

REPORT REFERENCE NO.	DSFRA/16/13
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	26 MAY 2016
SUBJECT OF REPORT	PROVISIONAL FINANCIAL OUTTURN 2015-16
LEAD OFFICER	Treasurer
RECOMMENDATIONS	<p>(a) That the Authority approves:</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 12.1 of this report:</p> <p>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 12.1(b));</p> <p>B. the transfer of the remaining £1.321m to the Capital Funding Reserve (Para 12.1(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. 12.1(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>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.12.1(a))</p> <p>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. 12.1(c))</p> <p>C. A transfer of £1.677m to the Reserve for Capital funding (para 12.1(e))</p> <p>D. Additional provisions relating to pension liabilities of £0.066m. (Para. 12.1(g))</p>
EXECUTIVE SUMMARY	This report sets out the draft financial outturn position for 2015-16 against agreed financial targets.

	<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> <p>The figures included in this report are provisional at this stage, subject to external audit of the Accounts during August 2016.</p>
RESOURCE IMPLICATIONS	As indicated in the report
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	<p>A. Provisional Revenue Outturn Position 2015-2016.</p> <p>B. Summary of Reserve and Provision Balances at 31 March 2016</p>
LIST OF BACKGROUND PAPERS	Financial Performance Quarter 4 2015-16 Report to Resources Committee on 17 May 2016 (RC/16/6)

1. INTRODUCTION

- 1.1 This report provides the Authority with the final outturn position (subject to audit) for revenue and capital spending for the financial year 2015-16, and makes recommendations as to how the underspend against the revenue budget is to be utilised. The report is in two parts. Section 1 deals with the revenue outturn position while Section 2 deals with the position in relation to capital spending.
- 1.2 The Authority has been informed of the difficult financial climate that local authorities are currently operating under as a result of cuts in government funding. In setting the 2016-17 revenue budget for the Authority in February 2016, consideration of the Medium Term Financial Plan (MTFP), recognised that further recurring savings will be required over the next three years to 2019-20, over above the savings already agreed by the Corporate Plan proposals in July 2013. Further details of savings requirements, forecast within the MTFP targets, are included in paragraph 14 of this report.
- 1.3 Mindful of this difficult outlook the strategy adopted during the last financial year 2015-16 was to secure as much in-year savings as possible with a view to adding to Authority Reserve balances. Budget monitoring reports submitted to meetings of the Resources Committee during the financial year have identified that adoption of this strategy was anticipated to deliver savings against the 2015-16 budget (previous forecast at Quarter 3 was for a saving of £0.486m). The provisional outturn figure for 2015-16, now included in this report, is for an under spend of £1.878m, equivalent to 2.51% of the total budget
- 1.4 This is, of course, a welcome result and provides the opportunity to transfer this amount into Reserve balances to be utilised in the best possible way to assist future budget setting. This is, however, a one-off saving and can therefore be used only once. It is not a sustainable solution to our forecast budget shortfalls. Members will recall that in setting a balanced budget for the current financial year, 2016-17, in February 2016, an amount of £3.2m has already been taken from the base budget to reflect on-going revenue savings.
- 1.5 An earlier version of this report – RC/16/6 - was considered by the Resources Committee at its meeting held on 17 May 2016 and the Committee resolved to recommend that the Authority approve the transfer of underspend to ear-marked reserves as recommended in this report (Minute RC/17 refers).

2. SECTION 1 – REVENUE OUTTURN 2015-16

- 2.1 Total revenue spending in 2015-16 was £72.833m, compared to an agreed budget of £74.710m, resulting in an underspend of £1.878m, equivalent to 2.51% of total budget. A summary of spending is shown in Table 1 overleaf, and Appendix A provides a more detailed analysis of spending against individual budget heads.

TABLE 1 – SUMMARY OF REVENUE SPENDING 2015-16

	£m	£m	£m
Approved Budget			74.710
Gross Spending (Appendix A Line 28)	71.673		
Gross Income (Appendix A Line 33)	(4.580)		
Net Spending		67.093	
PLUS Transfers to Earmarked Reserves			
- Transfers to Reserves included in budget (Appendix A Line 35)	3.551		
- 2015-16 Carry Forwards (Appendix A Line 35)	0.091		
- Grants Unapplied (Appendix A Line 36)	0.420		
- Capital Funding (Appendix A Line 37)	1.678		
Total Transfer to Earmarked Reserves (Appendix A Line 38)		5.739	
TOTAL NET SPENDING			72.833
NET UNDERSPEND			(1.878)

2.2 These figures are based upon the spending position at the end of March 2016 and whilst they provide a provisional financial performance for the year, are subject to final accounting adjustments and audit scrutiny for the year end.

