

REPORT REFERENCE NO.	RC/16/6
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	17 MAY 2016
SUBJECT OF REPORT	DRAFT FINANCIAL OUTTURN 2015/16
LEAD OFFICER	Treasurer to the Authority
RECOMMENDATIONS	<p>(a) That the Fire and Rescue Authority, at its meeting on the 26 May 2016, be recommended to approve:</p> <p>(i) That the provisional underspend against the 2015-16 revenue budget of £1.878m be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 12.5 of this report:</p> <p style="padding-left: 40px;">A. the transfer of £0.557m to an Earmarked Reserve to be utilised to fund Essential Spending Pressures not included in the 2016-17 base budget (Para 12.5(b));</p> <p style="padding-left: 40px;">B. the transfer of the remaining £1.321m to the Capital Funding Reserve (Para 12.5(f));</p> <p>(ii) That following a review of Earmarked Reserve requirements, an amount of £0.011m be transferred from Earmarked Reserves to General Reserve (Para. 12.5(d))</p> <p>(b) That, subject to (a) above, the following be noted:</p> <p>(i) The draft position in respect of the 2015-16 Revenue and Capital Outturn position, as indicated in this report.</p> <p>(ii) That the underspend figure of £1.878m is after;</p> <p style="padding-left: 40px;">A. A transfer of £0.420m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised (Para.12.5(a))</p> <p style="padding-left: 40px;">B. A transfer of £0.091m to Earmarked Reserves for 2015-16 Budget Carry Forwards to fund planned projects not completed by 31 March 2016 (Para. 12.5(c))</p> <p style="padding-left: 40px;">C. A transfer of £1.677m to the Reserve for Capital funding (para 12.5(e))</p> <p style="padding-left: 40px;">D. Additional provisions relating to pension liabilities of £0.066m. (Para. 11.5(g))</p>

EXECUTIVE SUMMARY	<p>This report sets out the draft financial outturn position for 2015-16 against agreed financial targets.</p> <p>In particular, it provides a draft outturn spending position against the 2015-16 revenue budget with explanations of the major variations. Spending will be £1.878m below budget, (net of transfers to Earmarked reserves noted in this report) equivalent to 2.5% of the total budget.</p> <p>This significant saving is largely attributable to the continued implementation of the Corporate Plan changes agreed in July 2013, together with a strategy to work with budget holders to identify in-year savings against budget heads. Members will recall that in setting a revenue budget for 2016-17, at the February budget meeting, an amount of £3.2m was taken from the base budget to reflect further on-going budget savings.</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	A. Summary of Prudential Indicators 2015-16.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 This report provides the draft financial outturn position for the financial year ending on the 31 March 2016. As well as providing a summary of spending against the 2015-16 revenue and capital budget, the report also includes performance against other financial performance indicators, including the prudential and treasury management indicators.

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

TABLE 1 –PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2015-16

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 4	Previous Quarter	Quarter 4 %	Previous Quarter %
Revenue Targets						
1	Spending within agreed revenue budget	£74.710m	£72.833m	£74.225m	(2.51%)	(0.65%)
2	General Reserve Balance as %age of total budget (minimum)	5.00%	7.07%	7.06%	(2.07)bp	(2.06)bp*
Capital Targets						
3	Spending within agreed capital budget	£8.202m	£6.171m	£7.454m	(24.76)%	(8.85%)
4	External Borrowing within Prudential Indicator limit	£29.477m	£25.817m	£25.817m	(12.42)%	(12.42)%
5	Debt Ratio (debt charges over total revenue budget)	3.76%	3.76%	3.76%	(0.00)bp	(0.00)bp*

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

- **SECTION A** – Revenue Budget 2015-16.
- **SECTION B** – Capital Budget and Prudential Indicators 2015-16.
- **SECTION C** – Other Financial Indicators.

