MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	19 DECEMBER 2019	REPORT NO:	CFO/056/19
PRESENTING OFFICER	DIRECTOR OF FINANCE, IAN CUMMINS		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP TEAM		
TITLE OF REPORT:	FINANCIAL REVIEW 2019/20 - APRIL TO SEPTEMBER		

APPENDICES:	APPENDIX A1:	REVENUE BUDGET MOVEMENTS SUMMARY
	APPENDIX A2:	FIRE AND RESCUE SERVICE REVENUE BUDGET MOVEMENTS
	APPENDIX A3:	CORPORATE SERVICE REVENUE BUDGET MOVEMENTS
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Purpose of Report

1. To review the financial position, revenue and capital, for the Authority for 2019/20. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances. This report covers the period April to September 2019.

Recommendation

2. That Members;
    - Approve an increase in the Minimum Revenue Provision (MRP) payment of £0.653m funded from the forecast revenue savings identified in this report.
    - Approve the proposed revenue and capital budget changes outlined in the report.
    - Approve the realignment of reserves as outlined in the report including the increase in the General Reserve from £2m to £3m.
    - Instruct the Director of Finance to continue to work with budget managers to maximise savings in 2019/20.

Executive Summary

Revenue:
The Authority has a detailed medium-term financial plan. The key elements of this are :-

- To control Council Tax
- To continue with its modernisation programme and deliver the Authority's Mission of achieving Safer Stronger Communities – Safe Effective Firefighters
- To deliver the required savings through efficiencies, most of which are employee related, whilst minimising the impact of the cuts.
- To release revenue savings through prudent debt management to protect/enhance frontline services

The Authority is on target to deliver the approved 2019/20 budget savings and is progressing well with the required structural changes in its workforce in order to maintain the required savings on a permanent basis.

The Authority has a strategy of maximising and delivering its savings plan as early as possible in order to fund increases in reserves or other initiatives that would act as a hedge against future financial challenges. As a result of one-off savings this report has identified a saving of £0.653m. Members are asked to approve utilising this saving to fund an increase in the minimum revenue provision, MRP, in order to pay historic debt commitments early. By increasing the MRP payment the intention is to free-up future debt servicing revenue budget and re-invest it in frontline services or use it to meet any future financial challenges.

The total budget requirement remains at the original budget level of £60.282m. Appendix A1 – A4 outline in detail the revenue budget and reserve movements between April and September 2019.

Capital:
The capital programme planned spend has increased by £0.718m, of which £0.470m relates to the new St Helens fire station build. The revised Capital Programme is outlined in Appendix B and C.

Reserves & Balances:
The report proposes increasing the general reserve by £1.000m to £3.000m, the equivalent of 5% of the revenue budget. A 5% general reserve is deemed reasonable by Audit and the Fire and Rescue National Framework. The increase will be funded through a realignment of all reserves. All movements in committed reserves are outlined in Appendix A4.

Treasury Management:
No new long term borrowing has been arranged and the Authority has continued its policy of reducing investments and only taking short term borrowing to cover cash flow requirements.

Introduction and Background

3. The purpose of this report is to enable the Authority to monitor its income and expenditure levels against its budget on a regular basis throughout the year to ensure effective financial management.

4. This report is the review of the Authority's position up to the end of September of the financial year 2019/20 (April – September 2019).

5. In order to ensure that the financial reviews provide a regular and effective financial health check on all aspects of the Authority's finances the following structure has been adopted.

Financial Review Structure

Section	Content
A	Current Financial Year Review:- • Revenue Budget, • Capital Programme, and • Movement on Reserves
B	Treasury Management Review

(A) Current Financial Year – 2019/20

6. The purpose of the financial review report is to provide Members with an assurance that the approved budget remains robust and that the current forecast of expenditure can be contained within the available resources. If actual expenditure or income for the year is inconsistent with the current budget then the report will, if necessary, identify the appropriate corrective action.

Revenue Position:

7. Budget Movements: The attached Appendix A1 – A4 to this report summarises the movements in the revenue budget, but the following paragraphs outline the most material adjustments in the second quarter.

8. There have been a number of budget adjustments with no net impact because they are either self-balancing virements within department budgets or budget increases financed by the inflation provision or reserves in line with previously agreed Authority decisions. The budget adjustments in quarter 2 included:-

   - a virement from the inflation provision of £0.623m to cover the 2% firefighter annual pay increase and other price inflation on premises and other costs.
   - A net contribution from reserves of £1.426m to cover planned spend on projects. £0.300m related to the new St Helens fire station (CFO/047/19), and £1.000m was used to facilitate the early repayment of debt as part of the approved strategy of freeing up future debt servicing budget to reinvest

in frontline services. The breakdown of the reserve movements are outlined in Appendix A4.

