DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/14/2**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**3 FEBRUARY 2014**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2013-2014: QUARTER 3**
LEAD OFFICER	**Treasurer to the Authority**
RECOMMENDATIONS	***(a) That the monitoring position in relation to projected spending against the 2013-2014 revenue and capital budgets be noted;*** ***(b) That the performance against the 2013-2014 financial targets be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the third quarter performance (to December 2013) against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2013-2014 revenue budget with explanations of the major variations. At this stage in the financial year it is forecast that spending will be £1.932m less than budget, equivalent to 2.52% of the total budget. This saving is largely attributable to the early implementation of our strategy to reduce non-operational support functions costs by at least £1.5m by 2015-16. Management action has already been undertaken this year towards the deletion of support staff posts which together with the application of new procurement strategies, means that not only are we delivering in-year savings, but also providing the confidence that the full year savings target of £1.5m by 2015-16 will be met. Members will recall that it is forecast that the Service needs to save £7m over the next two financial years and so, whilst this managed underspend (one off) is helpful, further base budget (recurring) reductions need to be made in order to meet Government grant reductions. Further difficult decisions will need to be made in future years in order to balance the budget.
RESOURCE IMPLICATIONS	As indicated in the report.

EQUALITY AND RISK BENEFITS ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Summary of Prudential Indicators 2013-2014.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 This report provides the third quarterly financial monitoring report for the current financial year, based upon the position as at the end of December 2013. As well as providing projections of spending against the 2013-2014 revenue and capital budget, the report also includes forecast performance against other financial performance indicators, including the prudential and treasury management indicators.

1.2 Table 1 below provides a summary of performance against the key financial targets.

TABLE 1 – FORECAST PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2013-2014

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 3	Previous	Quarter 3 %	Previous Quarter %
	Revenue Targets					
1	Spending within agreed revenue budget	£76.784m	£74.852	£75.280m	(2.52%)	(1.96)%
2	General Reserve Balance as %age of total budget (minimum)	5.00%	6.76%	6.76%	(1.76)bp	(1.76)bp
	Capital Targets					
3	Spending within agreed capital budget	£6.752m	£4.976	£5.272m	(26.30)%	(17.11)%
4	External Borrowing within Prudential Indicator limit	£25.978m	£26.214m	£26.214m	0.91%	0.91%
5	Debt Ratio (debt charges over total revenue budget)	3.85%	3.85%	3.85%	0.00bp	0.00bp

1.3 The remainder of the report is split into the three sections of:

- **SECTION A** – Revenue Budget 2013-14.
- **SECTION B** – Capital Budget and Prudential Indicators 2013-14.
- **SECTION C** – Other Financial Indicators.

1.4 Each of these sections provides a more detailed analysis of performance, including commentary relating to the major variances.

2. SECTION A - REVENUE BUDGET 2013-2014

2.1 Table 2 overleaf provides a summary of the forecast spending against all agreed subjective budget heads, e.g. employee costs, transport costs etc. This table indicates that spending by the year end will be £74.852m compared with an agreed budget figure of £76.784m, representing a saving of £1.932m, equivalent to 2.52% of the total budget.

TABLE 2 – REVENUE MONITORING STATEMENT 2013-2014

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY
Revenue Budget Monitoring Report 2013/14

