

REPORT REFERENCE NO.	RC/15/11
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	19 NOVEMBER 2015
SUBJECT OF REPORT	FINANCIAL PERFORMANCE REPORT 2015-2016 – QUARTER 2
LEAD OFFICER	Treasurer to the Authority
RECOMMENDATIONS	<p>(a) <i>That it be recommended to the Devon & Somerset Fire & Rescue Authority that a transfer be made to Earmarked Reserves of £1.5m for future funding of Capital Expenditure;</i></p> <p>(b) <i>That, subject to (a) above, the monitoring position in relation to projected spending against the 2015-2016 revenue and capital budgets be noted;</i></p> <p>(c) <i>That the performance against the 2015-2016 financial targets be noted.</i></p>
EXECUTIVE SUMMARY	<p>This report provides the Committee with the second quarter performance (to September 2015) against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2015-16 revenue budget with explanations of the major variations. It is forecast that, after a transfer to Earmarked Reserves of £1.5m, spending will be £0.547m less than budget.</p> <p>This saving is largely attributable to the ongoing crewing changes as a result of the last Corporate Plan together with a strategy to hold vacancies when staff leave the organisation.</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	<p>A. Summary of Prudential Indicators 2015-2016.</p> <p>B. DSFRA Debt recovery Procedure</p> <p>C. DSFRA Standard Terms and Conditions for Sale of Goods or Services</p>
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 This report provides the second quarterly financial monitoring report for the current financial year, based upon the position as at the end of September 2015. As well as providing projections of spending against the 2015-16 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 2015-2016

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 2	Previous Quarter	Quarter 2 %	Previous Quarter %
Revenue Targets						
1	Spending within agreed revenue budget	£74.710m	£74.163m	£73.444m	(0.73%)	(1.70%)
2	General Reserve Balance as %age of total budget (minimum)	5.00%	7.06%	7.06%	(2.06)bp*	(2.06)bp*
Capital Targets						
3	Spending within agreed capital budget (<i>revised</i>)	£8.178m	£7.933m	£8.178m	(3.00%)	0.00%
4	External Borrowing within Prudential Indicator limit (<i>revised</i>)	£29.477m	£25.817m	£25.943m	12.42%	15.13%
5	Debt Ratio (debt charges over total revenue budget)	3.76%	3.76%	3.76%	(0.00)bp*	(0.00)bp*

*bp = base points

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

- **SECTION A** – Revenue Budget 2015-16.
- **SECTION B** – Capital Budget and Prudential Indicators 2015-16.
- **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 2015-2016

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 £74.163m compared with an agreed budget figure of £74.710m, representing a saving of £0.547m, equivalent to 0.73% of the total budget. It should be noted that this forecast is net of a proposed budget virement of £1.5m as outlined in paragraph 9.3 of this report.

TABLE 2 – REVENUE MONITORING STATEMENT 2015-16**DEVON & SOMERSET FIRE AND RESCUE AUTHORITY**
Revenue Budget Monitoring Report 2015/16

Line No		2015/16 Budget £000 (1)	Year To Date Budget £000 (2)	Spending to Month 6 £000 (3)	Projected Outturn £000 (4)	Projected Variance over/ (under) £000 (5)
SPENDING						
EMPLOYEE COSTS						
1	Wholetime uniform staff	28,315	14,472	13,953	28,060	(255)
2	Retained firefighters	12,138	5,898	5,483	12,010	(128)
3	Control room staff	1,647	815	847	1,703	57
4	Non uniformed staff	9,970	5,126	4,825	9,745	(225)
5	Training expenses	1,186	538	484	1,230	43
6	Fire Service Pensions recharge	2,887	1,677	1,659	2,905	18
		56,143	28,526	27,251	55,653	(490)
PREMISES RELATED COSTS						
7	Repair and maintenance	1,308	654	739	1,324	16
8	Energy costs	630	268	356	617	(13)
9	Cleaning costs	445	223	347	457	12
10	Rent and rates	1,661	969	944	1,668	7
		4,044	2,113	2,386	4,066	22
TRANSPORT RELATED COSTS						
11	Repair and maintenance	607	303	171	588	(19)
12	Running costs and insurances	1,344	870	565	1,326	(18)
13	Travel and subsistence	1,540	678	662	1,507	(33)
		3,491	1,850	1,398	3,421	(70)
SUPPLIES AND SERVICES						
14	Equipment and furniture	2,693	1,346	906	2,722	29
16	Hydrants-installation and maintenance	128	64	89	188	60
17	Communications	2,114	1,057	1,620	2,069	(45)
18	Uniforms	610	305	218	620	10
19	Catering	220	110	92	204	(16)
20	External Fees and Services	106	53	54	100	(6)
21	Partnerships & regional collaborative projects	190	95	43	186	(4)
		6,061	3,030	3,022	6,089	28
ESTABLISHMENT COSTS						
22	Printing, stationery and office expenses	380	213	148	397	17
23	Advertising	39	20	8	36	(3)
24	Insurances	341	321	163	337	(4)
		760	553	319	770	10
PAYMENTS TO OTHER AUTHORITIES						
25	Support service contracts	568	263	396	622	54
		568	263	396	622	54
CAPITAL FINANCING COSTS						
26	Capital charges	3,823	887	1,176	3,728	(95)
27	Revenue Contribution to Capital spending	2,133	-	-	2,133	0
		5,956	887	1,176	5,861	(95)
28	TOTAL SPENDING	77,023	37,223	35,948	76,481	(541)
INCOME						
29	Treasury management investment income	(117)	(58)	(50)	(170)	(53)
30	Grants and Reimbursements	(3,219)	(1,772)	(1,848)	(3,135)	84
31	Other income	(998)	(499)	(346)	(1,037)	(39)
32	Internal Recharges	(30)	(15)	(11)	(28)	2
33	TOTAL INCOME	(4,363)	(2,345)	(2,255)	(4,369)	(6)
34	NET SPENDING	72,660	34,878	33,694	72,113	(547)
TRANSFERS TO EARMARKED RESERVES						
35	Transfer to Earmarked Reserve	2,051	58	551	2,051	-
		2,051	58	551	2,051	-
38	NET SPENDING	74,710	34,936	34,244	74,163	(547)

- 2.2 These forecasts are based upon the spending position at the end of September 2015, 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 This projection for an underspend of £0.547m, net of a proposed £1.5m transfer to reserves, is largely attributable to savings on staffing costs primarily as a result of in year leavers and retirees not being replaced per the Corporate Plan implementation. Members will recall that when fully implemented these proposals will deliver on-going savings of £6.8m, whilst recognising that this full saving would take a number of years dependent on the natural turnover of staff through retirements.
- 2.4 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.
- 2.5 Explanations of the more significant variations from budget (over £0.050m variance) are explained below in paragraphs 3 to 7.

