DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

To: The Members of the Resources Committee

(see below)

SERVICE HEADQUARTERS
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RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

Friday, 1st September, 2017

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

M. Pearson
Clerk to the Authority

A G E N D A

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

1 Election of Chair

2 Election of Vice Chair

3 Apologies

4 Minutes (Pages 1 - 4)

of the previous meeting held on 8 February 2017 attached.

5 Items Requiring Urgent Attention

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

PART 1 - OPEN COMMITTEE

6 **Financial Performance Report 2017-18: Quarter 1 (Pages 5 - 16)**

Report of the Treasurer to the Authority (RC/17/6) attached.

7 **Treasury Management Performance 2017-18: Quarter 1 (Pages 17 - 24)**

Report of the Treasurer to the Authority (RC/17/7) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Biederman, Chugg, Coles, Greenslade, Hendy, Hosking and Peart

NOTES	
1.	**Access to Information** Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the “Please ask for” section at the top of this agenda.
2.	**Reporting of Meetings** Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority. Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	**Declarations of Interests (Authority Members only)**
	(a). Disclosable Pecuniary Interests If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must: (i). disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest; (ii). leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and (iii). not seek to influence improperly any decision on the matter in which you have such an interest. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (ii) and (iii) above.
	(b). Other (Personal) Interests Where you have a personal (i.e. other than a disclosable pecuniary) interest in any matter to be considered at this meeting then you must declare that interest no later than the commencement of the consideration of the matter in which you have that interest, or (if later) the time at which the interest becomes apparent to you. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the precise nature of the interest but merely declare that you have a personal interest of a sensitive nature. If the interest is such that it might reasonably be perceived as causing a conflict with discharging your duties as an Authority Member then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must not seek to improperly influence any decision on the matter and as such may wish to leave the meeting while it is being considered. In any event, you must comply with any reasonable restrictions the Authority may place on your involvement with the matter in which you have the personal interest.
4.	**Part 2 Reports** Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.
5.	**Substitute Members (Committee Meetings only)** Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.

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RESOURCES COMMITTEE
(Devon and Somerset Fire and Rescue Authority)

8 February 2017

Present:-

Councillors Dyke (Chair), Burridge-Clayton, Chugg, Hendy, Thomas, Yeomans (Vice-Chair) and Healey

*** RC/14 Minutes**

RESOLVED that the Minutes of the meeting held on 16 November 2016 be signed as a correct record.

*** RC/15 Treasury Management Performance 2016-2017: Quarter 3**

The Committee received for information a report of the Treasurer (RC/17/1) that set out details of the treasury management performance for the third quarter of 2016 (to December 2016) as compared to the agreed financial targets for 2016/17.

Adam Burleton, representing Capita – the Authority's Treasury Management Adviser – was present at the meeting and he gave an overview of the performance to date as measured against the approved Treasury Management Strategy. He made reference to the following points:

- The current interest rate forecast had been reviewed and the bank rate was likely to remain at 0.25% until at least June 2019 followed by gradual increases to end at 0.75% in March 2020, subject to the position on economic growth;
- The Authority was outperforming the 3 month LIBID benchmark return of 0.26% with investment interest at £78,769k (0.54%) in Quarter 3;
- There had been no additional external borrowing undertaken with the debt reducing slightly to £25.770m. The Authority was maintaining its prudential approach to investment decisions with priority being given to liquidity and security over yield and no prudential indicators had been breached.

It was noted that the concern for the UK economy was that post Brexit, the cost of imported goods was starting to rise due to the drop in the value of sterling and the forecast for the Consumer Price Index was an increase to 3%, possibly going to as high as 4%. With wage rises not increasing at the same rate, this may result in an earlier increase in interest rates in order to curb inflation.

RC/16 Financial Performance Report 2016/17: Quarter 3

The Chairman agreed that this item be moved forward for consideration at this point in the meeting as a result of its impact on the consideration of the 2017-18 Revenue Budget and Council Tax Levels.

The Committee received for information a report of the Treasurer (RC/17/4) that set out the financial performance for the third quarter of 2016/17 (to 31 December 2016) as compared with the agreed financial targets for 2016/17. In particular, the report provided a forecast of spending against the 2016-17 revenue budget with explanations of any major variations.

The Treasurer reported that it was forecast that spending would be £1.957m less than the approved revenue budget, equivalent to 2.64% of the total budget. This continued to be attributable largely to the ongoing crewing changes as a result of the 2013-14 Corporate Plan together with a strategy to hold vacancies when staff left the organisation. There was no recommendation in terms of how this underspend should be utilised at the moment but this would be addressed once the final year end position was known.

Reference was made in particular to the need to divert resources to the introduction of a new approach to the delivery of Home Fire Safety checks and visits as part of the Service's continued drive to reduce fire fatalities and injuries in domestic properties. Following completion of a pilot system, it had been agreed that this pilot would be extended across the whole Service for an initial period of two years. The cost of this approach was estimated to be £0.463m, of which £0.182m could be funded from an existing earmarked reserve in 2016/17. This left a balance of £0.281m of additional cost and the Committee was asked to recommend to the Authority that a transfer be made of this sum to an earmarked reserve to fund the extension of the Home Fire Safety Pilot.

RESOLVED

(a) That it be recommended to the Devon & Somerset Fire & Rescue Authority that:

(i) it approves a transfer of £0.281m to Earmarked Reserves to fund the extension of the Home Fire Safety pilot, as outlined in paragraphs 9.1 to 9.5 of report RC/17/4;

(ii) the proposed budget virements, as outlined in paragraph 11.6 of report RC/17/4, be approved;

(b) Subject to (a) above, the monitoring position in relation to projected spending against the 2016-17 revenue and capital budgets be noted;

(c) That the performance against the 2016-17 financial targets be noted.