Line No		2013/14 Budget £000 (1)	Year To Date Budget £000 (2)	Spending to Month 9 £000 (3)	Projected Outturn £000 (4)	Projected Variance over/ (under) £000 (5)
	SPENDING					
	EMPLOYEE COSTS					
1	Wholetime uniform staff	31,998	23,963	23,967	32,030	32
2	Retained firefighters	11,794	8,553	7,850	11,676	(118)
3	Control room staff	1,637	1,222	1,128	1,613	(24)
4	Non uniformed staff	10,979	8,229	7,642	10,022	(957)
5	Training expenses	1,430	1,074	615	1,121	(309)
6	Fire Service Pensions recharge	2,058	1,710	1,858	2,141	83
		59,896	**44,751**	**43,060**	**58,603**	**(1,293)**
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,141	859	814	1,066	(75)
8	Energy costs	625	420	452	557	(68)
9	Cleaning costs	445	334	259	407	(38)
10	Rent and rates	1,500	1,308	1,480	1,539	39
		3,711	**2,921**	**3,005**	**3,569**	**(142)**
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	634	475	430	606	(28)
12	Running costs and insurances	1,408	1,111	893	1,430	22
13	Travel and subsistence	1,686	1,160	1,042	1,510	(176)
		3,728	**2,746**	**2,365**	**3,546**	**(182)**
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,585	1,927	1,938	2,377	(208)
15	Supplies Internal Recharges	0	0	0	-	-
16	Hydrants-installation and maintenance	111	83	66	111	-
17	Communications	2,012	1,509	1,273	1,975	(37)
18	Uniforms	1,284	970	339	1,086	(198)
19	Catering	134	101	125	146	12
20	External Fees and Services	330	248	146	267	(63)
21	Partnerships & regional collaborative projects	136	102	75	136	-
		6,592	**4,939**	**3,962**	**6,098**	**(494)**
	ESTABLISHMENT COSTS					
22	Printing, stationery and office expenses	400	311	232	371	(29)
23	Advertising	51	38	11	20	(31)
24	Insurances	366	350	1,025	410	44
		817	**699**	**1,268**	**801**	**(16)**
	PAYMENTS TO OTHER AUTHORITIES					
25	Support service contracts	549	377	364	555	6
		549	**377**	**364**	**555**	**6**
	CAPITAL FINANCING COSTS					
26	Capital charges	4,583	2,017	320	4,432	(151)
27	Revenue Contribution to Capital spending	68	-	-	68	-
		4,651	**2,017**	**320**	**4,500**	**(151)**
28	**TOTAL SPENDING**	**79,945**	**58,449**	**54,344**	**77,673**	**(2,272)**
	INCOME					
29	Treasury management investment income	(100)	(75)	(126)	(160)	(60)
30	Grants and Reimbursements	(1,996)	(1,497)	(1,831)	(2,273)	(277)
31	Other income	(903)	(677)	(335)	(732)	171
32	Internal Recharges	(163)	(122)	(111)	(107)	56
33	**TOTAL INCOME**	**(3,161)**	**(2,371)**	**(2,403)**	**(3,271)**	**(110)**
34	**NET SPENDING**	**76,784**	**56,078**	**51,941**	**74,402**	**(2,382)**
	TRANSFERS TO EARMARKED RESERVES					
35	Transfer to Earmarked Reserve	-	-	-	450	450
		-	**-**	**-**	**450**	**450**
36	**NET SPENDING**	**76,784**	**56,078**	**51,941**	**74,852**	**(1,932)**

2.2 These forecasts are based upon the spending position at the end of December 2013, historical trends, and information from budget managers on known commitments. It should be noted that whilst every effort is made for projections to be as accurate as possible, some budget lines are susceptible to volatility in spending patterns during the year e.g. retained pay costs which are linked to activity levels, and it is inevitable therefore that final spending figures for the financial year will differ than those projected in this report.

2.3 As part of the discussions around the approval of the Corporate Plan in July 2013, our strategy to deliver further on-going savings of £6.8m by 2015-16 includes a savings target of £1.5m to come from non-operational support functions. It should be noted that this £1.5m is in addition to the £2.2m already removed from non-operational support function budgets since 2010-11. Report DSFRA/13/16 "Non-operational Savings" considered at the Devon and Somerset Fire and Rescue Authority (DSFRA) meeting on the 10 July 2013 (Minute DSFRA/19 refers) identified how this figure of £1.5m can be achieved including the deletion of approximately 40 posts by the end of this financial year.

2.4 To date, management has already taken decisions to delete support staff post and are on target to reach 40 posts by the end of the financial year, contributing £0.957m of in-year savings. Voluntary redundancy arrangements have been used and will continue to be used to speed up the reduction of posts as agreed by the Fire Authority.

2.5 These in-year savings form a significant contribution to the forecast £1.932m underspend against the current year revenue budget. Savings against other budget heads e.g. Training Expenses and Capital Financing Costs are also reported. Explanations of the more significant variations from budget (over £50k variance) are explained below in paragraphs 3 to 8.

2.6 All budget managers have been tasked by the Chief Fire Officer and Executive Board to reduce spending 'in year' and managers have responded accordingly.

3. EMPLOYEE COSTS

Wholetime Staff

3.1 At this stage it is projected that spending on wholetime pay costs will be £32k over the budgeted figure, equivalent to 0.1% of the total wholetime pay budget. This projection includes the impact of the agreed 1% pay award from July 2013.

