

REPORT REFERENCE NO.	RC/15/4
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	10 FEBRUARY 2015
SUBJECT OF REPORT	FINANCIAL PERFORMANCE REPORT 2014-2015 – QUARTER 3
LEAD OFFICER	Treasurer to the Authority
RECOMMENDATIONS	<p>(a) <i>That it be recommended to the next meeting of the Fire and Rescue Authority that the budget virements outlined in paragraph 11.1 of this report be approved.</i></p> <p>(b) <i>That subject to (a) above, the monitoring position in relation to projected spending against the 2014-2015 revenue and capital budgets be noted; and</i></p> <p>(c) <i>That the performance against the other 2014-2015 financial targets be noted.</i></p>
EXECUTIVE SUMMARY	<p>This report provides the Committee with the third quarter performance (to December 2014) against agreed financial targets for the current financial year.</p> <p>In particular, it provides a forecast of spending against the 2014-2015 revenue budget with explanations of the major variations. At this stage in the financial year it is forecast that spending will be £1.130 (net of proposed budget virements to Earmarked Reserves contained in this report) less than budget, equivalent to 1.5% of the total budget.</p> <p>This overall saving is largely attributable to the implementation of the Corporate Plan changes agreed in July 2013, together with a strategy to work with budget holders to identify in-year savings against budget heads.</p> <p>At this stage no recommendations are made in relation to how this forecast saving is to be utilised.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Summary of Prudential Indicators 2014-2015.
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 2014. As well as providing projections of spending against the 2014-2015 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 –PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2014-2015

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 3	Previous	Quarter 3 %	Previous %
Revenue Targets						
1	Spending within agreed revenue budget	£75.794m	£74.664m	£74.932m	(1.49%)	(1.13%)
2	General Reserve Balance as %age of total budget (minimum)	5.00%	6.85%	6.85%	(1.85)bp	(1.85)bp
Capital Targets						
3	Spending within agreed capital budget	£7.504m	£4.446m	£5.557m	(40.75)%	(22.32)%
4	External Borrowing within Prudential Indicator limit	£22.582m <i>revised</i>	£25.944m	£25.944m	14.89%	10.73%
5	Debt Ratio (debt charges over total revenue budget)	3.85%	3.63%	3.65%	(0.22)bp	(0.20)bp

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

- **SECTION A** – Revenue Budget 2014-15.
- **SECTION B** – Capital Budget and Prudential Indicators 2014-15.
- **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 2014-2015

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 £74.664m compared with an agreed budget figure of £75.794, representing a saving of £1.130m (£0.862m in Q2), and equivalent to 1.49% of the total budget.

2.2 It should be noted that the forecast spending figure is net of the proposed budget virements, as outlined in paragraph 11.1 of this report.