2.3 This significant saving is largely attributable to the continued implementation of the Corporate Plan changes agreed in July 2013, 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. These in-year savings form a significant contribution to the £1.878m underspend against the current year revenue budget.

2.5 Savings against other budget heads e.g. Uniformed staffing costs, Training Expenses and Capital Financing Costs are also reported. Explanations of the more significant variations from budget (over £50k 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 Appendix A to this report 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. Appendix A reflects a further transfer of £0.092m to the Earmarked Reserve for Direct Revenue Contributions to Capital at the year-end.

12. CONTRIBUTION TO EARMARKED RESERVES

12.1 A summary of predicted balances on Reserves and Provisions is shown in Appendix B to this report. These figures include those proposed transfers to Earmarked Reserves and provision outlined in this report and referenced in Appendix B which are recommended for approval:

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 approved by Resources Committee on 17 May 2016 Minute RC/18 refers	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. PROPOSALS FOR UTILISATION OF THE UNDERSPEND

13.1 The provisional outturn position was considered by the Resources Committee at its meeting on 16 May 2016. The Committee resolved to recommend to the Authority that the underspend figure of £1.878m be used to fund two further transfers into Earmarked Reserves, as detailed in Paragraph 12:

(a) **Essential Spending Pressures 2015-16 (£0.557m)**

(b) **Transfer to Capital Funding Reserve (£1.321m)**

13.2 A summary position of Reserves and Provisions as at 31 March 2016, including the recommendations included in this report, is included as Appendix B to this report.

Provisions

13.3 Included in Appendix B is a summary of the Provision balances as at 31 March 2016. As part of the year-end process the Authority is required to review the adequacy of Provision balances and consider whether any changes during the year require additional amounts to be set aside. As a result of the most recent review it has been assessed that an additional charge of £0.066m should be set aside in Provisions.

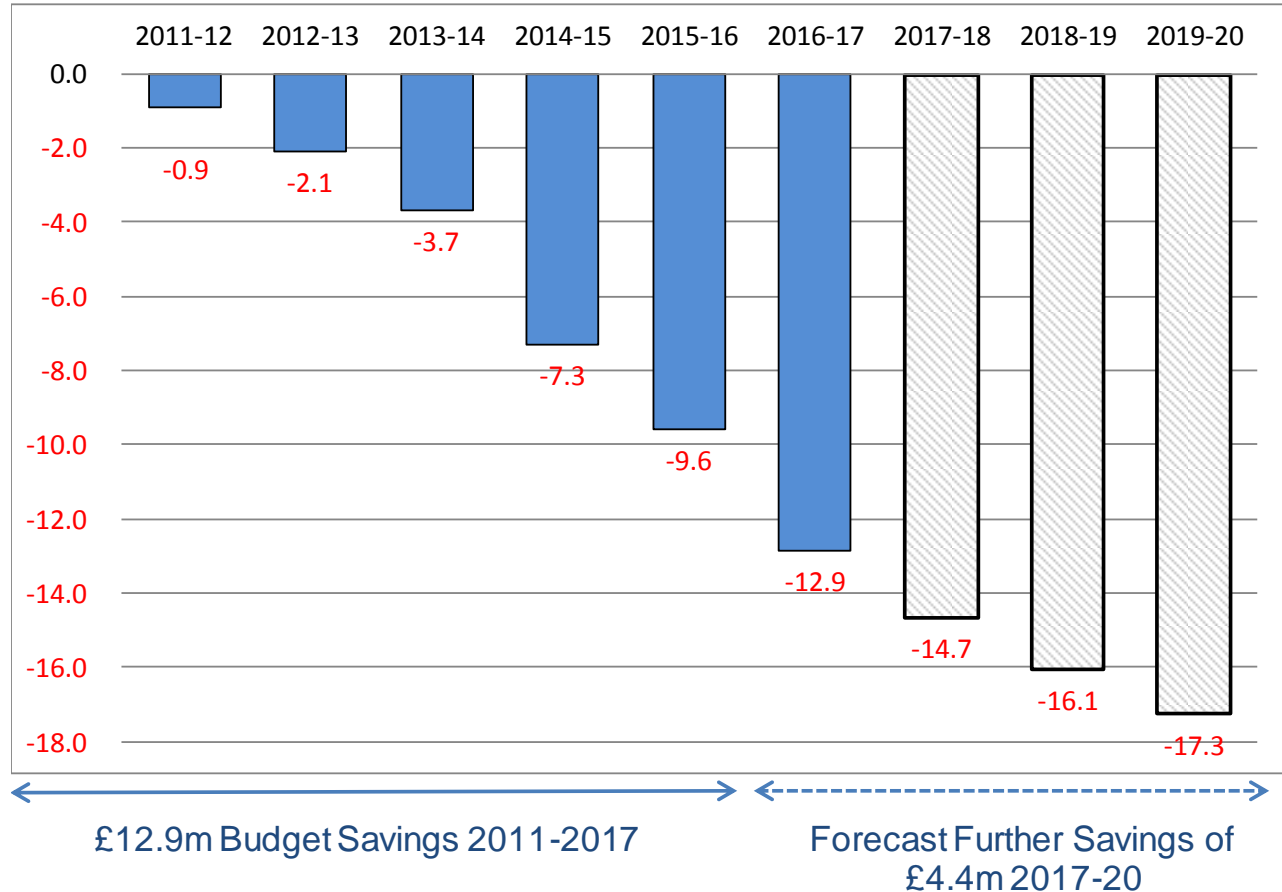
14. IMPACT TO MEDIUM TERM FINANCIAL PLANNING