3.2 It should be noted that, as part of the budget savings required to set a balanced budget for 2013-14, the wholetime staffing budget has been reduced by £0.5m to reflect vacancy management savings from predicted leavers during the financial year. Based upon current assumptions of further leavers, retirees and voluntary redundancies, during the remainder of the financial year it is forecast that this saving figure will be achieved.

Retained Pay Costs

3.3 At this stage in the financial year spending is forecast to be under budget by £0.118m. In making this projection an assumption has been made that activity levels in the remainder of the financial year are consistent with the average for the same period for the last three financial years. It should be emphasised that by its very nature retained pay costs can be subject to significant variations e.g. volatility to spending caused from spate weather conditions.

3.4 With reference to the impending financial liability relating to the Employment Tribunal which ruled that, under the Part-Time Workers (less than favourable working conditions) Regulations, retained firefighters should have had the same access to pension benefits as their full-time colleagues. Whilst from 2006 retained staff have had such access, this was not the case prior to 2006. The ruling has meant that individual retained firefighters, both existing and retired, can now access the Firefighter Pension Scheme for the period from the year 2000 (the year the employment Tribunal was lodged) until 2006.

3.5 For each firefighter that opts to access the Pension scheme prior to 2006 the Authority will be required to pay an employer's contribution into the Pension Fund based upon pensionable pay during the relevant period. Each firefighter will also be required to pay an employee's contribution into the Fund, which for many will be a significant one-off payment.

3.6 A consultation document issued by the Department of Communities and Local Government (CLG) in July 2013 "Retained Firefighters Pension Settlement" sets out the proposed terms of access to a pension scheme for the period 1 July 2000 to 5 April 2006. It also provides a proposed timeframe of events including the process for retained staff to register an interest, and for each Fire and Rescue Authority (FRA) to notify staff of the costs and benefits. Given that it is envisaged that this process will take up to twelve months to complete, it is not possible at this time to give a precise figure in terms of the liability to fall on the Authority.

3.7 The Authority has prudently already set aside an amount of £1.6m in a Provision to fund this liability when it is required to be settled. This figure has been calculated based upon an assumed level of take-up by retained staff. Clearly there is a risk that, should actual take-up levels exceed our assumptions, then this figure will prove to be insufficient. In such an event the additional cost would need to be funded from Authority Reserves.

Non Uniformed Pay

3.8 Management action already taken this year has resulted in the deletion of multiple support staff posts. It is anticipated that this number will have reached 40 by the end of the financial year resulting in forecast savings of £0.957m against a budget of £10.979m. This figure is net of known redundancy payments for non-uniformed staff.

Training Expenses

3.9 Training Expenses are forecast to come in £0.309m under budget, mostly savings of £0.137m from Role Development courses, £0.091m on Assessment Centres and £0.052m on Core Development, £0.040m on External training. This is primarily due to the significant reduction to headcount throughout the service.

Pension Costs

3.10 Current predicted over spends of £0.083m on the Pensions Recharge are due to the anticipated number of ill-health retirements this year, which may change as time progresses due to the notice period necessary.

4. PREMISES RELATED COSTS

Repair and Maintenance

4.1 Forecast savings against budget of £0.075m for Repair and Maintenance are due to efficiencies within the planned maintenance programmes and a reduction to the volume of repairs which are completed by external contractors.

Energy Costs

4.2 Due to seasonal variations to energy demand, an under spend of £0.068m on energy costs are anticipated which represents an 10.9% saving against budget

5. TRANSPORT RELATED COSTS

Travel and Subsistence

5.1 Savings of £0.176m are forecast to be realised from Travel expenses, specifically £0.090m on Contract Car Hire Vehicle leases and £0.050m in relation to travel expenses which had been set aside to meet additional travel costs from the combination of control rooms.

6. SUPPLIES AND SERVICES

Equipment and Furniture

6.1 Anticipated savings of £0.208m on equipment and furniture are primarily as a result of the adoption of planned procurement and spending strategies on ICT equipment.

Uniforms

6.2 The forecast under spend of £0.198m on uniforms is due to reduced staff numbers and planned procurement savings on work wear refreshment programmes.

External Fees and Services

6.3 Due to the strategic reduction in the number of external contractors used, expenditure on External fees and services is forecast to be underspent by £0.063m.

7. CAPITAL FINANCING COSTS

Capital charges

7.1 The forecast spending for Capital Charges is £4.432m, a saving of £0.151m against budget. This is primarily due to a reduction in debt charges because of slippage in capital spending in 2012-13 resulting in reduced borrowing requirements.