TABLE 2 – REVENUE MONITORING STATEMENT 2014-2015

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY Revenue Budget Monitoring Report 2014/15		2014/15 Budget	Year To Date Budget	Spending to Month 9	Projected Outturn	Projected Variance over/ (under) £000 (5)
		£000 (1)	£000 (2)	£000 (3)	£000 (4)	
Line No	SPENDING					
	EMPLOYEE COSTS					
1	Wholetime uniform staff	29,349	22,747	21,750	29,329	(19)
2	Retained firefighters	12,444	9,037	8,880	12,489	46
3	Control room staff	1,630	1,217	1,220	1,665	35
4	Non uniformed staff	9,146	7,226	6,975	9,117	(29)
5	Training expenses	1,029	772	674	1,047	18
6	Fire Service Pensions recharge	2,211	1,836	1,773	2,187	(24)
		55,808	42,835	41,271	55,835	27
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,408	1,056	891	1,252	(156)
8	Energy costs	626	421	419	563	(63)
9	Cleaning costs	443	332	380	414	(29)
10	Rent and rates	1,617	1,414	1,408	1,604	(13)
		4,094	3,223	3,097	3,833	(261)
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	612	459	372	516	(96)
12	Running costs and insurances	1,329	1,055	1,338	1,309	(20)
13	Travel and subsistence	1,531	1,056	1,128	1,573	42
		3,472	2,569	2,839	3,398	(74)
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,504	2,140	1,687	2,395	(109)
16	Hydrants-installation and maintenance	128	96	55	107	(21)
17	Communications	1,987	1,543	1,410	1,893	(94)
18	Uniforms	630	882	425	608	(22)
19	Catering	158	118	136	156	(2)
20	External Fees and Services	73	54	80	55	(18)
21	Partnerships & regional collaborative projects	136	102	47	186	50
		5,616	4,936	3,840	5,400	(216)
	ESTABLISHMENT COSTS					
22	Printing, stationery and office expenses	349	277	208	291	(58)
23	Advertising	32	24	27	30	(2)
24	Insurances	372	362	444	298	(74)
		753	663	679	619	(134)
	PAYMENTS TO OTHER AUTHORITIES					
25	Support service contracts	601	420	529	674	73
		601	420	529	674	73
	CAPITAL FINANCING COSTS					
26	Capital charges	4,377	1,638	1,483	4,068	(309)
27	Revenue Contribution to Capital spending	2,206	-	-	2,206	-
		6,583	1,638	1,483	6,274	(309)
28	TOTAL SPENDING	76,927	56,284	53,738	76,032	(894)
	INCOME					
29	Treasury management investment income	(100)	(75)	(101)	(149)	(49)
30	Grants and Reimbursements	(2,370)	(1,817)	(1,956)	(2,361)	9
31	Other income	(768)	(576)	(672)	(1,083)	(315)
32	Internal Recharges	(40)	(30)	(11)	(21)	19
33	TOTAL INCOME	(3,277)	(2,498)	(2,740)	(3,613)	(336)
34	NET SPENDING	73,650	53,785	50,998	72,419	(1,230)
	TRANSFERS TO EARMARKED RESERVES					
35	Transfer to Earmarked Reserve	645	-	-	645	-
37	Capital Funding	1,500	-	-	1,600	100
		2,145	-	-	2,245	100
38	NET SPENDING	75,794	53,785	50,998	74,664	(1,130)

- 2.3 These forecasts are based upon the spending position at the end of December 2014, 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.
- 2.4 This projection for a significant underspend is largely attributable to savings on staffing costs primarily as a result of the continued implementation of the Corporate Plan changes agreed in July 2013. Members will recall that when fully implemented, these changes will deliver on-going savings of £6.8m. However it is recognised that this full saving would take a number of years dependent on the natural turnover of staff through retirements. At the last Resources Committee (November 2014) members agreed to transfer £1.5m of the underspend to Reserves and so budgets have been adjusted accordingly.
- 2.5 In addition all budget managers have been tasked by the Chief Fire Officer and Executive Board to reduce spending 'in year' and managers are responding accordingly.
- 2.6 Explanations of the more significant variations from budget (over £50k variance) are explained below in paragraphs 3 to 9.

3. EMPLOYEE COSTS

Wholetime Staff

- 3.1 At this stage it is projected that spending on wholetime pay costs will be £19k less than budget. It should be noted that this forecast has been adjusted by £1.0m to reflect the proposed budget virement as outlined in paragraph 11.1 of this report. It is anticipated that further savings will be made on this budget line due to deductions made for Industrial Action.

Retained Pay Costs

- 3.2 At this stage in the financial year spending is forecast to be over budget by £46k. 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. The projected over spend is due to increased costs to cover periods of Industrial Action.
- 3.3 As Members will be aware this budget heading is at risk pending further information on the number of retained firefighters (current and retired) who opt to join the firefighters pension scheme, and potentially back dated to the year 2000, as a consequence of the Employment Tribunal verdict which ruled in favour of retained staff under the Part Time Workers (Less than Favourable Working Conditions) Regulations. An options exercise is currently underway to identify the level of interest from retained staff which when completed will provide a more informed indication of the financial impact, both to current budget, and future pension arrangements.