RC/17 **Revenue Budget and Council Tax Level 2017/18**

The Committee considered a report of the Treasurer and Chief Fire Officer (RC/17/2) on options for the Authority's revenue budget and associated council tax level in 2016-17. It was a legislative requirement for the Authority to set a balanced budget and determine an associated Council Tax level prior to 1 March each year and this report set out the necessary financial background on which to consider the appropriate way forward for this Authority.

The Treasurer advised that the Department for Communities and Local Government had announced on 15 December 2016 that the Council Tax level which, if exceeded, would trigger the need for the Authority to hold a referendum, would be 2%. Unlike in the previous Spending review period, the Government had not overtly laid down any expectation that local authorities should freeze council tax and therefore, there was no offer of a Council Tax Freeze Grant to those authorities to freeze or reduce council; tax in 2017/18. It was, of course, still appropriate for an authority to set a level of Council Tax that was appropriate to its funding position. Given that the administrative costs associated with holding a local referendum were estimated to be in the region of £2.3million, this report did not include any proposal to go beyond the 2% limit set.

The provisional Settlement Funding Assessment for this Authority for 2017-18 was £23.883m, representing a reduction of 11.1% (£2.990m) on 2016-17. This was broadly in line with the figures already included within the Authority's Medium Term Financial Plans. The Authority had also accepted the offer of a four year settlement for the period 2017/18 to 2019/20. These figures showed a reduction in funding of 24.6% by 2019/20 (£7.225m) over 2015-16, representing the 7th worst settlement of all fire and rescue authorities against an average of 21%.

The Treasurer reported that the provisional Settlement had been received and the Authority had been allocated an amount of £528k additional Section 31 grants in 2017-18 relating to Rural Services Delivery Grant (£340k) and transitional funding (£188k).

The report set out three options for consideration by the Committee, namely:

- Option A – to freeze Council Tax at 2016-17 level £79.98 for a Band D property);

- Option B – to increase Council Tax by 1.0% above 2016-17 (£80.78 for a Band D property);

- Option C – to increase Council Tax by 1.99% above 2016-17 (£81.57 for a Band D property).

Each of these options would result in a reduction in the amount of revenue funding for 2017-18 and the report also set out a summary of the reductions associated with each option including additional precept income. The Service had been awaiting the figures from some billing authorities, however, relating to the amount of estimated business rates income in 2017-18 which it had now been confirmed would be £258k less than had been anticipated.

Reference was made in particular to the budget savings that had been included within the proposed net revenue budget requirements for 2017-18 which totalled £2.341m. For the first time, however, the Treasurer reported that there was a shortfall to achieve a balanced budget which, with the reduction in business rates income, would now be £0.579m. It was proposed that this be taken from the Earmarked Reserve that had been set up specifically to cover this eventuality – the Comprehensive Spending Review (CSR) Strategy Reserve. The intention of this reserve had always been to provide a smoothing mechanism of the impact of grant reductions during this period of austerity, the current balance on the reserve being £4.9m.

Councillor Healey **MOVED** (seconded by Councillor Chugg):

> "that it be recommended to the Authority that the level of Council Tax in 2017-18 for a Band D property be set at £81.57, as outlined in Option C of report RC/17/2, representing a 1.99% increase over 2016 -17".

Upon a vote, this was **CARRIED** unanimously.

RESOLVED that it be recommended to the Authority that the level of Council Tax in 2017-18 for a Band D property be set at £81.57, as outlined in Option C of report RC/17/2, representing a 1.99% increase over 2016-17.

RC/18 <u>**Capital Programme 2017-18 to 2019-20**</u>

The Committee considered a report of the Chief Fire Officer and Treasurer (RC/17/3) that set out the proposals for a three year Capital Programme covering the years 2017-18 to 2019-2020. The report outlined the difficulties in meeting the full capital expenditure requirements for this Authority. This stemmed from the removal in 2015 -16 of the Government grant for capital expenditure and the number of fire stations, fire appliances and associated equipment required to be maintained and eventually replaced by the Authority.

The Treasurer advised the Committee that the Capital Programme had been constructed on the basis of the principle that debt charges emanating from capital borrowing were kept within the 5% Prudential Indicator limit (debt charges as a percentage of the Revenue Budget) as set by the Authority. He referred to the difficulties in recent years of maintaining a capital programme that was affordable within the 5% Prudential Indicator against a reducing revenue budget. He drew attention to the need to make revenue contributions to the capital budget as a result and indicated that a sum of £3.673m had been included within the budget setting report for 2017/18 considered above (RC/17/2) to make provision for this.

RESOLVED that the Devon and Somerset Fire and Rescue Authority be recommended:

(a) to approve the draft Capital Programme 2017-18 to 2019-20 and associated Prudential Indicators, as detailed in the report and summarised at Appendices A and B respectively to this report; and

(b) subject to (a) above, to note the forecast impact of the proposed Capital Programme (from 2020-21 onwards) on the 5% debt ratio Prudential Indicator as indicated in this report.

* **RC/19** <u>**Exclusion of the Press and Public**</u>

RESOLVED that, in accordance with Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial or business affairs of a particular person, including the Authority.

* **RC/20** <u>**Red One Performance Report 2016/17**</u>

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

The Committee received a report of the Treasurer (RC/17/5) that set out the draft financial performance for Red One Ltd as at Quarter 3 of 2016/17.

RESOLVED that the report be noted.