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

2. SECTION A - REVENUE BUDGET 2015-16

2.1 Table 2 overleaf provides a summary of spending against all agreed subjective budget heads, e.g. employee costs, transport costs etc. This table indicates that spending at the year-end is £72.833m compared with an agreed budget figure of £74.710m, representing a saving of £1.878m (£0.486m in Q3), and equivalent to 2.51% of the total budget.

2.2 It should be noted that the forecast spending figure is net of the proposed transfers to Earmarked Reserves, as outlined in paragraph 12.5 of this report.

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

Line No		2015/16 Budget £000	Spending to Month 12 £000	Projected Outturn £000	Projected Variance over/ (under) £000
	SPENDING				
	EMPLOYEE COSTS				
1	Wholetime uniform staff	27,965	27,852	27,918	(47)
2	Retained firefighters	11,983	11,862	11,862	(122)
3	Control room staff	1,647	1,601	1,601	(46)
4	Non uniformed staff	9,620	9,665	9,665	45
5	Training expenses	1,065	723	723	(342)
6	Fire Service Pensions recharge	2,787	2,861	2,861	74
		55,067	54,564	54,629	(437)
	PREMISES RELATED COSTS				
7	Repair and maintenance	1,318	1,314	1,314	(4)
8	Energy costs	615	500	500	(115)
9	Cleaning costs	445	381	381	(64)
10	Rent and rates	1,661	1,647	1,647	(13)
		4,039	3,842	3,842	(197)
	TRANSPORT RELATED COSTS				
11	Repair and maintenance	607	439	439	(167)
12	Running costs and insurances	1,344	1,184	1,184	(160)
13	Travel and subsistence	1,424	1,334	1,334	(90)
		3,375	2,958	2,958	(417)
	SUPPLIES AND SERVICES				
14	Equipment and furniture	2,482	2,120	2,120	(362)
16	Hydrants-installation and maintenance	128	199	199	70
17	Communications	2,114	1,801	1,801	(313)
18	Uniforms	609	567	567	(42)
19	Catering	220	127	127	(93)
20	External Fees and Services	115	55	55	(60)
21	Partnerships & regional collaborative projects	193	137	162	(30)
		5,862	5,007	5,032	(830)
	ESTABLISHMENT COSTS				
22	Printing, stationery and office expenses	380	252	252	(128)
23	Advertising	35	13	13	(23)
24	Insurances	341	306	306	(35)
		756	570	570	(186)
	PAYMENTS TO OTHER AUTHORITIES				
25	Support service contracts	568	633	633	65
		568	633	633	65
	CAPITAL FINANCING COSTS				
26	Capital charges	3,699	3,438	3,438	(261)
27	Revenue Contribution to Capital spending	2,157	572	572	(1,585)
		5,856	4,010	4,010	(1,846)
28	TOTAL SPENDING	75,523	71,583	71,673	(3,849)
	INCOME				
29	Investment income	(117)	(271)	(271)	(154)
30	Grants and Reimbursements	(3,219)	(3,080)	(3,080)	138
31	Other income	(998)	(1,210)	(1,210)	(212)
32	Internal Recharges	(30)	(19)	(19)	11
33	TOTAL INCOME	(4,363)	(4,580)	(4,580)	(217)
34	NET SPENDING	71,160	67,002	67,093	(4,066)
	TRANSFERS TO EARMARKED RESERVES				
35	Grants Unapplied	-	-	420	420
35	Transfer to Earmarked Reserve	3,551	3,551	3,642	91
37	Capital Funding	-	-	1,678	1,678
		3,551	3,551	5,739	2,189
38	NET SPENDING	74,710	70,553	72,833	(1,878)

- 2.3 These figures are based upon the draft outturn position as at 31 March 2016 and are based on all known commitments for the financial year 2015/16.
- 2.4 The significant underspend is largely as a result of the continued implementation of the Corporate Plan changes agreed in July 2013, which when fully implemented will have delivered on-going savings of £6.8m. It is recognised, however, that this full saving would take a number of years to deliver dependent on the natural turnover of staff through retirements. Members will recall that in setting a revenue budget for 2016-17, at the February budget meeting, an amount of £3.2m was taken from the base budget to reflect further on-going budget savings.
- 2.5 In addition all budget managers have been tasked by the Chief Fire Officer and Executive Board to control in-year spending from non-operational budget heads and managers have responded accordingly.
- 2.6 Explanations of the more significant variations from budget (over £0.050m variance) are explained below in paragraphs 3 to 10.

