



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

To: The Chair and Members of the Resources
Committee

(see below)

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RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

Wednesday 4 September 2019

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 **Apologies**
- 2 **Minutes (Pages 1 - 6)**
of the previous meeting held on 15 May 2019 attached.
- 3 **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

- 4 **Treasury Management Performance 2019-20: Quarter 1 (Pages 7 - 14)**
Report of the Director of Finance and Resourcing (Treasurer) (RC/19/15) attached.
- 5 **Financial Performance Report 2019-20: Quarter 1 (Pages 15 - 24)**
Report of the Director of Finance and Resourcing (Treasurer) (RC/19/16) attached.

6 Exclusion of the Press and Public

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

- Paragraph 3 (information relating to the financial and business affairs of any particular person – including the authority holding that information).

PART 2 - ITEMS WHICH MAY BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

7 Restricted Minutes of the Resources Committee held on 15 May 2019 (Pages 25 - 28)

The Restricted Minutes of the meeting held on 15 May 2019 (attached).

8 Red One Limited Financial Performance 2019-20: Quarter 1 (Pages 29 - 34)

Report of the Director of Finance and Resourcing (Treasurer) and Dr Sian George (Chair of the Board of Red One Ltd.)

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Coles (Vice-Chair), Biederman, Drean (Chair), Peart, Radford, Singh and Yabsley

NOTES

1.	<u>Access to Information</u> 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.	<u>Reporting of Meetings</u> 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 Chair - 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 Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	<u>Declarations of Interests at meetings (Authority Members only)</u> If you are present at a meeting and you are aware that you have either a disclosable pecuniary interest, personal interest or non-registerable interest in any matter being considered or to be considered at the meeting then, unless you have a current and relevant dispensation in relation to the matter, you must: <ul style="list-style-type: none">(i) disclose at that meeting, by no later than commencement of consideration of the item in which you have the interest or, if later, the time at which the interest becomes apparent to you, the existence of and – for anything other than a “sensitive” interest – the nature of that interest; and then(ii) withdraw from the room or chamber during consideration of the item in which you have the relevant 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 an interest of a sensitive nature. You must still follow (i) and (ii) above. Where a dispensation has been granted to you either by the Authority or its Monitoring Officer in relation to any relevant interest, then you must act in accordance with any terms and conditions associated with that dispensation. Where you declare at a meeting a disclosable pecuniary or personal interest that you have not previously included in your Register of Interests then you must, within 28 days of the date of the meeting at which the declaration was made, ensure that your Register is updated to include details of the interest so declared.
4.	<u>Part 2 Reports</u> 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.	<u>Substitute Members (Committee Meetings only)</u> Members are reminded that, in accordance with Standing Order 37, 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 & Somerset Fire & Rescue Authority)

15 May 2019

Present:-

Councillors Coles (Chair), Biederman, Drean (Vice-Chair), Peart and Radford

In attendance:-

Councillor Randall Johnson (Authority Chair) – in accordance with Standing Order 38

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RC/26

Minutes

RESOLVED that the Minutes of the meeting held on 7 February 2019 be signed as a correct record.

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RC/27

Treasury Management Performance - Quarter Four and Annual Report 2018-19

The Committee received for information a report of the Director of Finance (Treasurer) (RC/19/8) that set out the treasury management performance relating to the final quarter of 2018-19 financial year together with a summary of the annual performance for the year. The Chartered Institute of Public Financial Accountancy's (CIPFA) Code of Practice required that the Authority received a report in respect of borrowing and investment activities during the year as compared against the Authority's Treasury Management strategy.

Adam Burleton, representing Link Asset Services, the Authority's treasury management adviser, was present at the meeting and he gave an overview of the performance.

The following points were highlighted in particular:

- There was a decline in growth in the UK economy in the final quarter of 2018-19 due to the uncertainty over Brexit with annual growth coming in at 1.4%. This confirmed that the UK had the third fastest growing economy of all of the individual countries in the G7 in quarter 4;
- The bank base rate had been held at 0.75% and it was unlikely that there would be any further rises until the uncertainty over Brexit was cleared up;
- The Authority's debt position was positive with no new borrowing being taken out within the year to support capital spending and thus, the Capital Financing Requirement (CFR) of £25.537m was matched to external debt;
- The Authority had investments totalling £38.476m with income earned of £0.345m which exceeded the target set by £0.201m due to investment during the year being higher than anticipated and returns exceeding the benchmark;
- The Investment Strategy incorporated within the Treasury Management Strategy Statement (TMSS) remained prioritised with security of capital and liquidity over yield.

Mr Burleton commented that, whilst it was too expensive for the Authority to repay the outstanding debt at present, the position was being monitored continually.

The Committee expressed its thanks to the Director of Finance (Treasurer) and the Finance Team for their excellent performance on treasury management and in particular, exceeding the investment income benchmark.

RC/28

Provisional Financial Outturn 2018-19

The Committee considered a report of the Director of Finance (Treasurer) (RC/19/9) that set out the draft financial outturn position for 2018-19 against the agreed targets. In particular, the report provided a draft outturn spending position against the 2018-19 Revenue Budget with explanations of the major variations.