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

The meeting started at 2.00pm and finished at 3.32pm

REPORT REFERENCE NO.	**RC/17/6**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**1 SEPTEMBER 2017**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2017-18: QUARTER 1**
LEAD OFFICER	**Treasurer to the Authority**
RECOMMENDATIONS	***(a) That the Authority be recommended to approved the budget transfers shown in Table 5 of this report;*** ***(b) That the transfers between earmarked Reserves shown in Table 3 be approved; and*** ***(c) That, subject to (a) and (b) above, the monitoring position of projected spending against the 2017-18 revenue and capital budgets and performance against 2017-18 financial targets, as set out in this report, be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the first quarter performance against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2017-18 revenue budget with explanations of the major variations. At this early stage in the financial year it is forecast that spending will be £0.449m more than budget, equivalent to 0.62% of the total budget. This overspend is largely attributable to the potential increase to the pay award for Firefighters which we budgeted at 1%, the National Joint Council has now offered a 2% increase. Given the early stage in the financial year and that the figures will inevitably be subject to change, no recommendations are made at this stage in relation to how the overspend is financed.
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 2017-18.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1. This report provides the first quarterly financial monitoring report for the current financial year, based upon the position as at the end of June 2017. As well as providing projections of spending against the 2017-18 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 2017-18

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 1	Previous Quarter	Quarter 1 %	Previous Quarter %
	Revenue Targets					
1	Spending within agreed revenue budget	£72.596m	£73.045m	N/A	0.62%	N/A
2	General Reserve Balance as %age of total budget (minimum)	5.00%	7.32%	N/A	(2.32)bp*	N/A
	Capital Targets					
4 3	Spending within agreed capital budget (*revised*)	£7.822m	£7.568m	N/A	(0.00%)	N/A
4	External Borrowing within Prudential Indicator limit (*revised*)	£28.445m	£26.929m	N/A	(5.33%)	N/A
5	Debt Ratio (debt charges over total revenue budget)	5.00%	4.31%	N/A	(0.69)bp*	N/A

**bp = base points*

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

- **SECTION A** – Revenue Budget 2017-18.
- **SECTION B** – Capital Budget and Prudential Indicators 2017-18.
- **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 2017-18

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 £73.045m compared with an agreed budget figure of £72.596m, representing a potential overspend of £0.449m, equivalent to 0.62% of the total budget.

TABLE 2 – REVENUE MONITORING STATEMENT 2017-18

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY
Revenue Budget Monitoring Report 2017/18

Line No		2017/18 Budget £000	Year To Date Budget £000	Spending to Month 3 £000	Projected Outturn £000	Projected Variance over/ (under) £000
	SPENDING					
	EMPLOYEE COSTS					
1	Wholetime uniform staff	27,692	6,890	6,937	28,023	331
2	Retained firefighters	12,362	2,789	2,642	12,632	271
3	Control room staff	1,668	407	358	1,581	(86)
4	Non uniformed staff	10,035	2,503	2,705	10,036	1
5	Training expenses	680	170	438	680	-
6	Fire Service Pensions recharge	3,075	1,012	1,214	3,075	0
		55,511	**13,772**	**14,293**	**56,027**	**516**
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,130	282	689	1,129	(1)
8	Energy costs	585	100	39	584	(1)
9	Cleaning costs	462	116	336	437	(25)
10	Rent and rates	1,782	522	430	1,716	(66)
		3,958	**1,019**	**1,495**	**3,866**	**(93)**
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	814	147	221	794	(20)
12	Running costs and insurances	1,229	591	419	1,230	1
13	Travel and subsistence	1,335	255	321	1,357	22
		3,378	**993**	**961**	**3,382**	**4**
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,515	565	721	2,537	23
16	Hydrants-installation and maintenance	190	47	20	190	1
17	Communications	2,085	526	139	2,065	(20)
18	Uniforms	596	149	134	619	23
19	Catering	46	12	10	46	-
20	External Fees and Services	89	22	42	108	19
21	Partnerships & regional collaborative projects	182	45	80	182	-
		5,702	**1,367**	**1,146**	**5,748**	**45**
	ESTABLISHMENT COSTS					
22	Printing, stationery and office expenses	310	110	97	291	(19)
23	Advertising	44	11	5	35	(9)
24	Insurances	349	319	192	348	(1)
		703	**439**	**293**	**674**	**(29)**
	PAYMENTS TO OTHER AUTHORITIES					
25	Support service contracts	705	140	303	751	46
		705	**140**	**303**	**751**	**46**
	CAPITAL FINANCING COSTS					
26	Capital and lease financing costs	3,582	30	81	3,605	23
27	Revenue Contribution to Capital spending	3,427	-	-	3,427	-
		7,009	**30**	**81**	**7,031**	**23**
28	**TOTAL SPENDING**	**76,966**	**17,759**	**18,573**	**77,478**	**512**
	INCOME					
29	Investment income	(79)	(20)	21	(93)	(14)
30	Grants and Reimbursements	(3,353)	(781)	(1,469)	(3,402)	(49)
31	Other income	(440)	(111)	(156)	(440)	-
32	Internal Recharges	(20)	(5)	(3)	(20)	-
33	**TOTAL INCOME**	**(3,892)**	**(917)**	**(1,607)**	**(3,955)**	**(63)**
34	**NET SPENDING**	**73,074**	**16,842**	**16,966**	**73,523**	**449**
	TRANSFERS TO EARMARKED RESERVES					
35	Transfer to (from) Earmarked Reserve	**(478)**	**(124)**	-	**(478)**	-
38	**NET SPENDING**	**72,596**	**16,718**	**16,966**	**73,045**	**449**

2.2 These forecasts are based upon the spending position at the end of June 2017, 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 overspend of £0.449m is largely attributable to the anticipated pay award for firefighters, an update received from the National Joint Council (NJC) states they have offered 2% for 2017/18 plus possibly another element later in the year.