3. EMPLOYEE COSTS

Wholetime Staff

- 3.1 This forecast year end position of £27.918m against budget of £27.965m includes a provision of £0.066m for future pension liabilities which may arise on allowances following legislation and is intended to supplement the provision first made in the 2013/14 accounts.

Retained Pay Costs

- 3.2 Spend for the 2015-16 year is £0.122m below budget due to savings for ongoing vacancies and reduced activity levels.

Training Expenses

- 3.3 Training expenses are £0.723m against budget of £1.065m resulting in a saving of £0.342m due to fewer external courses in 2015/16 and a reduction to the number of grant funded Phoenix courses being run (reflected in a reduction to income). There have also been savings made due to the suspension of promotional training and assessment whilst the uniformed establishment and organisational development are being reviewed.

Fire Service Pensions Recharge

- 3.4 The outturn position of £0.074m over budget is as a result of an ill health and injury on duty case being resolved earlier than anticipated, meaning the spend is now to be included in 2015-16.

4. PREMISES RELATED COSTS

Energy Costs

- 4.1 Energy costs savings of £0.115m are due to weather variations and savings as a result of new energy contracts which have been let since the budget was set.

Cleaning Costs

- 4.2 Savings of £0.064m have been made on cleaning costs in 2015-16: £0.040m saving against the external cleaning contract (on one off/ deep cleans) and £0.020m against the refuse collection contract following a procurement exercise.

5. TRANSPORT RELATED COSTS

Repair and Maintenance

- 5.1 Fleet maintenance costs were £0.167m under budget as a result of a reduction in the volume of repairs and the positive impact of the introduction of Light Response Pump (LRP) on maintenance costs.

Running costs and Insurances

- 5.2 Savings of £0.160m have been made against this budget line, the majority as a result of low fuel prices throughout the year and reduced insurance premiums resulting from the formation of the fire insurance mutual.

Travel and Subsistence

- 5.3 Travel and Subsistence costs were £1.334m against a budget of £1.424m. The under spend of £0.090m is largely due to significant reductions to mileage claims for uniformed, non-uniformed staff and members as well as hired transport costs. The savings are as a consequence of a reduction in staff numbers and travelling levels.

6. SUPPLIES AND SERVICES

Equipment and Furniture

- 6.1 Spend on Equipment and Furniture was £2.120m against a budget of £2.482m. The under spend of £0.362m is largely because fewer items of operational equipment are required (because the Service is employing fewer staff) along with savings on ICT contracts.

Hydrants – Installation and Maintenance

- 6.2 Hydrants Installation and Maintenance is £70k overspent for the year. This variance is due to a backlog of maintenance work with South West Water, slipped from previous years.

Communications

- 6.3 The outturn position for Communication spend is £1.801m against budget of £2.114m. £79k of the saving is on the Airwave contract for Emergency Services communications and navigation equipment in vehicles, with £45k under spend being subject to a budget carry forward reserve request. A further £105k is attributable to the externally funded National Procurement Project which is subject to a year-end carry forward into 2016-17 as outlined in Para. 12.5(a) below.

Catering

- 6.4 The underspend of £0.093m on Catering is due to reduced training meals (in line with activity) along with lower spend on catering facilities across the service which is reflected by reduced income. The provision of training meals and canteen provisions across the service are currently subject to review.

External Fees & Services

- 6.5 Spend on External Fees & Services was £0.060m below budget, primarily as a result of the delay to the National Procurement project which will spend the grant funding in future years on staffing rather than external contractors (subject to Earmarked Reserve Request).