8. INCOME

Treasury Management Income

8.1 Due to better than expected yields on Investment activities in 13-14, Treasury Management income is forecast to be £0.060m better than budget.

Grants and Reimbursements

8.2 Income from Grants and Reimbursements is expected to be £0.277m better than budgeted. However, the majority of funds are matched by additional spending items in year (reflected on expense lines) resulting in no net savings.

Other Income

8.3 Income from External bodies is forecast to be £0.171m less than budget. Of this amount £0.075m relates to the reversal of income accounted for twice in 2012/13, which was identified as part of the external audit process. The remainder is as a consequence of the adverse impact to income generation in the current economic conditions.

9. RESERVES AND PROVISIONS

9.1 As well as the funds available to the Authority by setting an annual budget, the Authority also holds reserve and provision balances.

Reserves

9.2 There two types of Reserves held by the Authority:

- *Earmarked Reserves* – these reserves are held to fund a **specific** purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

- *General Reserve* – usage from this Reserve is **non-specific** and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant retained pay costs.

Provisions

9.3 In addition to reserves the Authority may also hold provisions which can be defined as:

Provisions – a Provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

9.4 A summary of predicted balances on Reserves and Provisions is shown in Table 3 below. These figures exclude any potential in-year transfers to/from the revenue budget in the current financial year

TABLE 3 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2014

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TABLE 5 - RESERVES AND PROVISIONS						
RESERVES	**Balance as at 1 April 2013 £000**	**In-Year Transfers £000**	**Spending to Quarter 3 2013 £000**	**Projected Outturn £000**	**Projected Balance as at 31 March 2014 £000**	
Earmarked reserves						
Grants unapplied in 2010-11	2,251		45	327	1,924	
Change & improvement programme	511		-	-	511	
Commercial Services	252		37	50	202	
Direct Funding to Capital	3,877		-	1,743	2,134	
CSR 2010	3,389 *		-	-	3,389	
2012-13 Budget Carry Forwards	150		-	150	0	
Grants unapplied in 2011-12	139		-	139	0	
Essential Spending Pressures	103		-	103	0	
Community Safety Investment	0	450	-	150	300	
Total earmarked reserves	**10,671**	**450**	**82**	**2,662**	**8,459**	
General reserve						
General fund balance	**5,191**				**5,191**	
Percentage of general reserve compared to net budget						6.76%
TOTAL RESERVE BALANCES	**15,862**				**13,650**	
PROVISIONS						
Part time workers - retained fire fighters	1,605		1	1	1,604	
TOTAL PROVISIONS	**1,605**		**1**	**1**	**1,604**	

***** The CSR 2010 Reserve has been established to provide additional financial contingency during the period of austerity, which is now anticipated to go beyond the current CSR 2010 period until at least 2017-18. Given that the proposals within the Corporate Plan are to be implemented with no compulsory redundancies this Reserve will be utilised over the period of austerity measures to fund staffing costs, including voluntary redundancy costs, where required. It also provides further contingency in the event that government grant reductions are larger than included in the Authority Medium Term Financial Plan.

10. DELIVERY OF CORPORATE PLAN SAVINGS

10.1 Table 4 below provides a summary of on-going budget savings already agreed by the Authority at budget setting meetings since 2010. This illustrates that of the total £3.7m of costs removed from the base budget, an amount of £2.2m relates to savings from non-operational budget heads i.e. 59%.

TABLE 4 – SUMMARY OF ON-GOING REVENUE SAVINGS SINCE 2010-11

Year	2011-12 £'000	2012-13 £'000	2013-14 £'000	TOTAL £'000
Operational				
Budget management/zero base budgeting	-	-	(378)	**(378)**
Standarisation of Crewing	(425)	-		**(425)**
Automated Fire Alarm Calls	(25)	(84)		**(109)**
Co-responder Calls	(50)	(25)		**(75)**
Vacancy Management		(150)	(341)	**(491)**
	(500)	**(259)**	**(719)**	**(1,478)**
Non-Operational				
Budget management/zero base budgeting	(342)	(305)	(704)	**(1,351)**
Senior Management Restructure	(50)	(104)		**(154)**
Control Room consolidation	-	(503)		**(503)**
Dissolution of Regional Management Board	(25)			**(25)**
Business Support Changes		(59)	(150)	**(209)**
	(417)	**(971)**	**(854)**	**(2,242)**
Total Savings since 2010-11	**(917)**	**(1,230)**	**(1,573)**	**(3,720)**

10.2 Looking beyond 2013-14, the Corporate Plan 2013-14 to 2014-15, agreed by the Authority in July 2013, included proposals to deliver further savings of £6.8m by 2015-16 to offset grant reductions, which includes further savings of £1.5m from non-operational budgets, as highlighted in this report.