2.4 Given the forecast overspend 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 £50k variance) are explained below in paragraphs 3 to 6.

3. EMPLOYEE COSTS

Wholetime Staff

3.1. At this stage it is projected that spending on wholetime pay costs will be £0.331m more than budget largely as a result of the anticipated pay award which the NJC suggest will be 2%. This is greater than the 1% included within the budget. At this stage, the forecast includes an additional £0.206m to cover the increase in the pay award.

Retained Pay Costs

3.2. At this stage in the financial year spending is forecast to be over budget by £0.271m, £0.120m of which is for the anticipated pay award. 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. The forecasted overspend position includes the costs of a number of pilots to improve availability, which will come to an end at the end of October.

Control Room Staff

3.3. It is forecast that the Control Room will be £0.086m under spent on its staffing budget. This is due to a number of vacancies currently held within the Control room. Recruitment for the vacancies is in the final stages with the new staff looking to commence from September 2017.

4. PREMISES RELATED COSTS

Rent and Rates

4.1 Savings against budget of £0.066m on Business Rates as a result of successful rating appeals across the service.

5. RESERVES AND PROVISIONS

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

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Reserves

5.2 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

5.3 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.

5.4 Movements between Reserves are requested as per the table 3 below. The movement of £3k is as a result of members' request to treat an existing reserve for Non-domestic Violence as Community Safety funding rather than returning it to the general fund as proposed under the 2016-17 outturn report.

5.5 The transfer to the Emergency Services Communications Project reserve reflects an amount of funding which was allocated to the Change & Improvement reserve for this purpose in 2015-16 and it is proposed that this amount be moved out as there is now a specific reserve for the project.

<u>TABLE 3 – MOVEMENT WITHIN RESERVES</u>

Reserves			
Note	**Description**	**Debit**	**Credit**
b	Change and Improvement Reserve	100,000	
e	Emergency Services Mobile Communications Project		(100,000)
d	Community Safety Investment		(3,000)
f	General Reserve	3,000	

5.6 A summary of predicted balances on Reserves and Provisions is shown in Table 4 overleaf. These figures exclude any potential in-year transfers to/from the revenue budget in the current financial year.

TABLE 4 – FORECAST RESERVES AND PROVISION BALANCES 30 JUNE 2017

RESERVES AND PROVISIONS								
RESERVES	Note	Balance as at 1 April 2017 £000	Approved Transfers £000	Proposed Transfers £000	Spending to P3 £000	Forecast Spend 2017-18 £000	Proposed Balance as at 31 March 2018 £000	
Earmarked reserves								
Grants unapplied from previous years	a	(1,469)	-	(18)	723	1,035	(452)	
Change & improvement programme	b	(501)	-	100	45	128	(273)	
Budget Carry Forwards		(1,130)	-	-	176	741	(389)	
Commercial Services		(172)	-	-	21	50	(122)	
Direct Funding to Capital		(16,576)	-	-	-	2,147	(14,429)	
Comprehensive Spending Review*	c	(4,957)	578	(82)	-	-	(4,461)	
Community Safety Investment	d	(89)	-	(3)	7	92	-	
PPE & Uniform Refresh		(542)	-	-	65	130	(412)	
Pension Liability reserve		(1,525)	-	-	-	-	(1,525)	
PIMS Replacement		(230)	-	-	-	230	-	
National Procurement Project		(399)	-	-	128	327	(71)	
NNDR Smoothing Reserve		(642)	-	-	-	-	(642)	
Digital Transformation Strategy		(430)	-	-	56	300	(130)	
Firefighter fitness monitoring & support		(175)	-	-	10	175	-	
Operational Safety - new training model		(404)	-	-	0	404	-	
Emergency Services Mobile Communications Programme	e	(744)	-	(100)	20	150	(694)	
Total earmarked reserves		**(29,985)**	**578**	**(103)**	**1,250**	**5,908**	**(23,602)**	
General reserve								
General fund balance	f	**(5,319)**		**3**	**-**	**-**	**(5,316)**	
Percentage of general reserve compared to net budget								7.32%
TOTAL RESERVE BALANCES		**(35,304)**					**(28,918)**	
PROVISIONS								
Fire fighters pension schemes		(755)		-	-	695	(60)	
PFI Equalisation		(295)		-	-	-	(295)	
TOTAL PROVISIONS		**(1,050)**		**-**	**-**	**695**	**(355)**	

** The CSR Reserve has been established to provide additional financial contingency during the period of austerity, which is now confirmed by the CSR 2015 to run until at least 2019-20. It provides contingency in the event that transfers from reserves are required to meet government grant reductions and spending pressures in the Authority's Medium Term Financial Plan.*

6. BUDGET VIREMENTS

6.1 Table 5 overleaf provides details of the proposed budget transfers (virements) between subjective budget headings. 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. These budget transfers are already reflected in table 2 Revenue Monitoring Statement above on the basis that Members are minded to approve these proposed transfers.