It was noted that spending was £1.892m below budget which was equivalent to 2.56% of the total budget, due largely to savings on staff costs made during the year as vacancies had been held pending the Safer Together programme. Additional savings had been made on operational equipment arising from timing differences on capital projects which would now be funded from the 2019-20 revenue budget. Grant income and reimbursements had been significantly higher than budget with early payments being made by central government. The figures in the report were provisional at this stage subject to external audit of the accounts in July 2019.

RESOLVED

- (a) That the Authority be recommended to approve that the provisional underspend against the 2018-19 revenue budget of £1.892m be transferred to the Reserve for Capital Funding as outlined in paragraph 6.1 of the report;
- (b) That, subject to (a) above, the following be noted:
 - (i) The draft position in respect of the 2018-19 Revenue and Capital Outturn position, as indicated in this report;
 - (ii) That the underspend figure of £1.892m was after:
 - A. Transfers in from Reserves of (£1.020m) relating to grants received in advance; and
 - B. £0.095m for VEMA repairs, as agreed at previous Resources Committees;
 - C. A transfer of £1.417m to the Reserve for Capital funding;
 - D. A transfer of £0.918m to the Grants Unapplied Reserve as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised;
 - E. Additional provisions relating to pension liabilities of £0.028m;
 - F. Budget pressures identified of £0.075 for upgrade to Wi-Fi infrastructure and £0.070m for personal fitting of respiratory protection masks.

RC/29

Reserves Strategy 2019-20

The Committee considered a report of the Director of Finance (Treasurer) (RC/19/10) upon the Reserves Strategy for 2019-20.

It was noted that the report included a risk assessment on the adequacy of the General Fund together with a section on each of the Earmarked Reserves including:

- Grants received in advance;
- Invest to improve;
- Budget smoothing; capital funding; and
- Specific projects - carry forward or risks identified.

The Committee expressed its thanks to the Director of Finance (Treasurer) and her team for the work undertaken on achieving this position.

RESOLVED that the Authority be recommended to approve the Reserves Strategy 2019-20 for publication.

RC/30

Revisions to Capital Programme 2019-20 to 2021-22

The Committee considered a report of the Director of Finance (Treasurer) (RC/19/11) on proposed revisions to the three year capital programme for 2019-20 to 2021-22.

RESOLVED that the Authority be recommended to approve the revised capital programme and associated prudential indicators for 2019-20 to 2021-22 (as set out within Appendices A and B of these Minutes for ease of reference).

* RC/31

Exclusion of the Press and Public

RESOLVED that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public (with the exception of Lisa Compton {Red One Ltd} and Councillors Saywell and Thomas {Authority appointed Non-Executive Directors on the Board of Red One Ltd.}) be excluded from the meeting for the following items of business on the grounds that they may involve the likely disclosure of exempt information as defined in the following paragraphs of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 3 – information relating to the financial and business affairs of any particular person – including the authority holding that information.

* RC/32

Restricted Minutes of the Resources Committee held on 7 February 2019

The Chair moved this item forward for consideration at this point in the meeting.

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public [with the exception of Lisa Compton, [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd.]) were excluded from the meeting).

RESOLVED that the Restricted Minutes of the meeting held on 7 February 2019 be signed as a correct record.

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RC/33

Red One Ltd Financial Performance 2018-19: Quarter 4

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public [with the exception of Lisa Compton, [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd.]) were excluded from the meeting).

NB. Councillors Saywell and Thomas were present for this item and spoke in a non-voting capacity as Non-Executive Directors of Red One Ltd. (in support of Lisa Compton).

The Committee received for information a report of the Director of Finance and Dr Sian George (Chair of the Board of Red One Ltd.) (RC/19/12) on the financial performance of Red One Ltd in quarter 4 of 2018-19.

RC/34

Red One Ltd Business Plan 2019-20

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public [with the exception of Lisa Compton, [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd.]) were excluded from the meeting).

NB. Councillors Saywell and Thomas were present for this item and spoke in a non-voting capacity as Non-Executive Directors of Red One Ltd. (in support of Lisa Compton) to present and answer questions on the Red One Business Plan.

The Committee considered a report of the Director of Finance (Treasurer) and Dr Sian George, Chair of the Board of Red One Ltd. (RC/19/13) in respect of a five year business plan for the company.

RESOLVED that the report and recommendations therein be recommended to the Authority (as sole shareholder) for approval.

RC/35

Red One Ltd Business Plan Assurance

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public [with the exception of Lisa Compton, [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd.]) were excluded from the meeting).

NB. Councillors Saywell and Thomas were present for this item in a non-voting capacity as Non-Executive Directors of Red One Ltd. (in support of Lisa Compton) but did not speak.

The Committee considered a report of the Director of Finance (Treasurer) (RC/19/14) in respect of providing assurance for the Authority on the business plan.

RESOLVED that the report and recommendations therein be recommended to the Authority (as sole shareholder) for approval.