- 3.4 The Authority has so far set aside an amount of £2m in a Provision which is ring fenced to be used to provide funding towards future pension liabilities, including the liability from the Employment Tribunal. The first stage of the options exercise has now been completed which has resulted in a total of 750 “expressions of interest” from both existing and already retired retained staff, which is significantly more than numbers used in the initial modelling. All individuals who expressed an interest have now been provided with estimates of pension benefits in order that decisions on joining the scheme can be made.
- 3.5 Individuals have until March 2015 to make this decision by which time we will have a much more informed position in order to assess the financial impact to the Service.
- 3.6 The Authority will be required to review the adequacy of Provision balances at the year-end to ensure that sufficient has been put aside to meet the liability. There is of course a risk that the £2m balance will prove to be insufficient to meet the eventual liability resulting in a need to enhance the Provision from this year’s underspend.

Non Uniformed Pay

- 3.7 It is forecast that savings of £29k will be achieved against non-uniformed pay costs primarily as a result of vacancy management during the year. The forecast now includes the 2.2% pay award from January 2015. Members will recall that in setting the budget for the current year this budget line has already been reduced by over £1m as a result of Management action taken to reduce the number of support staff by 41. It should be noted that this forecast is also net of the proposed budget virement of £0.5m as outlined in paragraph 11.1 of this report.

4. PREMISES RELATED COSTS

Repair and Maintenance

- 4.1 Forecast savings against budget of £156k for Repair and Maintenance are due to an anticipated reduction in the number of planned projects to be completed due to staffing vacancies in the Estates Department.

Energy Costs

- 4.2 Anticipated savings of £63k against Energy costs are due to weather variations and utility price inflation being lower than budgeted

5. TRANSPORT RELATED COSTS

Repair and Maintenance

- 5.1 At this stage in the financial year it is anticipated that fleet maintenance costs will be £96k under budget as a result of a reduction in the volume of repairs.

6. SUPPLIES AND SERVICES

Equipment and Furniture

- 6.1 It is forecast that delays in the implementation of some Change projects will result in an underspend against this budget line. The forecast under spend of £109k is net of a budget transfer of £350k to the Revenue Contribution to Capital Spending line, as outlined in paragraph 11.1 of this report

Uniforms

- 6.2 As previously reported to members, this budget line includes provision for the delivery of a major project in relation to the roll-out of the agreed replacement Personal Protective Equipment (PPE) of £0.546m. It is now confirmed that the procurement of these items will be delayed beyond the year end and therefore approval of the Committee is sought to transfer funds to an Ear-marked Reserve in year. Table 2 shows the position net of this transfer.

Communications

- 6.3 It is anticipated that there will be an underspend of £94k on communications. This is due to significant savings on the Airwave contract which is negotiated at a national level, although the saving is partially offset by a reduction in the reimbursement due from DCLG of £60k. The under spend of £94k is net of a proposed transfer to Earmarked Reserves of £70k.

7. SUPPORT SERVICES CONTRACTS

Payments to other authorities

- 7.1 Due to several unforeseen costs relating to contracts with other local authorities there is likely to be an over spend of £73k for support service contracts. Specifically this relates to the significant amount of pensions work not covered by our existing service level agreement for the modified and 2015 Pension Schemes, and an increase in the cost of welfare provision to staff.

8. CAPITAL FINANCING COSTS

Capital charges

- 8.1 Current forecast of spending on Capital Charges is £4.068m representing a saving of £309k. This is primarily as a consequence of slippage in capital spending in 2013-14 and 2014-15, resulting in a reduction in debt charges, and a reduction to lease charges.

Revenue contribution to Capital Spending

- 8.2 This budget line has been increased by an amount of £0.350m to reflect a proposed budget virement as outlined in paragraph 11.1 of this report relating to the Authority decision, at its December meeting, to pursue an asset acquisition to be funded from the current year underspend.

9. INCOME

Grants and Re-imbursments

- 9.1 As a result of an additional grant from the DCLG to cover the Airwave radio system it is now confirmed that grant income will be £58k lower than budget. However this is offset by a reduction in expenditure of £94k.

Other Income

- 9.2 It is anticipated that income targets from this budget head will be exceeded by £315k, of which £100k relates to forecast overachievement against commercial income targets. The remainder primarily relates to unbudgeted income from a seconded officer to another local authority, vehicle sales and successful recovery of court costs relating to investigations pursued by the Risk and Insurance Team.