14.1 The Authority has previously been informed of the difficult financial climate currently being faced by local authorities as a result of significant reductions in government funding. The most recent Local Government Grant Settlement in December 2015 confirmed that DSFRA funding would reduce by £2.5m in 2016-17, and subject to acceptance of the government offer of a four-year settlement and the submission of financial plans a further decrease of £4.8m by 2019-20. This means that the Medium Term Financial Plan (MTFP) needs to be planning for the significant reductions beyond 2016-17.

14.2

So far, the Authority has responded well, since 2011 a total of £12.9m of recurring efficiency savings have been identified and used to enable balanced budgets to have been set, including an amount of £3.2m in setting the budget for 2016-17. However the MTFP forecasts that a further £4.4m of on-going savings will be required over the next three years to 2019-20 (if Council Tax is increased). Chart 1 provides a summary of savings delivered to date (2016-17) and forecast savings required over the next three years 2017-18 to 2019-20.

CHART 1 – SUMMARY OF SAVINGS (CUMULATIVE) 2011 - 2020 - £17.3 MILLIONS



14.3

The Corporate Plan agreed by the Authority in 2013 included a range of proposals which when fully implemented will deliver total on-going savings of £6.8m. Officers are currently working on producing a robust plan for the future savings requirements to be approved by members prior to submission to the Home Office by October 2016, the deadline for acceptance of the four year offer.

14.4

The recommendation in this report, to provide a one-off contribution to the Capital Funding reserve of £1.321m, will enable the Authority to better respond to future austerity measures by reducing the revenue burden of Capital Charges and preventing borrowing.

15. SUMMARY OF REVENUE SPENDING

- 15.1 Budget monitoring reports considered during the financial year have highlighted the strategy to seek in-year savings wherever possible which can be transferred at year end to the Authority Reserve balances. It is pleasing therefore that this strategy has resulted in a final underspend position of £1.878m along with in year transfers to the Capital funding reserve. This report makes proposals as to how this underspend can best be utilised and the Authority is invited to consider these with a view to approving the recommendations of the Resources Committee made at its recent meeting.

16. SECTION 2 – CAPITAL OUTTURN 2015-16

- 16.1 The 2015-16 capital programme was originally set at £8.247m at the budget setting meeting held on the 20 February 2015. This programme figure has reduced during the financial year to £8.202m, as a result of slippage in spending from the previous year being offset by a previous decision made by members to transfer £1m of Capital budget in to 2016-17. There have also been some minor changes to the programme in year due to new capital spending items to be funded from revenue contributions. As has been reported to the Resources Committee during the year, whilst these changes represent a change in the 2015-16 programme they do not represent any increase to the previously agreed borrowing requirement.
- 16.2 Table 2 overleaf provides a summary of the provisional outturn position against the agreed 2015-2016 capital programme. Against a final capital programme of £8.202m, capital spending in year was £6.171m, with £1.627m of unspent budget carried forward to 2016-17 and £0.404m of savings.

TABLE 2 – SUMMARY OF CAPITAL SPENDING IN 2015-16

PROJECT	2015/16 £000 Revised Budget	2015/16 £000 Outturn	2015/16 £000 Fore cast 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)

Capital Spending 2015-16

16.3

This Authority has a three year rolling capital programme, reviewed annually. This reflects changes in circumstances within individual projects and slippage that will occur from time to time. This has particularly been the case in relation to the appliance replacement programme and several Estates projects being paused awaiting strategic review of the property portfolio. Those projects that have moved into 2016-17 will be reassessed and any potential savings identified.