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

The meeting started at 10.00hours and finished at 12.27hours

**APPENDIX A TO THE MINUTES OF RESOURCES COMMITTEE ON 15 MAY 2019
- REVISION TO CAPITAL PROGRAMME 2019-20 TO 2021-22**

PROJECT	2019/20 £000	2019/20 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
	Approved Budget	Slippage & Approvals	Revised Budget	Approved Budget	Approved Budget	Indicative Budget	Indicative Budget
Estate Development							
Site re/new build	1,100	17	1,117	3,100	200	0	0
Improvements & structural maintenance	3,307	595	3,902	7,100	7,700	9,300	7,000
Estates Sub Total	4,407	612	5,019	10,200	7,900	9,300	7,000
Fleet & Equipment							
Appliance replacement	1,793	0	1,793	3,800	3,300	2,700	2,200
Specialist Operational Vehicles	1,134	0	1,134	2,300	1,400	900	1,900
Equipment	366	187	553	200	200	200	200
ICT Department	268	0	268	0	0	0	0
Water Rescue Boats	46	0	46	0	0	0	0
Fleet & Equipment Sub Total	3,607	187	3,794	6,300	4,900	3,800	4,300
Overall Capital Totals	8,014	799	8,813	16,500	12,800	13,100	11,300
Programme funding							
Earmarked Reserves:	3,439	756	4,195	11,145	4,628	0	0
Revenue funds:	2,614	0	2,614	2,614	2,614	2,614	2,614
Capital receipt							520
Application of existing borrowing	1,961	43	2,004	1,491	5,308	10,436	5,905
Contributions			0	1,250	250	50	2,261
Total Funding	8,014	799	8,813	16,500	12,800	13,100	11,300

**APPENDIX B TO THE MINUTES OF RESOURCES COMMITTEE ON 15 MAY 2019
- REVISION TO CAPITAL PROGRAMME 2019-20 TO 2021-22**

PRUDENTIAL INDICATORS			INDICATIVE INDICATORS 2022/23 to 2023/24		
	2019/20 £m Estimate	2020/21 £m Estimate	2021/22 £m Estimate	2022/23 £m Estimate	2023/24 £m Estimate
Capital Expenditure					
Non - HRA	8.813	16.500	12.800	13.100	11.300
HRA (applies only to housing authorities)					
Total	8.813	16.500	12.800	13.100	11.300
Ratio of financing costs to net revenue stream					
Non - HRA	4.09%	4.03%	4.06%	4.04%	4.54%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Requirement as at 31 March	£000	£000	£000	£000	£000
Non - HRA	25,444	24,851	28,081	36,667	40,390
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	1,112	1,010	907	791	656
Total	26,556	25,861	28,988	37,457	41,045
Annual change in Capital Financing Requirement	£000	£000	£000	£000	£000
Non - HRA	(191)	(695)	3,127	8,469	3,588
HRA (applies only to housing authorities)	0	0	0	0	0
Total	(191)	(695)	3,127	8,469	3,588
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT					
Authorised Limit for external debt	£000	£000	£000	£000	£000
Borrowing	26,910	26,787	29,678	39,094	43,003
Other long term liabilities	1,265	1,162	1,056	947	823
Total	28,174	27,949	30,733	40,041	43,826
Operational Boundary for external debt	£000	£000	£000	£000	£000
Borrowing	25,637	25,544	28,274	37,260	40,983
Other long term liabilities	1,209	1,112	1,010	907	791
Total	26,847	26,656	29,284	38,168	41,774
Maximum Principal Sums Invested over 364 Days					
Principal Sums invested > 364 Days	5,000	5,000	5,000	5,000	5,000

TREASURY MANAGEMENT INDICATOR	Lower Limit %
Limits on borrowing at fixed interest rates	70%
Limits on borrowing at variable interest rates	0%
Maturity structure of fixed rate borrowing during 2017/18	
Under 12 months	0%
12 months and within 24 months	0%
24 months and within 5 years	0%
5 years and within 10 years	0%
10 years and above	50%

REPORT REFERENCE NO.	RC/19/15
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	4 SEPTEMBER 2019
SUBJECT OF REPORT	TREASURY MANAGEMENT PERFORMANCE 2019-20: QUARTER 1
LEAD OFFICER	DIRECTOR OF FINANCE and RESOURCING (TREASURER)
RECOMMENDATIONS	<i>That the performance in relation to the treasury management activities of the Authority for 2019-20 (to June 2019) be noted.</i>
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	Appendix A – Investments held as at 30 June 2019.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) as approved at the meeting of the Fire & Rescue Authority held on the 19 February 2019 – Minute DSFRA/36c refers.

1. **INTRODUCTION**

- 1.1 The Treasury Management Strategy for Devon and Somerset Fire & Rescue Authority 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 **UK.** After only tepid annual economic growth of 1.4% in 2018, growth in quarter 1 was unexpectedly strong at 0.5%. However, this was boosted by stock building ahead of the original March Brexit deadline so quarter 2 is now expected to be zero or slightly negative. After the Monetary Policy Committee (MPC) raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clears. If there were a no deal exit, it is likely that Bank Rate would be cut in order to support growth. Nevertheless, the MPC does have concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling marginally to 3.4% more recently. Growth in employment fell to only 32,000 in the three months to April, well below the 2018 average, while the unemployment rate remained at 3.8 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.
- 2.2 As for **CPI inflation** itself, this rose slightly to 2.1% in April 2019 before falling back again to 2.0% in May 2019 and is likely to remain around this level over the next two years. If there was a no deal Brexit though, it could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1.3%, i.e. a real terms increase. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