3. EMPLOYEE COSTS

Wholetime Staff

- 3.1 At this stage it is projected that spending on wholetime pay costs will be £0.255m less than budget largely as a result of more staff retirements and leavers during the year than had been budgeted, reducing staffing levels towards those required post Corporate Plan crewing changes. This projection includes the impact of the agreed 1% pay award from July 2015.

Retained Pay Costs

- 3.2 At this stage in the financial year spending is forecast to be under budget by £0.128m. 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.

Control Room Staff

- 3.3 It is forecast that the Control Room will be £0.057m over spent on its staffing budget. This is due to a number of employees electing to join the Local Government Pension scheme since the start of the year, where the associated employer cost was not budgeted.

Non Uniformed Pay

- 3.4 It is forecast that savings of £0.225m will be achieved against non-uniformed pay costs primarily as a result of staffing vacancies and management action to challenge whether vacancies are filled.

4. SUPPLIES AND SERVICES

Hydrants Installation and Maintenance

- 4.1 Hydrants Installation and Maintenance is forecast to be £0.060m overspent for the year. This variance is due to a backlog of maintenance work with South West Water, slipped from previous years, which has now been committed to in this financial year.

5. PAYMENTS TO OTHER AUTHORITIES

Support Services Contracts

- 5.1 Forecast expenditure of £0.622m against budget of £0.568m, an overspend of £0.054m, is due to an increase in payments to the third party Occupational Health Service and fees due to Pensions Administrators for updating their systems to accommodate the introduction of the Modified Firefighters Pension Scheme.

6. CAPITAL FINANCING COSTS

Capital charges

- 6.1 Current forecast of spending on Capital Charges is £3.728m, representing a saving of £0.095m. This as a consequence of slippage in capital spending in 2014-15 and fewer leased vehicles, resulting in a reduction in debt charges in year.

7. INCOME

Treasury Management Income

- 7.1 Due to better than forecast cash balances resulting from revenue underspend and capital slippage and stronger investments yields, treasury management income is forecast to be £0.053m better than budgeted.

Grants & Reimbursements

- 7.2 It is anticipated that there will be a £0.084m shortfall against a budget of £3.219m due to a £0.040m grant reduction (offset by lower contract expenditure) from the Department for Communities and Local Government associated with the Airwave communications contract, and fewer courses being run for Job Centre Plus (again offset by savings from expenditure lines such as non-uniformed advocate pay).

8. RESERVES AND PROVISIONS

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

Reserves

- 8.2 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

- 8.3 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.

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

TABLE 3 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2016

	Balance as at 1 April 2015 £000	Approved Transfers £000	Proposed Transfers £000	Spending to P6 £000	Projected Spend 2015-16 £000	Proposed Balance as at 31 March 2016 £000
RESERVES						
Earmarked reserves						
Grants unapplied from previous years	1,707	-	-	492	963	744
Change & improvement programme	938	-	-	107	459	478
Budget Carry Forwards	727	-	-	0	442	285
Commercial Services	192	-	-	-	20	172
Direct Funding to Capital	7,175	-	1,500	-	515	8,160
Comprehensive Spending Review*	4,955	-	-	-	-	4,955
Community Safety Investment	215	-	-	33	175	40
PPE & Uniform Refresh	996	-	-	-	-	996
Pension Liability reserve	1,525	-	-	-	-	1,525
NNDR Smoothing Reserve	62	551	-	-	-	613
Total earmarked reserves	18,492	551	1,500	631	2,574	17,969
General reserve						
General fund balance	5,271	-	-	-	-	5,271
Percentage of general reserve compared to net budget						7.06%
TOTAL RESERVE BALANCES	23,763					23,240
PROVISIONS						
Fire fighters pension schemes	784	-	-	-	75	709
PFI Equalisation	295	-	-	-	-	295
TOTAL PROVISIONS	1,079			0	75	1,004

* The CSR 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 the ongoing need to implement staff reductions arising from the changes within the Corporate Plan, this Reserve will be utilised over the period of austerity measures to fund the necessary changes to staffing models, including voluntary and/or compulsory redundancy costs, where required. It also provides further contingency in the event that government grant reductions are larger than included in the Authority's Medium Term Financial Plan.

9. **SUMMARY OF REVENUE SPENDING**

- 9.1 At this stage it is forecast that spending will be £0.547m (net of transfer to earmarked reserve) less than the agreed budget figure for 2015-16, which aligns with the strategy adopted to deliver in-year savings in order to enhance Reserve balances and prepare the Authority for future austerity measures.
- 9.2 In line with the published strategy to reduce future debt exposure and the resulting impact on debt charges, Members of the Resources Committee are requested to recommend to the Authority that an amount of £1.5m be transferred to an Earmarked Reserve to support future Capital Expenditure, with associated budget virements as outlined in paragraph 9.3.

- 9.3 Table 4 below provides details of the proposed transfers between subjective budget headings to fund the proposed transfer of £1.5m to the earmarked reserve to be used to fund future capital spending. Financial Regulations require 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). The budget figures in Table 2 include the impact of these virements on the basis that Member approval is granted.