10.3 At this time, implementation plans for the delivery of each of these proposals have been put in place. Given that the Authority will be required to set a balanced budget for 2015-16 in February 2015, only thirteen months away, it is vital that these implementation plans are kept under constant review to provide the confidence that the required savings can be delivered in time.

10.4 This Committee will need to keep savings plans under review to ensure that the Authority is in a position to deliver the required savings for 2015-16.

11. SUMMARY OF REVENUE SPENDING

11.1 At this stage it is forecast that spending will be £1.932m less than the agreed budget figure for 2013-14. This is an increase on previous projections and is primarily attributable to the early adoption of our strategy to reduce non-operational support function costs by an amount of £1.5m by 2015-16.

11.2 Given that we still have a further three months of the financial year to go, and the figures will inevitably be subject to change, this report does not make any recommendation as to how this forecast saving is to be utilised. Future decisions to be made by the Committee as to how the savings figure is to be best utilised will be influenced by other factors e.g. clarity around the liability in respect of retained pension costs (see Para 3.7), the need to support capital spending plans therefore reducing debt exposure, and also the need to maintain sufficient Reserve balances during the period of austerity, now anticipated to be to at least 2017-18.

12. SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2013-14

Monitoring of Capital Spending in 2013-14

12.1 Table 5 below provides a summary of forecast spending against the 2013-2014 capital programme. At this stage it is forecast that total capital spending in year will be £4.976m, with £1.766m of slippage in to 2014-15 and net savings of £0.010m against a total budget of £6.752m.

12.2 The Capital Programme has been enhanced by £0.355m funding from reserves for National Resilience Assets, as approved by the Fire Authority at its meeting held on the 19 December 2013.

12.3 Provision of £0.034m to fund the purchase of a Telehandler for use at the Airport Training site has also been made to be funded the revenue underspend, thereby incurring no additional revenue debt charge to the service.

TABLE 5 – CAPITAL MONITORING 2013-14

Capital Programme 2013/14				
Item	**PROJECT**	**2013/14 £000 Budget**	**2013/14 £000 Projected outturn**	**2013/14 £000 Variation to budget**
	Estate Development			
1	SHQ major building works	79	39	(40)
2	Major Projects - Training Facility at Exeter Airport	1,544	1,214	(330)
3	Minor improvements & structural maintenance	300	297	(3)
4	USAR works	255	97	(158)
5	Minor Works slippage from earlier years	988	856	(132)
6	Projects funded from Revenue	63	43	(20)
	Estates Sub Total	**3,229**	**2,546**	(683)
	Fleet & Equipment			
7	Appliance Replacement - Slippage from 12/13	337	231	(106)
8	Specialist Ops Vehicles - Slippage from 12/13	1,530	1,018	(512)
9	Equipment - Slippage from 12/13	181	157	(24)
10	Vehicles funded from Revenue	60	56	(4)
11	Appliance Replacement	1,015	687	(328)
12	Equipment	300	180	(120)
13	USAR Vehicles	100	100	-
	Fleet & Equipment Sub Total	**3,523**	**2,430**	**(1,093)**
	Overall Capital Totals	**6,752**	**4,976**	(1,776)
	Programme funding			
	Main programme	1,596	1,596	(0)
	Revenue funds	3,361	1,743	(1,618)
	Earmarked Reserves	355	197	(158)
	Grants	1,440	1,440	-
		6,752	**4,976**	**(1,776)**

Prudential Indicators (including Treasury Management)

12.4 Table 5 also illustrates how the forecast spending of £4.976m is to be financed. Should the forecast slippage increase then we are likely to be in a position of not requiring any borrowing in this financial year to finance capital spending. As is reported in the separate Treasury Management Performance Report elsewhere on the agenda, no additional borrowing has been taken out during the first nine months of the year, and there are no plans to take out any further borrowing in the remainder of the financial year. This position may change however subject to movement in Public Works Loan Board (PWLB) rates, which are monitored on a daily basis.