- 2.3 **Brexit.** The Conservative minority government now has a new Prime Minister, Boris Johnson, who is aiming for Brexit to happen by, or on, 31 October, even if there is no deal. However, it is unclear if there will be majority support in the Commons for any option. If there was a stalemate in the Commons, then that would increase the chances of a general election in 2019. This could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.
- 2.4 **USA.** President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the rate of growth to 2.9% for 2018, just below his target of 3%. Growth in quarter 1 of 2019 was a strong 3.1% but current expectations are for this to weaken considerably in quarter 2. The strong growth in employment numbers during 2018 has faded more recently, indicating that the economy is cooling whilst inflationary pressures are also weakening. After the Federal Bank increased rates by 0.25% in December 2018 to between 2.25% and 2.50%, market expectations have swung to now expecting it to cut rates by 1.0% - 1.25% in total to counter the expected downturn in growth. Financial markets have priced in a first cut of 0.25% for July.
- 2.5 **EUROZONE.** The annual rate of growth for 2018 was 1.8% but is expected to fall to possibly around half that rate in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018. This meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2% (but it aims to keep it near to 2%) has prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting it said that "it expected to leave interest rates at their present levels at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a third round of Targeted Longer-Term Refinancing Options (TLTROs). This provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, the downturn now appears to be gathering momentum so market expectations have moved on to expecting possibly a small increase in the deposit rate from -0.4% to -0.5% and a resumption of quantitative easing, but possibly more focused on purchases of corporate debt than government debt.
- 2.6 **CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property and to address the level of non-performing loans in the banking and credit systems.
- 2.7 **JAPAN** - has been struggling to stimulate consistent significant Gross Domestic Product (GDP) growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

- 2.8 **WORLD GROWTH.** The trade war between the US and China on tariffs is a major concern, not only to financial markets and China itself, but also for world growth, as any downturn in China will spill over into impacting countries supplying raw materials to China. Concerns are focused on the synchronised general weakening of growth in the major economies of the world compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns have resulted in government bond yields in the developed world falling significantly during 2019, which has then caused equity prices to rise. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks.

Interest Rate Forecasts

- 2.9 The Authority's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.20	1.30	1.40	1.40	1.40
6 Month LIBID	0.80	0.90	0.80	0.90	1.00	1.20	1.40	1.50	1.60	1.60	1.60
12 Month LIBID	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.80	1.80
5yr PWLB Rate	1.50	1.60	1.70	1.80	1.90	2.00	2.10	2.10	2.20	2.30	2.40
10yr PWLB Rate	1.80	1.90	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.60	2.70
25yr PWLB Rate	2.40	2.50	2.60	2.70	2.80	2.90	3.00	3.00	3.10	3.20	3.30
50yr PWLB Rate	2.30	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20

- 2.10 The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit. The balance of risks to increases in Bank Rate and shorter term Public Works Loan Board (PWLB) rates are broadly similarly to the downside.

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 19 February 2019. 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 Link suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Link.
- 3.3 A full list of investments held as at 30 June 2019 are shown in Appendix A.
- 3.4 The average level of funds available for investment purposes during the quarter was £37.486m (£38.476m at the end of 2018/19). These funds were available on a temporary basis and the level of funds was dependent on the level of reserves, 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	0.68%	0.81%	£0.063m.

- 3.5 As illustrated, the Authority outperformed the 3 month LIBID benchmark by 0.13bp. It is anticipated that the actual investment return for the whole of 2019-20 will surpass the Authority's budgeted investment target of £0.201m by £0.071m.

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 2019-20, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to June 2019 and that there are no concerns that they will be breached during the financial year.

Current external borrowing

- 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 2019 was £25.537m, forecast to reduce to £25.444m by the end of the financial year as a result of standard loan repayments. All of this debt is at fixed rate with the remaining principal having an average rate of 4.23% and average life of 26.1 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