TABLE 4 – PROPOSED BUDGET VIREMENTS

Line (Table 2)	Budget	Requested Budget Virement £m
1	Wholetime Uniformed Staff	(0.700)
2	Retained Firefighters	(0.300)
3	Non Uniformed staff	(0.300)
26	Capital Charges	(0.200)
35	Transfer to Earmarked Reserve	1.500

10. SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2015-16

Monitoring of Capital Spending in 2015-16

- 10.1 Table 5 below provides a summary of forecast spending against the 2015-16 capital programme. Latest projection is for capital spending to be £7.933m (£8.178m in Q1) against a revised programme of £8.178m.

TABLE 5 – CAPITAL OUTTURN 2015-16

Item	PROJECT	2015/16 £000 Revised Budget	2015/16 £000 Forecast Outturn	2015/16 £000 Forecast Slippage	2015/16 £000 Over/ (under) spend
	Estate Development				
1	Major Projects - Training Facility at Exeter Airport	421	421	0	0
2	Minor improvements & structural maintenance	1,620	1,374	(120)	(126)
	Estates Sub Total	2,041	1,795	(120)	(126)
	Fleet & Equipment				
3	Appliance replacement	4,502	4,502	0	0
4	Community Fire Safety	0	0	0	0
5	Specialist Operational Vehicles	344	344	0	0
6	Equipment	953	953	0	0
7	ICT Department	245	246	0	1
8	Water Rescue Boats	93	93	0	0
	Fleet & Equipment Sub Total	6,137	6,138	0	1
	Overall Capital Totals	8,178	7,933	(120)	(125)
	Programme funding				
	Earmarked Reserves:	1,047	802	(120)	(125)
	Revenue funds:	2,134	2,134	0	0
15	Borrowing	4,997	4,997		0
	Total Funding	8,178	7,933	(120)	(125)

Slippage in 2015-16

- 10.2 As is illustrated in Table 5 it is anticipated that there will be slippage against the 2015-16 programme. At this stage, savings of £0.125m are being declared against the Capital Programme for projects which are not going ahead in 2015/16. Additionally there is forecast slippage of £0.120m due to some delays in a number of Estates projects which are on hold pending revisions to the Property Strategy. 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)

- 10.3 Total external borrowing with the Public Works Loan Board (PWLB) as at 30 September 2015 stands at £25.880m (from £25.944m in Q1), and forecast to reduce to £25.817m as at 31 March 2016. This level of borrowing is well within the Authorised Limit for external debt of £30.953m (the absolute maximum the Authority has agreed as affordable). No further external borrowing is planned in this financial year.
- 10.4 Investment returns in the quarter yielded an average return of 0.56% 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 £0.117m by 31 March 2016.
- 10.5 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2015-2016, which illustrates that there was no breach of any of these indicators.

11. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

- 11.1 Total debtor invoices outstanding as at Quarter 2 were £288,769 (previous quarter £48,190). Table 6 below provides a summary of all debt outstanding as at 30 September.
- 11.2 Of this figure an amount of £10,518 (£8,346 as at 30 June) was due from debtors relating to invoices that are more than 85 days old, equating to 3.64% (17.32% as at 30 June) of the total debt outstanding. Table 7 overleaf provides an analysis of all debt in excess of 85 days.

TABLE 6 – OUTSTANDING DEBT AS AT 30 SEPTEMBER 2015

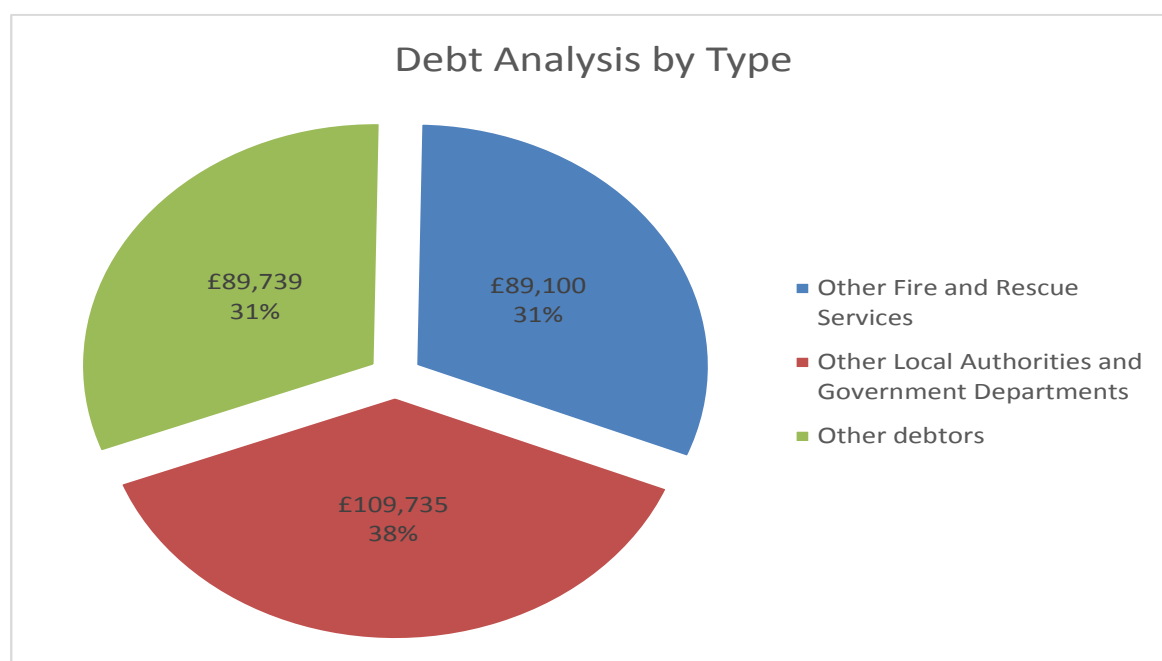
	Total Value £	%
Current (allowed 28 days in which to pay invoice)	257,180	89.06%
1 to 28 days overdue	-	0.00%
29-56 days overdue	42	0.01%
57-84 days overdue	21,029	7.29%
Over 85 days overdue	10,518	3.64%
Total Debt Outstanding as at 30 September 2015	288,769	100.00%

TABLE 7 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	Total Value	Action Taken
Individual Debts less than £1,000	6	£959	Each debt being pursued by the Risk and Insurance Officer.
South West Ambulance Trust	1	£9,559	Monies due in relation to station site sharing costs. Finance Team currently working with SWAST to secure immediate payment.