TABLE 5 – PROPOSED BUDGET VIREMENTS

Row in Table 2 (Reserves note)	Description	Debit £	Credit £
	Change to maintenance arrangements for USAR assets		
	The Home Office has devolved the financial management of maintenance for USAR assets to a local level so the Service is now required to make payments directly. A grant will be made to cover these costs.		
11	Repair and maintenance	227,600	
30	Grants and Reimbursements		(227,600)
	Revise annual budget to include Private Finance Initiave accounting adjustments		
	As reported in the 2016/17 outturn position, PFI financing has historically been reported as a year end accounting adjustment. To improve synergy between financial reporting to the Authority and the year end accounts the PFI financing of the Tri-service training facility contract at Avonmouth will now be reported as part of the financial performance report. A budget adjustment is therefore required.		
5	Training Expenses		(292,800)
26	Capital and Lease financing costs	203,000	
27	Revenue Contribution to Capital	7,500	
35 (c)	Transfers to Reserves (MRP already budgeted for)	82,300	
	Amend 2017/18 revenue budget to reflect Airwave Grant receipt in advance		
	The Home Office brought forward the timing of its grant payments to Fire Authorities for the Airwave Communications contract in March 2017 and so the Authority established an Earmarked Reserve of £714,100 for the 2017/18 grant received in advance. As the arrangement were changed post 2017/18 budget setting, a budget transfer is required to bring the funding back in to the revenue account.		
30	Grants and Reimbursements	714,100	
35 (a)	Transfer to (from) Earmarked Reserve		(714,100)
	Amend 2017/18 revenue budget to reflect Airwave Grant receipt in advance - 2018/19		
	As above, The Home Office has confirmed that Airwave grant payments will be made in March 2018 for the 2018/19 financial year and so in anticipation a budget transfer is requested to move the funding in to an Earmarked reserve for that purpose.		
30	Grants and Reimbursements		(732,000)
35 (a)	Transfer to (from) Earmarked Reserve	732,000	
	Amend 2017/18 revenue budget to reflect change in clasification of Appliance equipment		
	Following a review of Capital Expenditure conducted by Grant Thornton LLP as part of the year end financial audit 2016-17 it has been identified that planned capital expenditure would be better classified as revenue given the Authority de minimis limit for capital of £5,000. A budget transfer is required to move the allocated funding from the Capital Programme in to the revenue budget.		
14	Equipment and Furniture	254,000	
27	Revenue Contribution to Capital		(254,000)

7. SUMMARY OF REVENUE SPENDING

7.1 At this stage it is forecast that spending will be £0.449m more than the agreed budget figure for 2017-18, mainly due to the potential of the pay award which is greater than budgeted. The Service will endeavour to bring the outturn position back to a neutral position throughout the financial year.

7.2 Given that we are at an early stage in the financial year and the figures will inevitably be subject to change, this report does not make any recommendation as to how this forecast overspend will be found.

8. SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2017-18

Monitoring of Capital Spending in 2017-18

8.1 Table 6 overleaf provides a summary of anticipated expenditure for this financial year and demonstrates the funding requirements.

8.2 As at the end of Quarter 1, the only anticipated variance to the Capital Programme is on operational equipment where an amount of £0.254m is to be reclassified as revenue spending rather than capital resulting from an internal review following the 2016/17 audit of the financial statements. This reclassification has been reflected in the budget transfers requested in Table 5 above.

8.3 Since the Capital Programme was set at £7.814m by the Authority in May 2017 the programme has been increased by £7,500 to reflect the Capital element of the PFI contract as outlined in table 5 above.

TABLE 6 – FORECAST CAPITAL EXPENDITURE 2017-18

PROJECT	2017/18 £000 Revised Budget	2017/18 £000 Forecast Outturn	2017/18 £000 Timing Differences	2017/18 £000 Re-scheduling / Savings
Estate Development				
Minor improvements & structural maintenance	2,401	2,401	0	0
Estates Sub Total	**2,401**	**2,401**	**0**	**0**
Fleet & Equipment				
Appliance replacement	3,567	3,567	0	0
Community Fire Safety	0	0	0	0
Specialist Operational Vehicles	187	187	0	0
Equipment	821	567	0	(254)
ICT Department	800	800	0	0
Water Rescue Boats	46	46	0	0
Fleet & Equipment Sub Total	**5,421**	**5,167**	**0**	**(254)**
Overall Capital Totals	**7,822**	**7,568**	**0**	**(254)**
Programme funding				
Earmarked Reserves:	**2,158**	**2,158**	**0**	**0**
Revenue funds:	**3,681**	**3,427**	**0**	**(254)**
Application of existing borrowing	1,962	1,962	0	0
Total Funding	**7,822**	**7,568**	**0**	**(254)**

Prudential Indicators (including Treasury Management)

8.4 Total external borrowing with the Public Works Loan Board (PWLB) as at 30 June 2017 stands at £25.723m (no change from balance as at 31 March), and forecast to reduce to £25.631m as at 31 March 2018. This level of borrowing is well within the Authorised Limit for external debt of £28.445m (the absolute maximum the Authority has agreed as affordable). No further external borrowing is planned in this financial year.

8.5 Investment returns in the quarter yielded an average return of 0.37% which outperforms the LIBID 3 Month return (industry benchmark) of 0.19%. It is forecast that investment returns from short-term deposits is anticipated to exceed the budgeted figure of £0.079m by 31 March 2017.

8.6 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2017-2018, which illustrates that there is no anticipated breach of any of these indicators.

9 SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

9.1. Total debtor invoices outstanding as at Quarter 1 were £436,527 (previous quarter £622,278). Table 7 below provides a summary of all debt outstanding as at 30 June.

9.2. Of this figure an amount of £164,474 (£1,845 as at 31 March 2017) was due from debtors relating to invoices that are more than 85 days old, equating to 37.69% (0.30% as at 31 March 2017) of the total debt outstanding. Table 8 below provides an analysis of all debt in excess of 85 days.