12.5 Total external borrowing with the Public Works Loan Board (PWLB) as at 31 December 2013 stands at £26.285m, forecast to reduce to £26.214m by 31 March 2014 as a result of further loan repayments. This level of borrowing is well within the Authorised Limit for external debt of £32.770m (the absolute maximum the Authority has agreed as affordable).

12.6 At this stage of the year income from the investment of working balances into short-term deposits is anticipated to exceed the target figure of £0.100m by 31 March 2014 by £0.060m. Investment returns have yielded an average return of 0.43% which outperforms the LIBID 3 Month return (industry benchmark) of 0.40% for the quarter.

12.7 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2013-2014, which illustrates that at this time there is no anticipated breach of any of these indicators.

13. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

13.1 Total debtor invoices outstanding as at 31 December 2013 is £261,209, an increase on the previously reported figure of £124,088 at 30 September 2013.

13.2 Of this figure an amount of £79,613 (£66,845 as at 30 September 2013) was due from debtors relating to invoices that are more than 85 days old, equating to 30.48% (53.87% as at 30 September 2013) of the total debt outstanding. Table 6 below provides a summary of all debt outstanding as at 31 December 2013.

TABLE 6 – OUTSTANDING DEBT AS AT 31 DECEMBER 2013

	Total £	**%**
Current (allowed 28 days in which to pay invoice)	52,175	19.97%
1 to 28 days overdue	30,094	11.52%
29-56 days overdue	1,319	0.50%
57-84 days overdue	98,008	37.52%
Over 85 days overdue	79,613	30.48%
Total Debt Outstanding as at 31 December 2013	**261,209**	**100.00%**

13.3 Table 7 below provides further analysis of those debts in excess of 85 days old.

TABLE 7 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	**Total Value**	**Action Taken**
Individual Debts less than £1,000	9	£2,245	Each debt being pursued by the Risk and Insurance Officer.
L Davies	1	£2,681	This relates to an overpayment to a former employee and payment by instalments has been negotiated.
GB Fire Ltd	1	£12,000	Invoice was in dispute as at 31 December 2013 but has now been paid
Georgia Group	1	£62,687	This is a claim that relates to a breach of contract and refunds due to the Authority in relation to training courses not delivered. This issue is subject to a separate report to be considered later in the meeting under Part II of the agenda.

Payment of Supplier Invoices within 30 days

13.4 The Authority attempts to pay its suppliers promptly. The target is that 98% of invoices should be paid within 30 days (or other agreed credit terms). Actual performance to the end of December 2013 was 91.95% against the previous reported figure of 93.50% as at 30 September 2013. Whilst this decline in performance could be attributable to offices being closed over the Festive Season, the Finance Team are working with administrative staff across the Service with a view to identify changes to current processes which will improve performance.

KEVIN WOODWARD
Treasurer to the Authority

PRUDENTIAL INDICATORS 2013-2014 **APPENDIX A TO REPORT RC/14/2**

Prudential Indicators and Treasury Management Indicators	Forecast £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	**4.976**	**6.752**	**(£1.776m)**
External Borrowing vs Capital Financing Requirement (CFR) - Total Borrowing Other long term liabilities	**27.746** 26.214 1.532	**27.510** 25.978 1.532	**£0.236m**
External borrowing vs Authorised limit for external debt - Total Borrowing - Other long term liabilities	**27.746** 26.214 1.532	**34.290** 32.770 1.520	**(£6.544m)**
Debt Ratio (debt charges as a %age of total revenue budget	**3.85%**	**3.85%**	**(0.00)bp**
Cost of Borrowing – Total Interest on existing debt as at 31-3-13 Interest on proposed new debt in 2013-14	**1.132** 1.132 0.000	**1.132** 1.132 0.000	**(£0.000m)**
Investment Income – full year	**0.160**	**0.100**	**(£0.060m)**
	Actual (31 Dec 2013) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**0.43%**	**0.40%**	**(0.03)bp**

Prudential Indicators and Treasury Management Indicators	Forecast (31 March 2014) %	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	3.51%	30.00%	0.00%	(26.49%)
12 months to 2 years	0.99%	30.00%	0.00%	(29.01%)
2 years to 5 years	1.15%	50.00%	0.00%	(48.85%)
5 years to 10 years	5.03%	75.00%	0.00%	(69.97%)
10 years and above - 10 years to 20 years - 20 years to 30 years - 30 years to 40 years - 40 years to 50 years	**89.31%** 16.59% 13.62% 24.66% 34.45%	**100.00%**	**50.00%**	**(10.69%)**