Debt Recovery Process

11.3 Following discussions on outstanding debt at the last meeting of this Committee further information was requested to be considered at the next meeting in relation to the types of debt and the debt recovery process applied. Chart 1 below provides an analysis of total debt as at 30 September by Debtor Type.



11.4 As is illustrated by Chart 1 a significant proportion of debt (69%) relates to debt from other public sector organisations and can be considered low risk in terms of the potential for non-payment. The remaining debt from other debtors (31%) relates to a range of services provided by the Service for which it is able to recover costs e.g. fire cover at Glastonbury Festival. It should be emphasised that none of this debt relates to any commercial activities which is recovered and monitored separately through the commercial company RedOne Ltd.

- 11.5 At this time there is no reason to suggest that any of the debts listed above will result in non-payment. However given the potential for an increased risk of non-payment in the current economic climate, it is important that robust debt recovery processes are in place to ensure that all reasonable steps are taken to collect debts within agreed timescales. A summary of the Service Debt Recovery Procedures, as contained within Service Policy Documents, is provided at Appendix B and a copy of the Service standard Terms and Conditions is provided at Appendix C.
- 11.6 To date the Service has a good track record of collecting debts due, with only a small number of instances of debt write-off.
- 11.7 Given this track record and the types of debtors associated with Service debt levels it is considered that the current debt recovery process is proportionate to the level of risk of non-payment. No proposals to change this process are therefore considered at this time.

Payment of Supplier Invoices within 30 days

- 11.8 There is a statutory requirement for the Authority to pay undisputed invoices within 30 days. Actual performance to the end of September 2015 was 89.94% compared to the previous reported figure of 92.04% as at 30 June 2015. Officers recognise the importance of this measure to ensure that suppliers are being paid promptly. Whilst the drop in performance is, in the main, attributable to significant staffing issues within the Finance Team, measures are being put in place to improve Service performance.

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/15/11

PRUDENTIAL INDICATORS 2015-2016

Prudential Indicators and Treasury Management Indicators		Forecast Outturn £m	Target £m	Variance (favourable) /adverse
Capital Expenditure		8.178	7.933	(£0.245m)
External Borrowing vs Capital Financing Requirement (CFR) - Total		27.261	27.261m	£0.000m
-	Borrowing	25.817	25.817	
-	Other long term liabilities	1.444	1.444	
External borrowing vs Authorised limit for external debt - Total		27.261	30.993	(£3.732m)
-	Borrowing	25.817	29.477	
-	Other long term liabilities	1.444	1.516	
Debt Ratio (debt charges as a %age of total revenue budget)		3.76%	3.76%	(0.0)bp
Cost of Borrowing – Total		1.096	1.096	(£0.000m)
-	Interest on existing debt as at 31-3-15	1.096	1.096	
-	Interest on proposed new debt in 2015-16	0.000	0.000	
Investment Income – full year		0.170	0.116	(£0.053m)
		Actual (30 Sept 2015) %	Target for quarter %	Variance (favourable) /adverse
Investment Return		0.56%	0.43%	(0.13)bp
Prudential Indicators and Treasury Management Indicators	Forecast (30 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	0.49%	30.00%	0.00%	(29.51%)
12 months to 2 years	0.36%	30.00%	0.00%	(29.14%)
2 years to 5 years	1.08%	50.00%	0.00%	(48.92%)
5 years to 10 years	8.22%	75.00%	0.00%	(66.78%)
10 years and above	89.86%	100.00%	50.00%	(10.14%)
- 10 years to 20 years	17.55%			
- 20 years to 30 years	14.26%			
- 30 years to 40 years	21.97%			
- 40 years to 50 years	36.07%			

DSFRA DEBT RECOVERY PROCEDURES

ACTION	RESPONSIBILITY
<p>Debtor invoices are raised using the processes and reports within the finance system.</p>	<p>Commands and Departments.</p>
<p>If payment has not been received within the specified time period (normally 28 days), the following action is to be taken:</p> <ol style="list-style-type: none"> (1) A reminder letter is to be generated using the Finance System INTEGRA and sent to the debtor, together with a copy of the original invoice. (2) After further 7 days (if payment has not been received) the debtor is to be contacted by telephone, to ascertain that both the original invoice and/or the reminder letter have been received. At this point questions are to be asked regarding when settlement of the outstanding amount can be expected. Further copies of invoices can be sent if necessary, but payment should be requested "by return". (3) After a further 7 days (if payment has still not been received) the matter is to be referred to the Finance Section at Service Headquarters. 	<p>Commands and Departments</p>
<p>The Finance Section is responsible for taking the debt recovery procedure forward to the point where professional assistance is likely to be required. This will involve.</p> <ol style="list-style-type: none"> (4) On receipt of the referral from Commands or Departments Admin Section, the debtor is to be contacted by telephone to check that documentation originated by Commands or Departments has been received and asking when the outstanding amount is likely to be settled. Depending upon information given by the debtor, additional time may be given (and specified) for the payment to be made. (5) When any time limits have been exceeded or if payment has still not been received, a final demand letter is to be sent, with a copy of the original invoice. Depending upon who the debtor is and the nature of the debt, the letter may contain an offer that payments could be made by specified instalments, together with a time limit to accept this arrangement. The letter will also state that legal action will be taken, should payment not be forthcoming. 	<p>Finance Section at Service Headquarters</p>