TABLE 7 – OUTSTANDING DEBT AS AT 30 JUNE 2017

	Total Value £	**%**
Current (allowed 28 days in which to pay invoice)	5,840	1.33%
1 to 28 days overdue	28,731	6.58%
29-56 days overdue	89,371	20.47%
57-84 days overdue	148,068	33.93%
Over 85 days overdue	164,517	37.69%
Total Debt Outstanding as at 30 June 2017	**436,527**	**100.00%**

9.3. Table 8 overleaf provides further analysis of those debts in excess of 85 days old.

TABLE 8 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	Total Value	Action Taken
Name not disclosed.	1	£1,651	This debt results from the vehicle costs of an ex-employee, the debt is being pursued by the Risk and Insurance Officer.
Red One Ltd	2	£162,866	Invoices raised for Services supplied to Red One. This was discussed at the Fire Authority meeting held on the 26/07/2017. Accordingly, the credit terms have been increased.

KEVIN WOODWARD
Treasurer to the Authority

PRUDENTIAL INDICATORS 2017-18

Prudential Indicators and Treasury Management Indicators	Forecast Outturn £m	Target £m	Variance (favourable) /adverse £m
Capital Expenditure	**7.568**	**7.822**	**(£0.254)**
External Borrowing vs Capital Financing Requirement (CFR) - Total	**26.929**	**26.929**	**£0.000**
- Borrowing	25.630	25.630	
- Other long term liabilities	1.299	1.299	
External borrowing vs Authorised limit for external debt - Total	**26.929**	**28.445**	**(£1.516)**
- Borrowing	25.630	27.005	
- Other long term liabilities	1.299	1.439	
Debt Ratio (debt charges as a %age of total revenue budget	**4.31%**	**5.00%**	**(0.69)bp**
Cost of Borrowing – Total	**1.088**	**1.088**	**(£0.000)**
- Interest on existing debt as at 31-3-17	1.088	1.088	
- Interest on proposed new debt in 2017-18	0.000	0.000	
Investment Income – full year	**0.093**	**0.079**	**(£0.014)**
	Actual (30 June 2017) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**0.37%**	**0.19%**	**(0.18)bp**

Prudential Indicators and Treasury Management Indicators	Forecast (30 March 2018) %	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	0.36%	30.00%	0.00%	(29.51%)
12 months to 2 years	0.36%	30.00%	0.00%	(29.14%)
2 years to 5 years	3.03%	50.00%	0.00%	(48.92%)
5 years to 10 years	16.06%	75.00%	0.00%	(66.78%)
10 years and above	**80.18%**	**100.00%**	**50.00%**	**(10.14%)**
- 10 years to 20 years	7.26%			
- 20 years to 30 years	18.27%			
- 30 years to 40 years	48.82%			
- 40 years to 50 years	5.83%			

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REPORT REFERENCE NO.	**RC/17/7**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**1 SEPTEMBER 2017**
SUBJECT OF REPORT	**TREASURY MANAGEMENT PERFORMANCE 2017-2018: QUARTER 1**
LEAD OFFICER	**TREASURER**
RECOMMENDATIONS	***That the performance in relation to the treasury management activities of the Authority for 2017-18 (to June 2017) be noted.***
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of Practice for Treasury Management. The Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's Code of Practice.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Investments held as at 30 June 2017.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) Report DSFRA/17/3 – as approved at the meeting of the DSFRA meeting held on the 17 February 2017

1. INTRODUCTION

1.1 The Treasury Management Strategy for Devon and Somerset FRA has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in Public Services Code of Practice (the Code) and the CIPFA Prudential Code. The Code recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Authority is implementing best practice in accordance with the Code and includes:

- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Authority's treasury management activities;
- The creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives;
- The receipt by the full Authority of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year;
- The delegation by the authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.2 Treasury management in this context is defined as:

> "The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

1.3 The preparation of this report demonstrates that the Authority is implementing best practice in accordance with the code.

2. ECONOMIC BACKGROUND

2.1 The UK Gross Domestic Product annual growth rates in each calendar year 2013 – 2016 of 1.9%, 3.1%, 2.2% and 1.8%, have all been the top rate, or near top rate, of any of the G7 countries in every year. It is particularly notable that the UK performance was repeated in 2016, a year in which the Bank of England had forecast in August 2016 that growth would be near to zero in the second half of the year due to the economic shock it expected from the result of the Brexit referendum in June.

2.2 2.2 It has had to change its mind, however, and in its February and May 2017 Inflation Reports, the Bank upgraded its forecasts for growth (May Report - 2017 1.9%, 2018 and 2019 1.9%). Over these years,, it also expects inflation to accelerate towards nearly 3% as increases in costs as a result of the fall in the value of sterling since the referendum, gradually feeds through into the economy, though it should fall back to 2.2% in 2019. Provided those cost pressures do not feed through into significantly higher domestically generated inflation within the UK, the Monetary Policy Committee is expected to 'look though' this one off blip upwards in inflation.

2.3 Wage inflation, which is a key driver of domestically generated price pressures, is currently subdued. There is, though, a potential risk that the Monetary Policy Committee might muster a majority to reverse the emergency 0.25% rate cut before embarking on a progressive trend of increases in Bank Rate at a later time.

2.4 Gross Domestic Product growth in the US has been highly volatile in 2016 but overall mediocre, at an average of 1.6% for the year. Quarter 1 in 2017 has also been mediocre at 1.4% but current indications are that growth could rebound strongly in quarter 2. The disappointment so far has been the lack of decisive action from President Trump to make progress with his promised fiscal stimulus package. The Federal Reserve has, therefore, started on the upswing in rates now that the economy is at or around “full employment” and inflationary pressures have been building to exceed its 2% target. It has, therefore, raised rates four times, with the last three following quickly on one another in December 2016 and March and June 2017. One or two more increases are expected in 2017 and possibly four in 2018.