10. TRANSER TO EARMARKED RESERVES

Transfer of In-year under spends for specific items

- 10.1 As previously notified to members, there has been uncertainty about whether a refresh of Personal Protective Equipment (PPE) would be made in year. It is now confirmed that due to specification and procurement timescales this will now go ahead in 2015-16. As outlined in paragraph 11.1 of this report it is proposed that an amount of £0.546m be transferred from the Uniforms budget to Earmarked Reserves in year to be utilised in 2015-16.
- 10.2 Similarly an amount of £70k had been included in the 2014-15 budget to enable upgrades to Service telephony equipment, however as this is not now due to go ahead until 2015-16 it is proposed that this amount is transferred from the Communications budget to Earmarked Reserves.

Direct Revenue Contributions to Capital

- 10.3 Members agreed at the meeting of Resources Committee held on the 20 November 2014 that a further contribution of £1.5m towards capital spending would be made from the 2014-15 under spend and so budgets in Table 2 have been adjusted to reflect this.
- 10.4 **Commercial Income** – As outlined in paragraph 9.2 of this report the current forecast is that income from commercial activities will be £100k more than budgeted. The Authority has previously made an “in principle” decision that any income from commercial activities in excess of that budgeted be ring fenced to provide direct revenue funding toward capital spending. Table 2 reflects that a further transfer of £100k is made to the Earmarked Reserve for Direct Revenue Contributions to Capital at the year-end. It is hoped that this position will have improved by the year-end leading to a larger contribution.

11. BUDGET VIREMENTS

- 11.1 Financial Regulations stipulate that in-year virements between subjective budget lines in excess of £50,000 require the approval of the Resources Committee, and the full Authority where the amount exceeds £150,000 (Regulations A19 and A20 refers). Table 3 below provides details of proposed virements which exceed £150,000 and therefore require the approval of Fire and Rescue Authority.

TABLE 3 – REQUESTS FOR BUDGET VIREMENTS

Budget Line	From £m	To £m	Reason
<p>Wholetime Uniform Staffing Costs (Table 2 Line 1)</p> <p>Non-Uniformed Staffing Costs (Table 2 Line 4)</p> <p>Transfer to Earmarked Reserves (Table 2 Line 37)</p>	<p>(1.000)</p> <p>(0.500)</p>	1.500	<p>This virement reflects the decision made at the meeting of the Resources Committee on the 20 November 2014 (Minute RC/10) to transfer an amount of £1.5m from the current year underspend to Earmarked Reserves to provide direct revenue funding towards future capital spending. It is now proposed that the £1.5m be funded from budget virements from wholetime and non-uniformed staffing budget heads.</p>
<p>Equipment and Furniture (Table 2 Line 14)</p> <p>Revenue Contribution to Capital Spending (Table 2 Line 27)</p>	(0.350)	0.350	<p>This virement reflects the decision made at the meeting of the full Fire Authority (Minute DSFRA/27) on the 17th December 2014 to pursue an asset acquisition in Plymouth to be funded from the current year underspend. It is now proposed that the total cost of £0.350m (including associated fees) be funded from a budget virement from savings against Equipment and Furniture.</p>
<p>Uniforms (Table 2 Line 18)</p> <p>Communications (Table 2 Line 27)</p> <p>Transfer to Earmarked Reserves (Table 2 Line 35)</p>	<p>(0.546)</p> <p>(0.070)</p>	0.616	<p>The 2014-15 budget includes provision of £0.546m to fund a refresh of Personal Protective Equipment (PPE). It is now confirmed that due to specification and procurement timescales this will now be delayed into 2015-16. A budget virement for this amount is therefore proposed from the Uniforms budget head to Earmarked Reserves to enable the funding to be carried forward into 2015-16..</p> <p>Similarly provision of £0.070m had been made in 2014-15 for a required upgrade to the Service telephony system, however this will not now be delivered until 2015-16. A budget virement for this amount is therefore proposed from the Communications budget head to Earmarked Reserves.</p>

11.2 For presentation purposes, the impact of these virements have been reflected in Table 2 on the basis that they are approved.

12. **RESERVES AND PROVISIONS**

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

Reserves

12.2 There are 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

12.3 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.

12.4 A summary of predicted balances on Reserves and Provisions is shown in Table 4. These figures include those proposed transfers to Earmarked Reserves outlined in paragraph 11.1 of this report.