<p>(6) When no further progress at this level can be made, all relevant information is to be forwarded to the Insurance and Risk Manager who will arrange for appropriate legal action to be taken for debt recovery.</p>	
<p>(7) Assess whether it is economical to refer to solicitors for legal action.</p> <p>(8) If legal action is to be pursued then debt is referred to our nominated solicitor who write to the debtor giving them a specified time period to pay the debt. If payment is not made then there are various legal options available depending on value.</p>	<p>Insurance and Risk Manager at Service Headquarters</p>
<p>(9) In the event that a position is reached that the debt is considered uneconomical to pursue then a request is made by the Risk and Insurance Manager to the Treasurer for consideration of a debt write-off.</p> <p>(10) Agreement to any proposal for the write-off of any individual debt will be considered in line with DSFRA Financial Regulations:</p> <ul style="list-style-type: none"> - Up to £10,000 – Treasurer - £10,001 to £50,000 - Resources Committee - More than £50,001 – Full Authority 	<p>Insurance and Risk Manager and Treasurer</p>

DSFRA STANDARD TERMS AND CONDITIONS FOR SALE OF GOODS OR SERVICES

1. Definitions

The following words and expressions have the following meaning unless inconsistent with the context:-

“the Authority” means Devon and Somerset Fire and Rescue Authority; “the Contract” means the Contract between the Authority and the Contractor to supply the goods and /or services consisting of these terms and conditions and any such other terms and the Contract Documentation; “the Contractor” means the person or organisation to provide the Goods and/or Services in accordance with the Contract; “Contract Documentation” includes, amongst other things, the Specification, Invitation to Tender, the Tender, these terms and conditions, any Special Conditions and the Official Purchase Order; “Goods” means the goods to be supplied by the Contractor (or by the Contractor’s sub-contractor) as specified in the Specification.; “Invitation to Tender” means the invitation issued by the Authority to submit a tender or quotation for the provision of the Goods and/or Services during the Contract Period; “Official Purchase Order” means an order issued by the Authority for the goods, works and/or services during the Contract Period; “Services” means the services to be supplied as specified in the Specification; “Specification” means the detailed specification for the Goods and/or services prepared by the Authority; “Special Conditions” means any additional conditions which the Authority may apply to the Contract and which will form part of the Contract documentation; “Supervising Officer” means the Authority’s officer responsible for ensuring that the Contractor carries out the Contract in accordance with these terms and conditions; “Supporting Documentation” means such evidence and other information as the Authority may reasonably require from time to time to be submitted in support of an invoice; “Tender Price” means the price(s) for providing the Goods, and/or Services as set out in the Tender and accepted by the Authority; “Tender” means the Tender or quotation submitted by the Contractor for the provision of the Goods and/or Services.

2. Parties to the Contract

2.1 The Contract is between the Contractor and the Authority each a Party and together the Parties.

2.2 A person who is not a party to the Contract (including without limitations any employee, officer, agent, representative or sub-contractor or either the Authority or the contractor) shall have any right to enforce any term of the Contract, which expressly or by implication, confers a benefit on them without the prior agreement in writing of both Parties. For avoidance of doubt, the provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply to this Contract.

3. Contract Period

3.1 Unless terminated earlier in accordance with these terms and conditions, the period of the Contract shall be as agreed by the parties in writing (“the Contract Period”).

4. Agreement

4.1 The Contract Documentation sets out the entire agreement and understanding between the Parties in respect of the subject matter of the Contract. No variation of the Contract shall be effective unless it is agreed in writing and signed by authorised officers for each Party. No terms and conditions put forward at any time by the Contractor shall form any part of the Contract.

4.2 In the event of any conflict between these terms and conditions and the Special Conditions, the provisions of the Special Conditions shall prevail.

5. Contract Standards

5.1 The Contractor shall provide the Goods and/or Services for the Contract Period in accordance with the Contract Documentation and to the satisfaction of the Authority, using the skill, judgement and experience of a person fully qualified and experienced in all relevant areas of the Contractor’s business.

5.2 The Services will be carried out in a good, substantial and workmanlike manner. Anything supplied will be of satisfactory quality. If the Authority has indicated that it requires something for a specific purpose, it will be provided fit for that purpose. Anything described in the Tender or any other representation made to the

Authority will comply with that description and anything sold by reference to a sample will be as good as or better than the sample.

5.3 Work will be done and Goods delivered in accordance with any timetable that was stipulated by the Authority or formed part of the Tender. If there was no such timetable agreed then the Services will be carried out and Goods delivered in a timely fashion. Time shall be of the essence of the Contract unless specifically agreed otherwise.

5.4 Where there is a current appropriate British Standard Specification or British Standard Code of Practice issued by the British Standards Institute or equivalent European standard, all Goods and materials used or supplied and all workmanship will meet that standard unless the Authority agrees otherwise.

5.5 So long as the Contractor complies with this clause 5 and clause 19, the Authority shall pay to the Contractor any monies owed for the proper provision of the Goods and/or Services and any other sums lawfully due under the Contract.

6. Supply of Goods and Property Transfer

6.1 The Contractor shall supply to the Authority the Goods as stated in the Contract Documentation as agreed by the Authority. The property and risk in such Goods shall not pass to the Authority until they have been delivered to the specified location and, following a reasonable time for inspection, accepted by the Supervising Officer or his/her authorised representative and deemed to meet quality requirements and deemed to be fit for purpose.

6.2 The Contractor shall transfer good title to the Authority for anything supplied, unencumbered and without any reservation to anyone else.

7. Rejected Goods

7.1 The Authority may reject Goods which, in its opinion, do not meet the Contract Standards, are not what was ordered or which have not been provided in accordance with the Authority's instructions. The Authority shall notify the Contractor in writing of this decision at the earliest opportunity.

7.2 Rejected goods shall constitute a breach of contract and shall be remedied by, and at the expense of, the Contractor upon seven (7) days' notice given to the Contractor that the Goods are rejected by the Authority. Any remedy offered by the Contractor must be agreed with the Authority in advance and to its satisfaction.

8. Delivery, Packaging and Disposal

8.1 The Contractor shall be responsible for the delivery of Goods to the Authority and shall proactively operate to minimise the carbon impact of delivery. No charge will be made for delivery unless this was set out in the Tender and has been agreed by the Authority. If a third party is used to transport or deliver the Goods, they are agent to the Contractor and the Contractor is responsible for their actions or failures. Goods remain at the Contractor's risk until delivered in accordance with the Contract.