2.5 Growth in the European Union improved in 2016 to 1.7% after the European Central Bank cut rates into negative territory and embarked on massive quantitative easing during the year. The European Central Bank is now forecasting growth of 1.9% in 2017, 1.8% in 2018 and 1.7% in 2019. It has committed to continuing major monthly quantitative easing purchases of debt instruments, though in April 2017 it reduced the rate from €80bn per month to €60bn, to continue until the end of 2017, in order to stimulate growth and to get inflation up to its 2% target.

2.6 There are major concerns about various stresses within the European Union; these could even have the potential to call into question the European Union project. The Dutch and French elections passed off without creating any waves for the European Union but we still have a national election in Germany on 22 October; this is not currently expected to cause any significant change. What could be more problematic is the general election in Austria on 15 October 2017where a major front runner is the Freedom Party which is strongly anti-immigration and anti-European Union. There is also a risk of a snap general election in Italy before the final end possible date of 20 May 2018. A continuing major stress point is dealing with the unsustainable level of national debt in Greece in the face of implacable opposition from Germany to any further bail out. High levels of unemployment in some European Union countries and the free movement of people within the European Union, together with the European Union’s fraught relationship with Turkey in controlling such people movements, are also major stress issues. On top of which the EU also now has to deal with Brexit negotiations with the UK.

2.7 China is expected to continue with reasonably strong growth, (by Chinese standards), of 6.5% in 2017. However, medium term risks are increasing. Japan has only achieved 1% growth in 2016 and is struggling to get inflation to move from around 0%, despite massive fiscal stimulus and monetary policy action by the Bank of Japan.

Interest Rate Forecasts

2.8 The Authority's treasury advisor, Capita Asset Services, has provided the following forecast:

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%
50yr PWLB rate	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%

2.9 The Monetary Policy Committee cut Bank Rate from 0.50% to 0.25% on 4 August 2016 in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. However, since then, growth has been robust until dipping in quarter 1 of 2017 to 0.2%. Also, Consumer Prices Index inflation has risen substantially as a result of the sharp fall in the value of sterling since the referendum. Consequently, Bank Rate has not been cut again, and market concern has switched to whether the Monetary Policy Committee could get together a majority to reverse the August emergency 0.25% rate cut before embarking on a progressive trend of increases in Bank Rate at a later time when the economic and political / Brexit situation is more robust to withstand such increases.

2.10 There is much uncertainty at this time over the slender majority the Conservative Government has, which is dependent on Democratic Unionist Party support, and also over what form of Brexit will transpire and how difficult the European Union could be in setting terms. There are therefore a multiplicity of ifs and buts at the current time and depending on how things transpire, then this will materially influence Monetary Policy Committee decision making as to when Bank Rate will rise.

2.11 Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 of 2019, after the Brexit negotiations have been concluded (though the period for negotiations could be extended). However, if strong domestically generated inflation, e.g. from wage increases within the UK, were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

3. TREASURY MANAGEMENT STRATEGY STATEMENT

Annual Investment Strategy

3.1 The Authority's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement (TMSS) was approved by the Authority on the 17 February 2017. It outlines the Authority's investment priorities as follows:

- Security of Capital
- Liquidity
- Yield

3.2 The Authority will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic, climate it is considered appropriate to keep a significant proportion of investments short term. This will not only cover short term cash flow needs but will also seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions using the Capita suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Capita.

3.3 A full list of investments held as at 30 June 2017 are shown in Appendix A.

3.4 The average level of funds available for investment purposes during the quarter was £35.430m. These funds were available on a temporary basis and the level of funds was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Benchmark	**Benchmark Return**	**Authority Performance**	**Investment interest to Quarter 1**
3 Month LIBID	0.19%	0.37%	£23,973.

3.5 As illustrated, the Authority outperformed the 3 month LIBID benchmark by 0.1816bp. It is currently anticipated that the actual investment return for the whole of 2017-18 will exceed the Authority's budgeted investment target of £79k.

Borrowing Strategy

Prudential Indicators:

3.6 It is a statutory duty for the Authority to determine and keep under review the "Affordable Borrowing Limits". The Authority's' approved Prudential Indicators (affordability limits) are outlined in the approved TMSS.

3.7 A full list of the approved limits (as amended) are included in the Financial Performance Report 2017-2018, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to June 2017 and that there are no concerns that they will be breached during the financial year.

Current external borrowing

3.8 3.8 The Authority has not taken any external loans since June 2012 and has been using cash resources to meet any capital expenditure. The amount of outstanding external borrowing as at 30 June 2017 was £25.724m, forecast to reduce to £25.630m by the end of the financial year as a result of natural loan repayments. All of this debt is at fixed rate with the remaining principal having an average rate of 4.233% and average life of 27.86 years.

Loan Rescheduling

3.9 No debt rescheduling was undertaken during the quarter. The Authority will continue to work closely with our treasury advisors to explore any opportunities to repay existing loans, however current Public Works Loan Board early repayment rates mean there is no financial benefit in undertaking premature loan repayment at this time.