TABLE 4 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2015

RESERVES AND PROVISIONS					
	Balance as at 1 April 2014	Proposed Transfers	Spending to P9	Projected Spend 2014-15	Projected Balance as at 31 March 2015
	£000	£000	£000	£000	£000
RESERVES					
Earmarked reserves					
Grants unapplied from previous years	2,503	28	143	379	2,152
Change & improvement programme	739		41	227	512
Commercial Services	211		24	50	161
Direct Funding to Capital	4,099	1,600	-	2,853	2,846
CSR 2010	3,389		-	-	3,389
Budget Carry Forwards	304	70	48	104	270
Community Safety Investment	405		34	275	130
PPE & Uniform Refresh	450	546	-	-	996
Total earmarked reserves	12,100	2,244	289	3,888	10,456
General reserve					
General fund balance	<u>5,191</u>				<u>5,191</u>
Percentage of general reserve compared to net budget					6.85%
TOTAL RESERVE BALANCES	<u>17,291</u>				<u>15,647</u>
PROVISIONS					
Fire fighters pension schemes	2,084				2,084
PFI Equalisation	295				295
TOTAL PROVISIONS	2,379	0	0	0	2,379

* 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.

13. **SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2014-15**

Monitoring of Capital Spending in 2014-2015

- 13.1 Table 5 overleaf provides a summary of forecast spending against the 2014-2015 capital programme. Latest projection is for capital spending to be £4.446m (£5.557m in Q2) against a revised programme of £7.504m. It should be noted that the previously reported programme figure of £7.154m has been increased by £350k to provide for the purchase of 60 Crownhill Road in Plymouth from the Red Cross. It should be emphasised that this addition does not result in any increase in the external borrowing requirement and will be funded from Revenue under spend as detailed elsewhere in this report.

TABLE 5 – CAPITAL OUTTURN 2014-15

Capital Programme 2014/15			
Item PROJECT	2014/15 £000	2014/15 £000	2014/15 £000
	Budget	Projected outturn	Variation to budget
Estate Development			
1 SHQ major building works	58	1	(57)
2 Major Projects - Training Facility at Exeter Airport	320	91	(229)
3 Minor improvements & structural maintenance	1,062	475	(587)
4 Projects funded from Reserves	282	91	(191)
5 Minor Works slippage from earlier years	680	762	82
6 Projects funded from Revenue	350	350	-
Estates Sub Total	2,752	1,770	(982)
Fleet & Equipment			
7 Vehicles Slippage from 13/14	504	558	53
8 Equipment - Slippage from 13/14	415	268	(147)
9 Vehicle Replacement	2,557	1,542	(1,015)
10 Equipment	1,070	213	(857)
11 Projects funded from Reserves	195	85	(110)
12 Vehicles funded from revenue	11	11	-
Fleet & Equipment Sub Total	4,752	2,676	(2,076)
Overall Capital Totals	7,504	4,446	(3,058)
Programme funding			
Main programme	850	-	(850)
Revenue funds	4,829	2,872	(1,956)
Earmarked Reserves	427	175	(252)
Grants	1,398	1,398	-
	7,504	4,446	(3,058)

Slippage in 2014-15

- 13.2 As is illustrated in Table 5 it is anticipated that there will be slippage against the 2014-15 programme. At this stage, slippage against projects is forecast to be £3.058m, an increase since Quarter 2 largely due to delayed delivery of a number of LRP Appliances and associated equipment. It is a common feature of capital spending that individual projects included in the programme can be subject to delays, for instance as a consequence of weather delays, or pending planning consents. Under the Prudential Code this does not cause any funding problems as slippage can be carried forward into the following years. In fact, slippage in capital spending has a positive impact against the revenue account in so much as it defers borrowing requirements and the associated debt charges.