8.2 The Contractor shall use all reasonable efforts to minimise the use of packaging, which shall be preferably recoverable by the Contractor or where this is not practicable shall be reusable or recyclable by the Authority.

8.3 In the event that the Contractor is required to dispose of the Authority's existing assets, including but not limited to; electrical goods, waste products, lighting, consumables, the Contractor must dispose of these in accordance with the relevant legislation and must provide the Authority with copies of documentary evidence of legal compliance.

9 Performance of Services

9.1 The Contractor shall ensure that the Services shall be performed in accordance with the highest professional standards and shall conform to any and all codes of practice, performance ratings, and quality standards as are laid down in the Contract Documentation or relate to the nature of the work performed.

9.2 The Contractor shall notify the Supervising Officer promptly of any issue that does or could prevent or hinder the Contractor in the performance of the Services or where the Contractor becomes aware of any failure on its part to perform all or part of the Contract.

9.3 The Contractor shall be responsible for any costs incurred in rectifying service faults.

9.4 The Contractor shall at all times perform the Services strictly in accordance with the Specification.

9.5 The Contractor shall supervise all work, which forms part of the services by management or supervisory staff who satisfy the requirements set out in the Specification.

10 Failure of Delivery or Non-attendance

10.1 Where the Contractor is unable to provide the Goods and/or Services on any particular date (for whatever reason) then the Contractor shall propose an alternative date to be agreed with the Authority, and time shall be of the essence.

10.2 The Authority reserves the right to engage an alternative supplier to provide the Goods and/or Services in any event and in particular in the event of the Contractor being unable to offer an acceptable date

10.3 In the event that the Authority engages an alternative supplier under clause 10.1, the Authority shall not be liable to pay the Contractor for the Goods and Services that the Contractor did not deliver on the particular date and shall not be liable for any losses incurred by the Contractor.

11 Staffing

11.1 The Contractor must ensure that all personnel involved in the delivery of the Goods or Services:

- i. have relevant experience and training and qualifications to enable them to deliver the Goods and/or Services appropriately
- ii. maintain strict discipline and good order and shall not engage in behaviour or activities which could be contrary to or detrimental to the Authority's interests;
- iii. abide by the standards, rules and regulations established by the Contractor, including completion of time recording requirements and all safety and other regulations;
- iv. where provided with details of keys, security codes or other security details, keep the same secure at all times and not release or disclose the same (as the case may be) otherwise than to the Supervising Officer or to another person engaged by Contractor in the provision of the Contract who reasonably requires the release or disclosure in order to perform the contract.
- v. be available to the Authority, in the case of managers, either by telephone or in person, to discuss and manage issues concerning the provision of the Contract during normal office hours i.e. Monday to Friday, excluding public holidays, between 08:00 hours and 16:30 hours.

11.2 The Authority reserves the right to require removal from the Contract of any individual or sub-contractor used by the Contractor whose continued involvement in the delivery of the Goods, works and/or Services would in the reasonable opinion of the Supervising Officer be undesirable.

12 Contractor's Status

12.1 In carrying out the Contract the Contractor shall be acting as principal and not as the agent of the Authority.

12.2 The Contractor shall not in any circumstances hold itself out as being the servant or agent of the Authority or hold itself out as being authorised to enter into any Agreement on behalf of the Authority or in any other way to bind the Authority.

13 Advertising

13.1 The Contractor shall not advertise the fact that it is providing Goods, and/ or Services to the Authority under the Contract other than with the written permission of the Supervising Officer.

14 Use of Premises

14.1 The Authority may, during the period of the Contract, permit the Contractor to use as the Authority's storage space, office facilities and equipment as may from time to time be designated by the Authority for use by the Contractor. In such an event the parties agree that there is no intention on the part of the Authority to create a tenancy of whatsoever nature in favour of the Contractor or their staff and that no such tenancy shall come into being. The Authority can revoke this permission at any time during the Contract Period.

15 The Authority's Responsibilities

15.1 The Authority will from time to time appoint a Supervising Officer and will notify the Contractor of the identity and contact details of such person and will also notify the Contractor of all others authorised to act on behalf of or in place of the Supervising Officer.

16 Quality Monitoring

16.1 The Authority may monitor the performance of the Contractor by any means, which are practical and reasonable.

16.2 The Contractor shall ensure that a suitable member of the Contractor's personnel attends periodic monitoring meetings, together with such other meetings as are reasonably required by the Authority in relation to the performance of the Contractor under the Contract.

17 Complaints Procedure

17.1 The Contractor shall ensure provision of a procedure that will allow a fast and effective resolution of any problems encountered under the Contract. This could be attained through direct daily contact with the local staff, senior management and regular contract meetings, as appropriate.

17.2 The Contractor shall maintain a log of complaints detailing;

- i. time and date of receipt of complaint and sufficient details to allow the Authority's Supervising Officer to determine to nature of the complaint, location and person who has raised the complaint
- ii. time at which the complaint was resolved
- iii. results of investigations
- iv. actions taken (if any) to remedy the defects
- v. responses to the person raising the complaint, including time at which response given to complainant

18 Currency

18.1 The Contract Price shall be paid in sterling.

19 Official Purchase Orders and Payments

19.1 The Authority will provide the Contractor with an Official Purchase Order, in advance, for the supply of Goods and /or Services.

19.2 The Official Purchase Order shall state the order number for those Goods or Services ("the Official Order Number"). The Official Order Number must be quoted on all invoices. No Goods or Services shall be supplied or carried out unless the Authority has issued the Contractor with an official purchase order. No payment will be made or liability accepted by the Authority in respect of Goods supplied or delivered and/or services carried out other than in accordance with this clause.

19.3 An invoice accompanied by the Supporting Documentation shall be submitted by the Contractor to the Supervising Officer, in arrears, either on completion of the whole order or, if expressly agreed by the Authority, or at the end of each month of the Contract Period and thereafter until all Goods, and/or Services have been provided. The invoice shall clearly identify separately:

- i. the value identified in the Tender of the goods and/or Services provided during that month then ended in accordance with the Contract Documentation.
- ii. the calculation of the matters in 20.1
- iii. the official order number

19.4 The Authority shall pay to the Contractor the amount properly due to the Contractor under the terms of this Contract within thirty (30) days of receipt of a valid invoice and the required supporting documentation.