7. ESTABLISHMENT COSTS

Printing, Stationery and Office Expenses

- 7.1 Expenditure on Printing, Stationery and Office Expenses is £0.128m lower than budgeted as a result of savings on publications, postage and consultation fees.

8. PAYMENTS TO OTHER AUTHORITIES

Support Services Contracts

- 8.1 The outturn position for Support Services Contracts is £0.633m against budget of £0.568. The over spend relates to increased Occupational Health spend as a result of sickness levels and management action to both review ongoing sickness cases and support staff in a healthy return to work.

9. CAPITAL FINANCING COSTS

Capital Charges

- 9.1 Capital charges are £0.261m below budget, primarily as a result of fewer leased vehicles and items of equipment (some have been bought out) but also due to savings on debt interest as no new loans have been taken out in year due to the strategy to support capital expenditure from revenue underspends.

Revenue contribution to Capital Spending

- 9.2 As a result of slippage to the capital programme in 2015-16, there will be an under spend of £1.585m against this budget line. This amount is required to be transferred in to the Direct Funding to Capital Reserve to be used against ongoing projects.

10. INCOME

Investment Income

- 10.1 There is a £0.154m surplus for Investment income which is primarily due to strong yields on high cash balances producing £0.091m more income than budgeted.

- 10.2 Additionally the Authority has received £0.063m in Dividend Income from its trading subsidiary, Red One Limited, which relates to profits from 2013-14 and 2014-15. Per the strategy agreed by members when the company was set up, this amount will be transferred to the Reserve to support Capital Expenditure in future years.

Grants and Re-imbursements

- 10.3 Grants and Re-imbursements received in 2015-16 were £3.080m against a budget of £3.219m. The shortfall of £0.138m is largely due to fewer grant funded Phoenix Courses being run. It should be emphasised that there are savings across several other budget headings which offset the reduced grant income.

Other Income

- 10.4 Other income was £0.212m above budget which is due a variety of factors including increased Co-responder activity and improved cost recovery (£90k), Site sharing income (£38k) and revenue from sales of vehicle and equipment (£23k).

- 10.5 Also included in this figure, Training Income received from Red One Ltd was £29k above budget which will be subject to transfer to reserves per the strategy.

11. DIRECT REVENUE CONTRIBUTIONS TO CAPITAL

11.1 Table 2 above reflects that the underspend of £1.585m on Revenue Contribution to Capital arising in year is transferred directly to the Earmarked reserve for Capital funding.

11.2 **Commercial Income** – As outlined in paragraphs 10.2 and 10.5 of this report income from commercial activities is £0.092m more than budgeted. The Authority has previously made an “in principle” decision that any income from commercial activities in excess of that budgeted be ring fenced to provide direct revenue funding toward capital spending. Table 2 reflects a further transfer of £0.092m to the Earmarked Reserve for Direct Revenue Contributions to Capital at the year-end.

12. RESERVES AND PROVISIONS

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

Reserves

12.2 There are two types of Reserves held by the Authority:

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

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

Provisions

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

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

12.4 A summary of predicted balances on Reserves and Provisions is shown in Table 3 overleaf. These figures include those proposed transfers to Earmarked Reserves and provision outlined in this report which are recommended for approval by the Resources Committee.