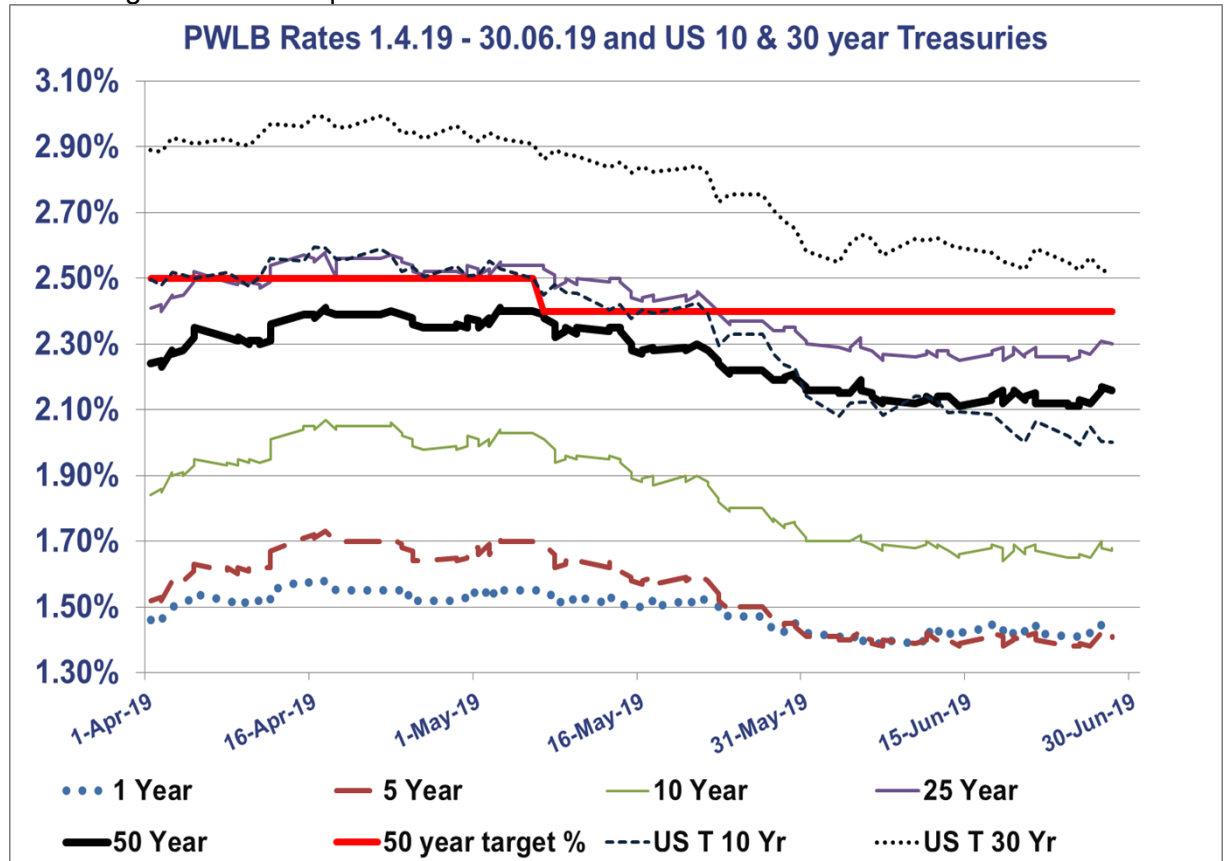
- 3.10 PWLB rates have not been on any consistent trend in this quarter. During the quarter, the 50 year PWLB target (certainty) rate for new long term borrowing was marginally reduced to 2.16%.

- 3.11 No new borrowing was undertaken during the quarter and none is planned during 2019-20 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 2019

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	1.46%	1.52%	1.84%	2.41%	2.24%
30/06/2019	1.43%	1.41%	1.68%	2.30%	2.16%
Low	1.39%	1.38%	1.64%	2.25%	2.11%
Date	06/06/2019	07/06/2019	18/06/2019	07/06/2019	14/06/2019
High	1.58%	1.73%	2.07%	2.58%	2.41%
Date	15/04/2019	17/04/2019	17/04/2019	17/04/2019	17/04/2019
Average	1.49%	1.55%	1.86%	2.42%	2.26%

- 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 2019-20 to June 2019. 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 recovering as a result of the increase in interest rates, the Authority is still anticipating that investment returns will meet the budgeted target, as rates were forecast to rise when the budget was set.

AMY WEBB

Director of Finance and Resourcing (Treasurer)

APPENDIX A TO REPORT RC/19/15

Investments as at 30 June 2019					
Counterparty	Maximum to be invested	Amount Invested	Call or Term	Period invested	Interest rate(s)
	£m	£m			
Santander	7.000	3.000	T	12 mths	0.94%
		2.000	T	6 mths	0.96%
		1.000	T	6 mths	0.93%
Goldman Sachs	7.000	2.000	T	6 mths	1.08%
		5.000	T	6 mths	1.20%
Standard Chartered	7.000	2.000	T	6 mths	0.96%
		5.000	T	9 mths	0.98%
Sumitomi Mitsui	7.000	5.000	T	6 mths	0.96%
Thurock Borough Council	5.000	3.500	T	12 mths	0.97%
		1.500	T	12 mths	1.09%
Eastleigh Borough Council	5.000	1.500	T	6 mths	0.97%
Barclays 95 Green Deposit	8.000	4.500	T	95 Day Notice	0.95%
Barclays FIBCA		0.001	C	Instant Access	Variable
Standard Life	6.000	0.185	C	Instant Access	Variable
BlackRock	6.000	1.300	C	Instant Access	Variable
Total amount Invested		37.486			

REPORT REFERENCE NO.	RC/19/16
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	4 SEPTEMBER 2019
SUBJECT OF REPORT	FINANCIAL PERFORMANCE REPORT 2019-20 – QUARTER 1
LEAD OFFICER	Director of Finance and Resourcing (Treasurer)
RECOMMENDATIONS	<p><i>(a) That the budget transfers shown in Table 3 of this report, be recommended to the Devon & Somerset Fire & Rescue Authority for approval;</i></p> <p><i>(b) That the monitoring position in relation to projected spending against the 2019-20 revenue and capital budgets be noted;</i></p> <p><i>(c) That the performance against the 2019-20 financial targets be noted.</i></p>
EXECUTIVE SUMMARY	<p>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 2019-20 revenue budget with explanations of the major variations. At this stage in the financial year, it is forecast that spending will be £0.175m less than budget, a saving of 0.23% of total budget.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Summary of Prudential Indicators 2019-20.
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 2019. As well as providing projections of spending against the 2019-20 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 2019-20