20 Value Added Tax

20.1 The Authority shall in addition pay to the Contractor any Value Added Tax ("VAT") properly chargeable on the sums correctly invoiced within the time specified in clause 19 subject to the receipt of a valid VAT invoice.

21 Force Majeure

21.1 In the event of an act of God or force majeure (which shall include acts of government, fire, tempest, acts of war and related matters, which are both beyond the control of the Contractor and are such that the Contractor with the application of all due diligence and foresight could not prevent) which causes the cessation of or substantial interference with the provision of the Goods, and/or services by the Contractor, the duty of the Contractor to provide the Goods and/or Services shall be suspended until such circumstances have ceased. The Authority shall not be liable to make any payment to the Contractor in respect of such suspension and any such sum already paid in respect of any part of the Goods and/or Services not yet provided shall be held to the credit of the Authority and returned to the Authority.

21.2 If the period of suspension under clause 21.1 lasts for longer than one (1) month, either Party may serve upon the other one (1) month's written notice of termination of the Contract. Unless the Contractor shall have resumed the provision of the Goods and/or Services in accordance with the Contract, the Contract shall terminate in accordance with such notice.

22 Assignment and Subcontracting

22.1 This Contract and all rights under it may be assigned or transferred by the Authority.

22.2 The Contractor may not assign or sub-contract any of its rights or duties under this Contract without the express written approval of the Supervising Officer.

23 Observance of Statutory Requirements

23.1 The Contractor shall comply with all relevant legal provisions, whether in the form of Orders, Regulations, Statutes, Statutory Instruments, Codes of Practice, Byelaws, Directives or the like, to be observed and performed in connection with the Goods and Services provided under the Contract, and shall indemnify the Authority accordingly against any loss or damage caused by non-compliance with any such legal provisions.

23.2 The contractor shall operate at all times in such a way so as not to bring the Authority into disrepute.

24 Health and Safety

24.1 The Contractor shall at all times, in the provision of the Goods and Services, comply with the requirements of the Health and Safety at Work etc. Act 1974, the Management of Health and Safety at Work Regulations 1999, the Electricity at Work Regulations 1999, and of any other legal provisions pertaining to the health and safety of its own staff, the Authority's employees and others who may be affected by its performance of the this Contract.

24.2 The Contractor shall promptly notify the Authority of any health and safety hazards which may arise in connection with the performance of its obligations under the Contract. The Authority shall promptly notify the contractor of any health and safety hazards which may exist or arise at the premises and which may affect the Contractor in the performance of its obligations under the Contract.

25 Intellectual Property

25.1 All and any intellectual property rights developed under the Contract or arising from the provision of the Services by the Contractor shall belong to the Authority (except where otherwise agreed in writing by the

Parties) and the Contractor agrees that it shall execute or cause to be executed (by its personnel if necessary) all deeds, documents and acts required to vest said intellectual property rights in the Authority.

26 Data Protection

26.1 The Contractor warrants that it will observe all its obligations under the Data Protection Act 1998 (“the DPA”) and any regulations made thereunder, which arise in connection with the Contract.

26.2 Where the Contractor receives any Personal Data (as defined by the DPA) from the Authority, it shall ensure that it fully complies with the provisions of the DPA and only deals with any Personal Data provided to it by the Authority in order to fulfil its obligations under the Contract.

26.3 The contractor shall indemnify the Authority for any breach of the DPA which renders the latter liable for any costs, claims or expenses.

27 Conflicts of Interest

27.1 The Contractor shall operate a system for dealing with potential conflicts of interest. The Contractor shall take appropriate steps to ensure that neither the Contractor nor any staff is placed in a position where, in the reasonable opinion of the Authority, there is or may be an actual conflict, or a potential conflict, between the pecuniary or personal interests of the Contractor and the duties owed to the Authority under the provisions of the contract. The Contractor will disclose to the Authority full particulars of any such conflict of interest which may arise.

28 Provision of information

28.1 The Contractor shall recognise that the Authority has obligations to third parties to provide information concerning the proper performance of its functions and is subject to the requirements of the Freedom of Information Act 2000 and Environmental Information Regulations 2004 and shall assist and cooperate with the Authority (at the Contractor’s expense) to enable the Authority to comply with these obligations.

28.2 The Contractor acknowledges and accepts that the Authority may be obliged to publish information, from time to time, relating to Contracts that it has entered and payments made to Contractors

28.3 The provisions contained in this clause 30 shall survive the expiry or termination of this Contract howsoever caused and shall continue thereafter in full force and effect.

29 Information on Re-tendering and Migration of Services

29.1 The Contractor shall promptly provide free of charge to the Authority or any subsequent provider of the services (as appropriate) such information and records as it shall reasonably require to ensure a smooth transition and continued efficient provision of the services to the Authority by a subsequent provider.

29.2 At the end of the Contract Period all records and documents relating to the provision of the Goods and Services shall vest in the Authority.

29.3 Where it has been identified that Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may apply on the migration to a new contractor of services, the Contractor shall, at its own expense, promptly provide to the Authority any and all relevant and accurate information as the Authority may reasonably require at any time during a tendering exercise in relation to employees of the Contractor engaged in performing the Contract.

30 Assistance in Legal Proceedings

30.1 If requested to do so by the Supervising Officer, the Contractor shall co-operate fully with the Authority (including, but not limited to the provision of documentation and statements from staff) in connection

with any legal proceedings, Ombudsman enquiries, inquiry, arbitration tribunal or court proceedings in which the Authority may become involved, or any relevant disciplinary hearing internal to the Authority, arising out of the provision of the services, and the Contractor shall if requested by the supervising officer give evidence in such inquiries, arbitration, proceeding or hearings.

31 Insurance, Liability and Indemnities

31.1 Neither Party excludes or limits liability to the other party for death or personal injury caused by its negligence, fraud, fraudulent misrepresentation or any breach of any obligations implied by section 2 of the Supply of Goods and Services Act 1982.