TABLE 3 – RESERVES AND PROVISION BALANCES 31 MARCH 2016

RESERVES AND PROVISIONS						
	Note	Balance as at 1 April 2015 £000	Approved Transfers £000	Proposed Transfers £000	Spending to P12 £000	Proposed Balance as at 31 March 2016 £000
RESERVES						
Earmarked reserves						
Grants unapplied from previous years	a	(1,707)	-	(420)	706	(2,833)
Change & improvement programme	b	(938)	-	(417)	136	(1,491)
Budget Carry Forwards	c/d	(727)	-	(80)	85	(892)
Commercial Services		(192)	-	-	-	(192)
Direct Funding to Capital	e/f	(7,175)	(3,000)	(3,138)	-	(13,313)
Comprehensive Spending Review*		(4,955)	-	-	-	(4,955)
Community Safety Investment		(215)	-	-	42	(258)
PPE & Uniform Refresh		(996)	-	-	-	(996)
Pension Liability reserve		(1,525)	-	-	-	(1,525)
NNDR Smoothing Reserve		(62)	(551)	-	-	(613)
Total earmarked reserves		(18,492)	(3,551)	(4,055)	969	(27,067)
General reserve						
General fund balance	d	(5,271)		(11)	-	(5,282)
Percentage of general reserve compared to net budget						7.07%
TOTAL RESERVE BALANCES		(23,763)				(32,349)
PROVISIONS						
Fire fighters pension schemes	g	(784)		(66)	156	(694)
PFI Equalisation		(295)		-	-	(295)
TOTAL PROVISIONS		(1,079)		(66)	156	(989)

* 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.

12.5 The 2015-16 outturn figures in Table 2 include recommended provisions and proposed transfers to Earmarked Reserves, as referenced in Table 3:

a. **Grants Unapplied (£0.420m)** - under IFRS accounting arrangements, any unused grants at the year-end, which are not subject to repayment, are to be identified and carried forward to 2015-16. An analysis of such grants is shown in the table below.

Grant Received From	£m	Purpose of Grant
Department of Communities and Local Government (CLG)	0.008	To fund Urban Search and Rescue (USAR) activities.
Department of Communities and Local Government (CLG)	0.372	Transformation funding for the National Procurement Project
Insure the Box (£15k) and Devon County Council (£25k)	0.040	Learn to Live programme
NET TRANSFER	0.420	

b. **2015-16 Earmarked Reserve for Change and Improvement Programme (£0.557m)** - A number of new opportunities for Change & Improvement have arisen since the 2016-17 budget was set and therefore it is recommended that the Authority approve a total transfer of £0.557m to the existing reserve to fund these projects, pending consideration of a full business case. These are identified as follows:

Description	£m
Support for the Emergency Services Mobile Communication Project	0.100
European Foundation for Quality Management Assurance	0.005
Profile project manager	0.065
Firefighter fitness	0.025
Public relations equipment	0.022
Performance Information Management System	0.200
Purchase of Confined Space Training Vehicle (subject to an increase in 2016-17 capital programme, as included in a separate report "Revision to Capital Programme 2016-17 to 2018-19" considered elsewhere on the agenda)	0.140
TOTAL TRANSFER	0.557

c. **Budget Carry Forwards (£0.091m)** - Budget carry forwards for revenue items are requested for items where budget was provided in 2015/16 but the purchase or procurement was delayed beyond 31 March 2016. These are identified as follows:

Description	£m
Aide memoire for use on Appliances	0.005
Telephony Upgrades	0.045
Home Fire Safety Visit Project/ Profile (Change & Improvement)	0.027
Fitness Equipment	0.015
TOTAL TRANSFER	0.091

d. In addition to these transfers, a recent review of historic Reserve balances has meant remaining balances for Committee Management Software (£9k) and a Replacement Oil Bunker (£2k) are no longer required because these projects have been delivered under budget and can therefore be returned to the General Fund. The net effect of these changes is for a transfer of £80k.

e. **Direct funding to Capital (£1.677m)** - As reported in paragraphs 11.1 and 11.2 of this report, a budget carry forward of £1.585m to fund capital commitments in 2015-16 is required in addition to Red One Income being utilised for Capital Funding.

Description	£m
Revenue Contribution to Capital from 2015-16	1.585
Red One Income	0.092
TOTAL TRANSFER	1.677

f. **Direct funding to Capital (£1.321m)** - It is recommended that the Authority approve that the remaining underspend of £1.321m be transferred to the Capital Funding Reserve in order to further prevent the need to borrow in future financial years. By utilising under spends in this way the revenue budget will be protected from future Capital Charges and ensure that debt charges are kept within the prudential indicator of affordability, set at 5% of total revenue budget.

g. **Provision for Firefighters pension schemes** - As detailed in Paragraph 3 of this report, a further enhancements to the Provision for Firefighters pension scheme is recommended for the Pensionable Allowances 2015/16 element of £0.066m.