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 1	Previous Quarter	Quarter 1 %	Previous Quarter %
Revenue Targets						
1	Spending within agreed revenue budget	£75.142m	£74.967	n/a	(0.23)%	n/a
2	General Reserve Balance as %age of total budget (minimum)	5.00%	7.19%	n/a	(2.19)bp*	n/a
Capital Targets						
4	Spending within agreed capital budget	£8.813m	£8.287m	n/a	(5.97)%	(0.00)%
3	External Borrowing within Prudential Indicator limit	£26.847m	£26.556m	n/a	(1.08)%	(0.00)%
5	Debt Ratio (debt charges over total revenue budget)	5.00%	4.07%	n/a	(0.93)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 2019-20.
 - **SECTION B** – Capital Budget and Prudential Indicators 2019-20.
 - **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 2019-20**

- 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 £74.967m, representing a saving against the budget of £0.175m equivalent to 0.23% of the total budget. The forecast incorporates the budget virements requested in Table 3 within this report.

TABLE 2 – REVENUE MONITORING STATEMENT 2019-20

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY						
Revenue Budget Monitoring Report 2019/20						
		2019/20 Budget	Year To Date Budget	Spending to Month 3	Projected Outturn	Projected Variance over/ (under) £000
Line No		£000	£000	£000	£000	
	SPENDING					
	EMPLOYEE COSTS					
1	Wholetime uniform staff	30,677	7,749	7,616	30,569	(108)
2	On-call firefighters	14,417	3,293	2,818	14,317	(100)
3	Control room staff	1,419	352	356	1,443	24
4	Non uniformed staff	12,248	2,956	3,004	12,259	11
5	Training expenses	772	193	420	747	(25)
6	Fire Service Pensions recharge	2,658	873	601	2,635	(23)
		62,190	15,416	14,814	61,969	(221)
	PREMISES RELATED COSTS					
7	Repair and maintenance	992	248	361	993	1
8	Energy costs	569	96	51	570	1
9	Cleaning costs	471	118	336	476	5
10	Rent and rates	1,909	558	575	1,930	21
		3,941	1,020	1,323	3,969	28
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	629	157	130	637	8
12	Running costs and insurances	1,318	649	419	1,317	(1)
13	Travel and subsistence	1,290	250	529	1,290	0
		3,237	1,057	1,078	3,244	7
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,988	736	676	3,010	22
16	Hydrants-installation and maintenance	151	38	31	146	(5)
17	Communications	2,150	537	271	2,148	(2)
18	Uniforms	601	150	84	565	(36)
19	Catering	56	14	15	58	2
20	External Fees and Services	159	40	123	159	0
21	Partnerships & regional collaborative projects	186	47	(34)	213	27
		6,290	1,562	1,167	6,298	8
	ESTABLISHMENT COSTS					
22	Printing, stationery and office expenses	260	93	87	262	2
23	Advertising	23	6	9	40	17
24	Insurances	411	381	192	411	-
		694	479	289	713	19
	PAYMENTS TO OTHER AUTHORITIES					
25	Support service contracts	701	143	143	695	(6)
		701	143	143	695	(6)
	CAPITAL FINANCING COSTS					
26	Capital charges	3,493	8	45	3,536	43
27	Revenue Contribution to Capital spending	2,614	-	-	2,614	-
		6,107	8	45	6,150	43
29	TOTAL SPENDING	83,159	19,684	18,860	83,038	(121)
	INCOME					
30	Investment income	(201)	(50)	63	(272)	(71)
31	Grants and Reimbursements	(6,862)	(1,813)	(4,139)	(6,823)	39
32	Other income	(564)	(126)	(97)	(585)	(21)
33	Internal Recharges	-	-	-	(1)	(1)
34	TOTAL INCOME	(7,627)	(1,989)	(4,173)	(7,681)	(54)
35	NET SPENDING	75,532	17,695	14,687	75,357	(175)
	TRANSFERS TO EARMARKED RESERVES					
36	Transfer to (from) Earmarked Reserve	(390)	-	(918)	(390)	-
38	NET SPENDING	75,142	17,695	13,769	74,967	(175)

2.2. These forecasts are based upon the spending position at the end of June 2019, 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. It is inevitable, therefore, that final spending figures for the financial year will differ than those projected in this report.

2.3. Explanations of the more significant variations from budget (over £0.050m variance) are explained below.

3. NARRATIVE ON VARIANCES AGAINST BUDGET

Wholetime Staff

3.1. At this stage, it is projected that spending on wholetime pay costs will be £0.108m less than budget. The forecast saving is due to a high number of retirements expected during the year, some of the resulting vacancies have been covered by fixed term contracts with existing on call staff with others being held pending the Service Delivery Operating Model consultation.

On Call Staff

3.2. On Call staffing costs are forecast at £14.317m against a budget of £14.417m, an under spend of £0.100m. Due to the nature of the On Call service, there is potential for the forecast to fluctuate throughout the year. Due to recent success in recruitment, it is anticipated that this budget line will remain more stable than in previous years, barring spate conditions.

Investment Income

3.3. Interest on the Authority's investments is expected to outperform the budget of £0.201m by £0.071m, this is due to careful investment planning by the Finance Team which enables longer term investments to be made with a stronger yield.

3.4. The Committee is asked to recommend to the Devon & Somerset Fire & Rescue Authority the budget virements (transfers between budget lines) shown in Table 3 below for approval. The transfers are reflected in Table 2 - budget monitoring statement. A narrative behind each budget transfer is provided within the table below.