31.2 The Contractor shall indemnify and keep indemnified the Authority from and against any liability, loss, claim or proceedings whatsoever arising under any statute or at common law in respect of personal injury to or the death of any person howsoever arising out of, or in the course of, or caused by the execution of the Contract, and from and against any action, claims, demands, damages, loss, costs or expenses whatsoever or howsoever which may be brought against the Authority or which the Authority may be called upon to pay arising out of or in connection with the contract unless caused by the negligence of the Authority or its employees.

31.3 The Contractor shall effect and maintain with a reputable insurance company a policy or policies of insurance providing an adequate level of cover in respect of all risks which may be incurred by the Contractor, arising out of the Contractor's performance of its obligations under the Contract, including death or personal injury, loss of or damage to property or any other loss.

31.4 The Contractor shall not be responsible for any injury, loss, damage, cost or expense if and to the extent that it is caused by the negligence or willful misconduct of the Authority or by breach by the Authority of its obligations under the Contract.

31.5 The requirements imposed by this clause 33 shall continue in full force and effect and be enforceable by the Authority for a minimum period of twelve (12) months (or as agreed by the Parties) after the contract period has expired or after termination of the Contract for whatever reason.

32 Notices

32.1 No notice to be served upon the Authority shall be valid or effective unless it is addressed by name to the Supervising Officer and sent to them at Service Headquarters, The Knowle, Clyst St George, EX3 0NW (or as otherwise notified to the Contractor in writing) by recorded delivery post or delivered by hand to Service Headquarters.

32.2 Any notice to be served upon the Contractor shall be valid and effective if it is addressed to the Contractor and sent by recorded delivery post or delivered by hand to the registered office or principal place of business of the Contractor, or to the premises of the Contractor from which the provision of the Goods, and/or Services are organised; or is delivered by hand to a partner, director, or other authorised member of the Contractor's staff.

33 Business Continuity Plan and Disaster Recovery

33.1 The Contractor shall ensure that a Disaster Recovery Plan, acceptable to the Authority, is in place for its own organisation, premises and operations.

33.2 The Contractor shall ensure that Business Continuity Plans, acceptable to the Authority, are in place to ensure the continued supply of goods, works and/or services to the Authority according to the quality and timelines specified within the contract

33.3 The Contractor shall provide the Authority, on request, with a copy of its Disaster Recovery and Business Continuity Plans.

34 Dispute resolution

34.1 If there is any dispute concerning either Party's material non-conformance with its obligations or interpretation of the Contract, the Parties shall use their reasonable endeavours to reduce the time to reach a resolution of the dispute.

34.2 The dispute shall be referred to the first management level (the supervising officer) for discussion and resolution and that meeting shall take place within five (5) working days of the written request by the requesting party.

34.3 If the dispute is not resolved at this level at the meeting, the dispute shall be referred to the second management level, who must meet within five (5) working days of the reference to attempt to resolve the dispute.

34.4 If any of the above is unable to attend a meeting, a substitute shall attend and such substitute will have at least the same seniority and be authorised to settle the unresolved dispute.

34.5 If the dispute remains unresolved after the above process has been followed, the dispute shall then be referred to mediation. Mediation shall take place through a recognised mediation provider, such as ACAS, as agreed by both parties. Neither party shall seek to refer the dispute to an expert or to the courts unless the mediation process fails to resolve the dispute.

34.6 The provisions contained in this clause 24 shall survive the expiry or termination of this contract howsoever caused and shall continue thereafter in full force and effect.

35 Termination

35.1 This Contract shall terminate at the end of the Contract Period unless terminated earlier by either Party giving not less than three (3) months' notice in writing to terminate at any time.

35.2 Without prejudice to any other rights and remedies it may possess the Authority shall be entitled forthwith upon the happening of any of the following events to terminate this Contract by notice in writing, such events being:

- i. discovery of a material misrepresentation by the Contractor during the tendering process;
- ii. persistent minor breaches of the contract by the Contractor;
- iii. the Contractor having failed to perform a substantial part of the Contract or having committed any other breach of Contract which in the reasonable opinion of the supervising officer justifies termination of the Contract;
- iv. the Contractor suffering any distress or process of execution to be levied on its goods;
- v. the Contractor consists of one or more individuals, any one of them committing any act of bankruptcy or having a bankruptcy order made against him/her;
- vi. the Contractor entering into (whether an individual or a body corporate) any arrangement, agreement or composition with and for the benefit of its creditors (including a voluntary arrangement under the provisions of the Insolvency Act 1986);
- vii. the Contractor consists of a body corporate, the Contractor or its parent company having a winding-up order made or (except for the purpose of amalgamation or reconstruction) a resolution passed for voluntary winding-up;
- viii. the Contractor having an application made for the appointment of an administrator, administrative receiver or receiver having been appointed over the whole or any part of its business and/or assets; or having a provisional liquidator, receiver or manager of the whole or any part of its business appointed;
- ix. the Contractor having possession taken of any of its property comprised in a floating charge by or on behalf of the holders of any debentures secured by the floating charge.

35.3 Termination of the Contract for any reason shall not affect any rights, which have accrued to either Party at the date of termination.

35.4 The provisions contained in this clause 35 shall survive the expiry or termination of this Contract howsoever caused and shall continue thereafter in full force and effect.

36 Severability

36.1 If any part of the Contract is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable then such part will be severed from the remainder of the contract which will continue to be valid and enforceable to the fullest extent permitted by law.

37 Waiver

37.1 The failure of either Party to insist upon strict performance of any provision of the Contract, or the failure of either Party to exercise, or any delay in exercising, any right or remedy shall not constitute a waiver of that right or remedy and shall not cause a diminution of the obligations established by the Contract.

38 Headings

38.1 The headings to the clauses shall not affect their interpretation.

39 Applicable Law

39.1 This Contract shall be governed by English Law in every particular including formation and interpretation and shall be deemed to have been made in England.

40 Survival of Terms

40.1 No term shall survive expiry or termination of this Contract unless expressly provided.