New Borrowing

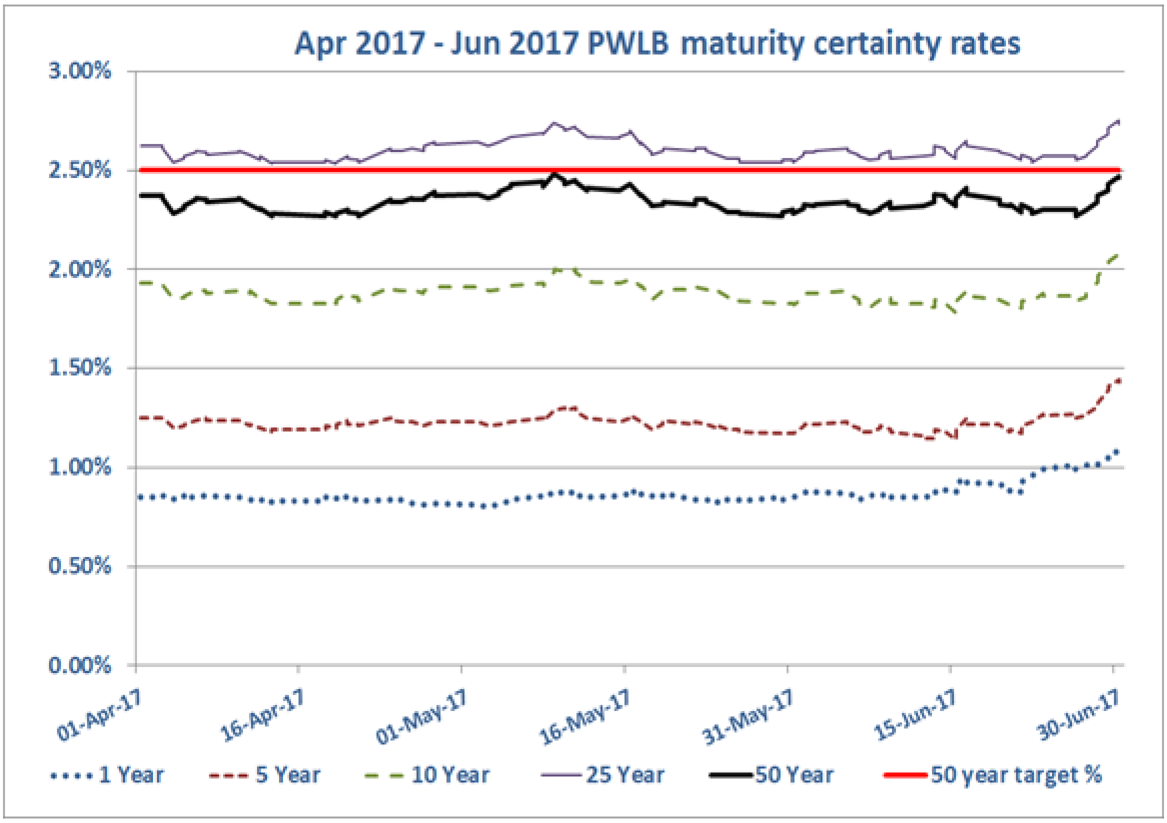
3.10 As depicted in the graph and table below, Public Works Loan Board rates varied little during the quarter until rising sharply in the last week of June. During the quarter, the 50 year Public Works Loan Board target (certainty) rate for new long term borrowing was 2.50%. It is noted that with the exception of 50 year loans, the high point for borrowing rates occurred on the same day 30th June 2017.

3.11 No new borrowing was undertaken during the quarter and none is planned during 2017-18 as a result of the Authority's adopted financial strategy to utilise revenue funds (revenue budget and reserves) to finance capital investment needs for the medium term.

PWLB rates quarter ended 30 June 2017

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.80%	1.14%	1.78%	2.53%	2.27%
Date	03/05/2017	15/06/2017	15/06/2017	13/04/2017	13/04/2017
High	1.08%	1.44%	2.08%	2.75%	2.48%
Date	30/06/2017	30/06/2017	30/06/2017	30/06/2017	09/05/2017
Average	0.87%	1.23%	1.89%	2.60%	2.34%

3.12 Borrowing rates for this quarter are shown below.



Borrowing in Advance of Need

3.13 The Authority has not borrowed in advance of need during this quarter.

4. SUMMARY AND RECOMMENDATION

4.1 In compliance with the requirements of the Chartered Institute of Public Finance and Accountancy Code of Practice of Treasury Management, this report provides the Committee with the first quarter report on treasury management activities for 2017-2018 to June 2017. As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns are still low as a consequence of the fall in interest rates, the Authority is still anticipating that investment returns will meet the budgeted target.

KEVIN WOODWARD
Treasurer

Investments as at 30 June 2017					
Counterparty	**Maximum to be invested**	**Total amount invested**	**Call or Term**	**Period invested**	**Interest rate(s)**
	£m	**£m**			
Santander	5.000	2.000	T	6 Months	0.42
		1.000	T	6 Months	0.39
		1.000	T	6 Months	0.38
Qatar National Bank	5.000	1.000	T	1 Year	0.75
		3.000	T	1 Year	0.82
		1.000	T	1 Year	0.82
Bank of Scotland	6.400	1.500	T	6 Months	0.65
		1.500	T	6 Months	0.55
		2.100	T	6 Months	0.60
		1.400	T	3 Months	0.45
		1.400	T	6 Months	0.55
Goldman Sachs	5.000	5.000	T	6 Months	0.58
Standard Chartered	5.000	1.000	T	6 Months	0.44
		2.000	T	6 Months	0.44
Sumitomo Mitsui	5.000	3.200	T	6 Months	0.43
Lloyds Bank	2.000	2.000	T	6 Months	0.55
Nationwide	2.000	2.000	T	6 Months	0.37
Standard Life Money Market Fund	6.000	1.907	C	Instant Access	Variable
BlackRock Money Market Fund	5.000	0.532	C	Instant Access	Variable
Federated Liquidity Fund	5.000	0.330	C	Instant Access	Variable
Total invested as at 30 June 2017		**£33.370M**			