17. FINANCING THE 2015-16 CAPITAL PROGRAMME

17.1 Table 3 below provides an analysis of how the 2015-16 capital spending of £6.171m is to be financed.

TABLE 3 – SUMMARY OF CAPITAL FINANCING IN 2015-16

	Actual Financing Required £m
<u>Application of existing borrowing</u>	4.997
<u>Other Financing Sources</u>	
<u>Revenue Contribution to Capital Spending per programme</u>	0.532
Purchase of leased Appliances	0.040
Contribution from Earmarked Reserves	0.602
Sub Total – Direct Revenue Funding/Earmarked Reserve	1.174
CLG Grant to support capital spending	0.000
Sub Total - Capital/Revenue Grants	0.000
Total Financing	6.171

Borrowing

17.2 The amount of external borrowing at the beginning of the financial year stood at £25.944m. No new borrowing was taken out during the year and an amount of £0.127m has been repaid, resulting in an overall reduction of external borrowing to £25.817m as at 31 March 2016. This level of borrowing is well below the agreed (revised) maximum borrowing figure of £29.477m allowed under the Prudential Code.

18. DRAFT PRUDENTIAL INDICATORS

18.1 The prudential indicators at this time can only be regarded as provisional subject to the completion of the Statement of Accounts and resultant audit scrutiny.

Capital Expenditure

18.2 This prudential indicator reports actual capital spending for the year against the approved programme. Spending has proved to be £2.031m less than anticipated predominantly as a consequence of delays on progressing capital projects.

Approved Indicator	£8.202m
Actual Expenditure	£6.171m
Variance	(£2.031)m

Capital Financing Requirement (CFR) – External Borrowing

- 18.3 The CFR reflects the underlying need to borrow for capital purposes. Given that existing borrowing has been applied to the spending in 2015-16 the need to borrow to fund capital spending has remained static.

Approved CFR	£25.818m
Revised CFR	
(Based on actual spending)	£25.817m
Variance	(£0.001)m

Capital Financing Requirement (CFR) – Other Long Term Liabilities

- 18.4 This CFR reports long term financing liabilities other than external borrowing, e.g. Private Finance Initiative (PFI) and Finance Leases, which under accounting rules are required to be reported alongside traditional borrowing liabilities.

Approved CFR	£1.444m
Actual CFR	£1.444m
Variance	(£0.000) m

Authorised Limit and the Operational Boundary for External Debt

- 18.5 Actual external debt as at 31 March 2016 was £25.817m. This is within the revised authorised limit (absolute maximum borrowing approval) and operational boundary of £29.477m and £28.186m respectively, and therefore neither was breached.

Ratio of Financing Cost to Net Revenue Stream

- 18.7 This ratio aims to show the percentage of revenue resources which are applied to financing debt. The Authority's estimate was that 3.76% would be applied and the actual figure is 0.12 base points (bp) below that estimate.

Capital Financing Costs	£2.924m
Interest on investments	(£0.208)m
Net Financing Costs	£2.716m
Net Revenue Stream	£74.710m
Percentage	3.64%
Estimated	3.76%
Variance	(0.12) bp

19. DETERMINATION OF CAPITAL FINANCE

- 19.1 The Authority is required to determine its use of capital finance as defined by capital control legislation. The following use of capital finance resources is proposed;

- That an amount of £4.977m of external borrowing from previous years be utilised to fund the Capital programme.
- That an amount of £1.174m is capitalised and funded from revenue contributions to capital spending, either directly from the 2015-16 revenue budget or from balances in Earmarked Reserves.

KEVIN WOODWARD
Treasurer

SUBJECTIVE ANALYSIS OF REVENUE SPENDING**DEVON & SOMERSET FIRE AND RESCUE AUTHORITY**
Revenue Budget Monitoring Report 2015/16

Line No	SPENDING	2015/16 Budget £000	Spending to Month 12 £000	Projected Outturn £000	Projected Variance over/ (under) £000
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	Transfer to Earmarked Reserve	3,551	3,551	3,642	91
36	Grants Unapplied	-	-	420	420
37	Capital Funding	-	-	1,678	1,678
38		3,551	3,551	5,739	2,189
39	NET SPENDING	74,710	70,553	72,833	(1,878)

APPENDIX B TO REPORT DSFRA/16/13

SUMMARY OF RESERVES AND BALANCES AS AT 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)