TABLE 3 – BUDGET TRANSFERS

Line Ref	Description	Debit £m	Credit £m
	<i>Transfer of budget relating to the Airwave Grant moving it to match where the income has been credited.</i>		
31	Decrease Grants and Reimbursements	0.949	
36	Increase Transfer to (from) Earmarked Reserve		(0.949)
	<i>An additional amount of grant was received to assist with the impact of the pension costs increase. It is proposed to move this to the Pensions earmarked reserve.</i>		
31	Increase Grants and Reimbursements		(0.559)
36	Increase Transfer to (from) Earmarked Reserve	0.559	
	<i>Savings from the middle management restructure were invested in Prevention and Protection activities, at 2019/20 budget setting funds were held within wholetime pay line. Transfer will move budet to the correct heading</i>		
1	Decrease Wholetime Uniformed Staff		(0.479)
3	Increase Non uniformed staff	0.400	
12	Increase Vehicle Running costs and insurances	0.035	
14	Increase Equipment and furniture	0.044	
	<i>To align on-call pay budgets to match changes to Group structure</i>		
2	Increase on-call budget (Cost Code changes only)	1.029	
2	Decrease on-call budget (Cost Code changes only)		(1.029)
		3.016	(3.016)

4. **RESERVES AND PROVISIONS**

- 4.1. As well as the funds available to the Authority by setting an annual budget, the Authority also holds reserve and provision balances. A reserves strategy is published annually which outlines the purpose of each reserve and expected expenditure over the medium term financial planning period. The reserves strategy is available here:

<http://www.dsfire.gov.uk/AboutUs/WhatWeSpend/documents/ReservesStrategy2019-20.pdf>

Reserves

- 4.2 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, and the amount is greater than the delegated limited allocated to the Treasurer, 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

- 4.3 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.
- 4.4 A summary of predicted balances on Reserves and Provisions is shown in Table 4 below.
- 4.5 At the end of Quarter 1, reserves expenditure was £2.319m, the majority has been invested in improving the Health and Safety of our staff, with new Breathing Apparatus and Light Weight PPE being delivered in that period.
- 4.6 Reserve balances are expected to reduce over the remainder of the financial year through expenditure on the Safer Together programme and, in particular, digital transformation. The other significant call on reserves is Capital funding, which is consistent with our long-term strategy to reduce reliance on borrowing and dependent on minimal timing differences on the Capital Programme.

TABLE 4 – FORECAST RESERVES AND PROVISION BALANCES 30 JUNE 2019

RESERVES AND PROVISIONS						
	Balance as at 1 April 2019 £000	Approved Transfers £000	Proposed Transfers £000	Spending to Month 03 £000	Forecast Spend 2019-20 £000	Proposed Balance as at 31 March 2020 £000
RESERVES						
Earmarked reserves						
Grants unapplied from previous years	(1,145)	-	949	(47)	(51)	(247)
Invest to Improve	(5,945)	50	-	298	523	(5,372)
Budget Smoothing Reserve	(1,818)	-	-	-	-	(1,818)
Direct Funding to Capital	(19,960)	-	-	-	3,657	(16,303)
Projects, risks, & budget carry forwards						
PFI Equalisation	(295)	-	-	-	-	(295)
Emergency Services Mobile Communications Programme	(932)	-	-	26	32	(900)
Breathing Apparatus Replacement	(1,449)	(50)	-	1,482	1,499	-
Mobile Data Terminals Replacement	(381)	-	-	59	380	(1)
PPE & Uniform Refresh	(480)	-	-	376	387	(94)
Pension Liability reserve	(461)	-	(559)	-	-	(1,020)
National Procurement Project	(90)	-	-	-	-	(90)
Budget Carry Forwards	(603)	-	-	126	265	(338)
Total earmarked reserves	(33,560)	-	390	2,319	6,621	(26,549)
General reserve						
General Fund balance	(5,315)	-	-	-	-	(5,315)
Percentage of general reserve compared to net budget						7.19%
TOTAL RESERVE BALANCES	(38,875)				6,621	(31,864)
PROVISIONS						
Doubtful Debt	(655)	-	-	-	-	(655)
Fire fighters pension schemes	(759)	-	-	-	30	(729)

5. SUMMARY OF REVENUE SPENDING

- 5.1. At this stage early stage in the year, it is forecast that spending will be £0.175m below the budget figure for 2019-20. At the moment, no recommendations are made as the use of these savings.

6. **SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2019-20**

Monitoring of Capital Spending in 2019-20

- 6.1. Table 5 below provides a summary of anticipated expenditure for this financial year and demonstrates the funding requirements.
- 6.2. At the end of Quarter 1, there is a forecast timing difference of £0.476m against the capital programme of £8.813m. The timing differences are made up of £0.300m in Estates, where plans to rebuild at Plymstock and removal of a building at Service Headquarters will now be delivered in 2020-21. Replacement of a server will now be deferred following a recommendation by Her Majesty's Inspector of Constabulary and Fire and Rescue Services (HMICFRS) regarding its location. There are also reported rescheduling/savings of £0.050m, representing a contingency for Road Traffic Collision equipment which is no longer required now that Light Rescue Pumps have dedicated equipment.
- 6.3. At this stage in the year, delivery of £4.719m of Estates and £3.568m of Fleet and Equipment projects are anticipated.