Prudential Indicators (including Treasury Management)

- 13.3 Also included within Table 5 are details of how the forecast spending of £4.446m is to be financed, which illustrates that all of this spending is to be funded from revenue funding or government grants therefore avoiding the need to increase external borrowing requirements in 2014-15.
- 13.4 Total external borrowing with the Public Works Loan Board (PWLB) as at 31 December 2014 stands at £26.059m (as at the previous quarter), and is forecast to reduce to £25.944m by 31st March 2015 as a result of further principal repayments. This level of borrowing is well within the Authorised Limit for external debt of £31.120m (the absolute maximum the Authority has agreed as affordable). No further external borrowing is planned in this financial year.
- 13.5 Investment returns in the quarter yielded an average return of 0.45% which outperforms the LIBID 3 Month return (industry benchmark) of 0.43%. It is forecast that investment returns from short-term deposits is anticipated to exceed the budgeted figure of £0.100m by £49k by March 2015.
- 13.6 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2014-2015, which illustrates that there was no breach of any of these indicators.

14. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

- 14.1 Total debtor invoices outstanding as at Quarter 3 were £207,147 (previous quarter £159,709). Of this figure an amount of £48,019 (£54,069 as at 30 September 2014) was due from debtors relating to invoices that are more than 85 days old, equating to 23.18% (33.85% as at 30 September 2014) of the total debt outstanding. Table 6 below provides a summary of all debt outstanding as at 30 December 2014.

TABLE 6 – OUTSTANDING DEBT AS AT 31 DECEMBER 2014

	Total	%
	£	
Current (allowed 28 days in which to pay invoice)	30,319	14.64%
1 to 28 days overdue	65,870	31.80%
29-56 days overdue	58,115	28.05%
57-84 days overdue	4,823	2.33%
Over 85 days overdue	48,020	23.18%
Total Debt Outstanding as at 31 December 2014	207,147	100.00%

13.2 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	Action Taken
L Davies	1	£2,681	This relates to an overpayment to a former employee and payment by instalments has been negotiated.
Georgia Group	1	£43,938	This is a claim that relates to a breach of contract and refunds due to the Authority in relation to training courses not delivered. As previously reported this debt is subject to an agreed instalment plan which to date is being honoured.

Payment of Supplier Invoices within 30 days

13.3 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 2014 was 88.98% compared to the previous reported figure of 86.03% as at 30 September 2014. This is an encouraging improvement to performance given that processing was shut down over the festive period, the Finance Team are working closely with administration staff across the Service to attempt to make further improvements.

13. SUMMARY AND RECOMMENDATIONS

13.1 At this stage it is forecast that revenue spending will be £1.130m less than the agreed budget figure for 2014-15, which aligns with the strategy adopted to deliver in-year savings where possible to be available to enhance Reserve balances and is as a direct result of planned projects being delayed.

13.2 Given this position and it is proposed that it be recommended to the next meeting of the Fire and Rescue Authority that:

- (a) It be recommended to the next meeting of the Fire and Rescue Authority that the budget virements outlined in paragraph 11.1 of this report, be approved.***
- (b) That subject to (a) above, the monitoring position in relation to projected spending against the 2014-2015 revenue and capital budgets be noted; and***
- (c) That the performance against the other 2014-2015 financial targets be noted.***

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/14/4

PRUDENTIAL INDICATORS 2014-2015

Prudential Indicators and Treasury Management Indicators	Outturn £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	4.446	7.504	(£3.058m)
External Borrowing vs Capital Financing Requirement (CFR) - Total	27.453	24.091	£3.362m
Borrowing	25.944	22.582	
Other long term liabilities	1.509	1.509	
External borrowing vs Authorised limit for external debt - Total	27.453	32.569	(£5.116m)
Borrowing	25.944	31.120	
- Other long term liabilities	1.509	1.449	
Debt Ratio (debt charges as a %age of total revenue budget)	3.63%	3.85%	(0.22)bp
Cost of Borrowing – Total	1.075	1.075	(£0.000m)
Interest on existing debt as at 31-3-13	1.075	1.075	
Interest on proposed new debt in 2013-14	0.000	0.000	
Investment Income – full year	0.138	0.100	(£0.038m)
	Actual (31 Dec 2014) %	Target for quarter %	Variance (favourable) /adverse
Investment Return	0.45%	0.43%	(0.03)bp

Prudential Indicators and Treasury Management Indicators	31 March 2015) %	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	89.31%	100.00%	50.00%	(10.69%)
- 10 years to 20 years	16.59%			
- 20 years to 30 years	13.62%			
- 30 years to 40 years	24.66%			
- 40 years to 50 years	34.45%			