-off
A	16,566	Recovery through court action commenced	Low
B	19,998	Recovery through court action commenced	Low
C	45,241	All debt repaid by 7 <sup>th</sup> April 2010	Low
Individual Debts below £5,000	26,867	Consists of 59 debts each of which is below £5,000, at an average of £455 per debtor.	Medium - High
	<b>£108,672</b>		

3.3 Based upon the above analysis a provision for potential debt write-off of £5000 will be made in closing the accounts for the financial year 2009/2010. This does not mean that those debts identified as at risk are to be written-off at this stage, only that a prudent financial provision is to be charged to the 2009/2010 accounts, in the event that they are eventually written-off.

**KEVIN WOODWARD**  
Treasurer