TABLE 5 – FORECAST CAPITAL EXPENDITURE 2019-20

Capital Programme 2019/20					
Item	PROJECT	2019/20 £000 Revised Budget	2019/20 £000 Forecast Outturn	2019/20 £000 Timing Differences	2019/20 £000 Re- scheduling / Savings
	Estate Development				
1	Site re/new build	1,117	917	(200)	0
2	Improvements & structural maintenance	3,902	3,802	(100)	0
	Estates Sub Total	5,019	4,719	(300)	0
	Fleet & Equipment				
3	Appliance replacement	1,793	1,793	0	0
5	Specialist Operational Vehicles	1,134	1,134	0	0
6	Equipment	553	503	0	(50)
7	ICT Department	268	92	(176)	0
8	Water Rescue Boats	46	46	0	0
	Fleet & Equipment Sub Total	3,794	3,568	(176)	(50)
	Overall Capital Totals	8,813	8,287	(476)	(50)
	Programme funding				
	Earmarked Reserves:				
9	Capital reserve	4,183	3,657	(476)	(50)
10	USAR - Water Rescue Boats	12	12	0	0
	Earmarked Reserves:	4,195	3,669	(476)	(50)
	Revenue funds:				
11	Revenue contribution to capital in year	2,314	2,314	0	0
12	Red One contribution to capital	300	300	0	0
	Revenue funds:	2,614	2,614	0	0
14	Application of existing borrowing	2,004	2,004	0	0
	Total Funding	8,813	8,287	(476)	(50)

Prudential Indicators (including Treasury Management)

- 6.4. Total external borrowing with the Public Works Loan Board (PWLB) as at 30 June 2019 stands at £25.537m and is forecast to reduce to £25.444m as at 31 March 2020. This level of borrowing is well within the Authorised Limit for external debt of £28.174m (the absolute maximum the Authority has agreed as affordable). No further external borrowing is planned in this financial year.
- 6.5. Investment returns in the quarter yielded an average return of 0.81% which outperforms the LIBID 3 Month return (industry benchmark) of 0.68%. It is forecast that investment returns from short-term deposits will surpass the budgeted figure by £0.071m at 31 March 2020.
- 6.6. Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2019-20, which illustrates that there is no anticipated breach of any of these indicators.

7. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

- 7.1. Total debtor invoices outstanding as at Quarter 1 were £753,063. Table 6 below provides a summary of all debt outstanding as at 30 June 2019.
- 7.2. Of this figure, an amount of £678,650 was due from debtors relating to invoices that are more than 85 days old, equating to 82.1% of the total debt outstanding.

TABLE 6 – OUTSTANDING DEBT AT END OF QUARTER

	Total Value £	%
Current (allowed 28 days in which to pay invoice)	74,525	9.0%
1 to 28 days overdue	45,626	5.5%
29-56 days overdue	8,521	1.0%
57-84 days overdue	20,266	2.4%
Over 85 days overdue	678,650	82.1%
Total Debt Outstanding as at 30 June 2019	827,588	100.00%

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

TABLE 7 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	Total Value	Action Taken
Red One Ltd	37	£673,229	A repayment plan has been agreed with the subsidiary company following its revised business plan.
Various	2	£1,774	Invoices with small debtors are being chased using standard procedures and pursued with our debt recovery officer where appropriate.

AMY WEBB

Director of Finance and Resourcing (Treasurer)

PRUDENTIAL INDICATORS 2019-20

Prudential Indicators and Treasury Management Indicators		Forecast Outturn £m	Target £m	Variance (favourable) /adverse £m
Capital Expenditure		8.287	8.813	(0.526)
External Borrowing vs Capital Financing Requirement (CFR) - Total		26.556	26.556	£0.000
- Borrowing		25.444	25.444	
- Other long term liabilities		1.112	1.112	
External borrowing vs Authorised limit for external debt - Total		26.556	26.847	(0.291)
- Borrowing		25.444	25.637	
- Other long term liabilities		1.112	1.209	
Debt Ratio (debt charges as a %age of total revenue budget)		4.07%	5.00%	(0.93)bp
Cost of Borrowing – Total		1.081	1.081	(0.000)
- Interest on existing debt as at 31-3-19		1.081	1.081	
- Interest on proposed new debt in 2019-20		0.000	0.000	
Investment Income – full year		0.278	0.201	(0.077)
		Actual (30 June 2019) %	Target for quarter %	Variance (favourable) /adverse
Investment Return		0.81%	0.68%	(0.13)bp
Prudential Indicators and Treasury Management Indicators	Forecast (30 March 2020) %	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	0.37%	30.00%	0.00%	(29.63%)
12 months to 2 years	2.32%	30.00%	0.00%	(27.68%)
2 years to 5 years	5.66%	50.00%	0.00%	(44.34%)
5 years to 10 years	13.52%	75.00%	0.00%	(61.48%)
10 years and above	77.76%	100.00%	50.00%	(22.24%)
- 10 years to 20 years	12.92%			
- 20 years to 30 years	13.71%			
- 30 years to 40 years	51.13%			
- 40 years to 50 years	0.00%			

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