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

Monitoring of Capital Spending in 2015-16

- 13.1 Table 4 overleaf provides a summary of spending against the 2015-16 capital programme. Capital spending for the year was £6.171m (£7.454m in Q3) against a revised programme of £8.202m.

TABLE 4 – CAPITAL OUTTURN 2015-16

PROJECT	2015/16 £000 Revised Budget	2015/16 £000 Outturn	2015/16 £000 Forecast Slippage	2015/16 £000 Over/ (under) spend
Estate Development				
Major Projects - Training Facility at Exeter Airport	421	417	0	(4)
Minor improvements & structural maintenance	1,620	690	(725)	(205)
Estates Sub Total	2,041	1,107	(725)	(209)
Fleet & Equipment				
Appliance replacement	4,526	4,064	(393)	(69)
Community Fire Safety	0	0	0	0
Specialist Operational Vehicles	344	159	(125)	(60)
Equipment	953	523	(358)	(72)
ICT Department	245	251	0	6
Water Rescue Boats	93	67	(26)	0
Fleet & Equipment Sub Total	6,161	5,064	(902)	(195)
Overall Capital Totals	8,202	6,171	(1,627)	(404)
Programme funding				
Earmarked Reserves:	1,047	602	(384)	(61)
Revenue funds:	2,158	572	(1,243)	(343)
Application of existing borrowing	4,997	4,997		0
Total Funding	8,202	6,171	(1,627)	(404)

Slippage in 2015-16

- 13.2 As is illustrated in Table 4, there has been slippage against programme of £1.627m.
- 13.3 Estates Slippage has occurred across several projects which include: Replacement of Strategically placed fuel tanks (£140k), SHQ site various works (£92k), Carbon Management (£49k), Vehicle Washing works (170k) and modernisation of Illminster station (£70k) amongst other smaller projects.
- 13.4 In Fleet and Equipment, slippage has been largely due to the delayed delivery of a six LRP Appliances and associated equipment (£523k) along with a Prime Mover (£125k) and Auxiliary Batteries (£181k) which are both in the procurement process.
- 13.5 It is a common feature of capital spending that individual projects included in the programme can be subject to delays, for instance as a consequence of weather delays, pending planning consents, or delays in the procurement/tendering process. Under the Prudential Code this does not cause any funding problems as slippage can be carried forward into the following years. In fact, slippage in capital spending has a positive impact against the revenue account in so much as it defers borrowing requirements and the associated debt charges.

Prudential Indicators (including Treasury Management)

- 13.6 Also included within Table 4 are details of how the spending of £6.171m is financed, which illustrates that all of this spending is to be funded from existing borrowing or revenue funding, therefore avoiding the need to increase external borrowing requirements in 2015-16.
- 13.7 Total external borrowing with the Public Works Loan Board (PWLB) as at 31 March 2016 stands at £25.817m from £26.864m at the previous quarter as a result of further principal repayments. This level of borrowing is well within the Authorised Limit for external debt of £29.477m (the absolute maximum the Authority has agreed as affordable).
- 13.8 Investment returns in the quarter yielded an average return of 0.57% which outperforms the LIBID 3 Month return (industry benchmark) of 0.46%. Investment returns from short-term deposits have exceeded the budgeted figure of £0.117m by £0.091m for the year to March 2016.
- 13.9 Appendix A of this report provides a summary of performance against all of the agreed Prudential Indicators for 2015-16, which illustrates that there was no breach of any of these indicators.

14. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

- 13.1 Total debtor invoices outstanding as at Quarter 4 were £813,413 (previous quarter £86,306). Of this figure an amount of £494 (£10,518 as at 31 December 2015) was due from debtors relating to invoices that are more than 85 days old, equating to 0.06% (16.60% as at 31 December 2015) of the total debt outstanding. Table 5 below provides a summary of all debt outstanding as at 31 March 2016.

TABLE 5 – OUTSTANDING DEBT AS AT 31 MARCH 2016

	Total Value £	%
Current (allowed 28 days in which to pay invoice)	789,593	97.07%
1 to 28 days overdue	19,495	2.40%
29-56 days overdue	1,834	0.23%
57-84 days overdue	1,998	0.25%
Over 85 days overdue	494	0.06%
Total Debt Outstanding as at 31 March 2016	813,413	100.00%

- 13.2 Table 6 below provides further analysis of those debts in excess of 85 days old.

TABLE 6 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	Total Value	Action Taken
Individual Debts less than £1,000	2	£494	Each debt being pursued by the Risk and Insurance Officer.

Payment of Supplier Invoices within 30 days

- 13.3 There is a statutory requirement from April 2015 for the Authority to pay all undisputed invoices within 30 days. As this is a new requirement, the data has been re-analysed to ascertain which invoices have been under query (as the previously reported measure was the number of total invoices paid within 30 days). Actual performance for the quarter ended 31st March 2016 was 97.7% against a total of 98.5% for the entire year. Officers recognise the importance of this measure to ensure that suppliers are being paid promptly and therefore measures are being put in place to improve performance to 100% including analysis of query resolution times.

14. SUMMARY

- 14.1 The draft outturn position is that revenue spending is £1.878m less than the agreed budget figure for 2015-16, which aligns with the strategy adopted to deliver in-year savings where possible to be available to enhance Reserve balances.
- 14.2 This report makes proposals as to how this underspend can be utilised. Members of Resources Committee are asked to consider these proposals, as outlined in paragraph 12 of this report, with a view to making a recommendation to the meeting of the Fire and Rescue Authority to be held on the 26 May 2016.

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/16/6

PRUDENTIAL INDICATORS 2015-16

Prudential Indicators and Treasury Management Indicators	Outturn £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	6.171	8.202	(£2.031m)
External Borrowing vs Capital Financing Requirement (CFR) - Total	27.261	27.262	(£0.001m)
- Borrowing	25.817	25.818	
- Other long term liabilities	1.444	1.444	
External borrowing vs Authorised limit for external debt - Total	27.261	29.916	(£2.665m)
- Borrowing	25.817	28.400	
- Other long term liabilities	1.444	1.516	
Debt Ratio (debt charges as a %age of total revenue budget)	3.76%	3.76%	(0.0)bp
Cost of Borrowing – Total	1.096	1.091	£0.005m
- Interest on existing debt as at 31-3-15	1.096	1.091	
- Interest on new debt in 2015-16	0.000	0.000	
Investment Income – full year	0.271	0.117	(£0.154m)
	Actual (31 Mar 2016) %	Target for quarter %	Variance (favourable) /adverse
Investment Return	0.57%	0.46%	(0.11)bp

Prudential Indicators and Treasury Management Indicators	Actual (31 March 2016) %	Target Upper limit %	Target Lower limit %	Variance (favourable) /adverse %
Limit of fixed interest rates based on net debt	100.00%	100.00%	70.00%	0.00%
Limit of variable interest rates based on net debt	0.00%	30.00%	0.00%	(30.00%)
Maturity structure of borrowing limits				
Under 12 months	0.49%	30.00%	0.00%	(29.51%)
12 months to 2 years	0.36%	30.00%	0.00%	(29.14%)
2 years to 5 years	1.08%	50.00%	0.00%	(48.92%)
5 years to 10 years	8.22%	75.00%	0.00%	(66.78%)
10 years and above	89.86%	100.00%	50.00%	(10.14%)
- 10 years to 20 years	17.55%			
- 20 years to 30 years	14.26%			
- 30 years to 40 years	21.97%			
- 40 years to 50 years	36.07%			