9. **The net budget requirement remains at £60.282m which is consistent with the original budget**.

10. Update on Budget Savings Implementation:
All approved saving options remain consistent with the approved MTFP.

The operational response savings are being delivered as expected, however the structural establishment changes required as part of the station merger initiative will not be formally implemented until the new fire station at St Helens has been built. The required firefighter saving is being delivered in cash terms as the reduction in the number of firefighters has been achieved.

11. Actual expenditure in comparison to Revenue Budget**:** The Authority is concerned that any future Government may continue to reduce the level of Government support in real terms post 2019/20. It therefore has directed the Chief Fire Officer to maximise savings in the year to accommodate options to assist with any future challenge. In recent years this meant using these savings to contribute towards the building up of reserves as a hedge against the future financial challenges or to meet one-off expenditure such as capital infrastructure investment. The current strategy is to use any additional savings to increase the planned minimum revenue provision (MRP) payment so that future debt servicing budget may be freed-up to fund additional investment in frontline services.

12. After reviewing spend and income up to the end of September 2019 officers have identified the following savings:

Employee Costs;

Employee costs make-up approximately 75% of the Authority's revenue budget and is the most risk critical area of the financial plan. As a result these costs are monitored extremely closely.

Firefighter retirement numbers are slightly ahead of the expected forecast profile adopted for the financial strategy resulting in a forecast £0.250m or 0.7% favourable variance against the £33.734m budget.

Non-firefighter employee vacancies arising from staff turnover in the year has resulted in a forecast £0.200m or 1.8% saving on the £10.852m budget.

The Government introduced changes to all public pensions in 2014 and 2015. These changes were challenged in the courts by the Fire Brigades Union (FBU) and Judges representatives as the transitional protections given to some scheme members as part of public service pensions reform was deemed discriminatory. This challenge is often referred to as the "McCloud" case. On 20th December 2018 the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified. On the 27th June 2019 the

Supreme Court refused the Government the right to appeal against this decision and therefore an employee tribunal will now decide on the compensation and remedy required to redress the situation. At this point in time the Authority has had no indication of what the agreement will be. It has been reported that the potential national cost may be as high as £4b per year if all the public pension changes introduced were reversed.

In 2015 the employer rate for FPS 1992 was 21.7% and the new FPS 2015 14.3%. This reduction in the employer rate has been built into the approved MTFP and current budget. Any amendments to the FPS rates or compensation payments as a result of McCloud that is not funded by the Government may create a significant budget challenge for the Authority. It is unlikely any details of the proposed compensation agreement will come out before the end of the financial year, and at this point no provision has been built into the budget or MTFP to cover this issue. This matter will be considered further as part of the 2020/21 Budget setting exercise.

Other Employee Costs – Merseyside Pension Fund offered an advanced payment discount in 2017/18 for the outstanding deficit payment. The level of saving achieved over the 2017/18 – 2019/20 period has resulted in an additional saving above that anticipated of £0.103m.

Other Non-Employee Revenue Costs;
The Director of Finance is continuing to work with budget holders to maximise savings in 2019/20. At this point in time a small saving of £0.100m has been identified on the supplies and services £3.476m budget, most of which is as a result of savings on professional services costs.

The Director of Finance will continue to monitor the position during the year to ensure the Service continues to deliver the required savings target and report back as the year progresses.

13. Debtor accounts under £5,000 may be written off by the Director of Finance. One account was written-off under delegated powers in the second quarter following advice from litigation services totalling £23.85.

14. <u>Summary of Revenue Forecast Position</u>: The Authority has made good progress in implementing the approved budget saving options and required organisational structure changes.

As expected the implementation of all of the approved station merger proposals have yet to be formally concluded, therefore the required budgetary structural changes remain outstanding. However, as Firefighter retirements remain as expected the Service continues to deliver in “cash” terms the required savings target.

Overall the latest forecast has identified a revenue saving of £0.653m. Members are asked to approve the utilisation of this saving to fund an increase in the minimum revenue provision (MRP) so that future debt servicing budget may be freed-up to fund additional investment in frontline services or contribute to any future financial saving challenge. Table B summarises the revenue year-end forecast position based on spend to the end of September 2019:

Table B: Anticipated Year-End Revenue Position

	FIRE SERVICE BUDGET	Fire Authority	NRAT	TOTAL BUDGET	ACTUAL as at 30.09.19	FORE-CAST	VARI-ANCE
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Expenditure							
Employee Costs	48,677	399	1,882	50,958	24,613	50,405	-553
Premises Costs	2,699			2,699	1,291	2,699	0
Transport Costs	1,302		6,015	7,317	3,503	7,317	0
Supplies and Services	3,476	101	1,638	5,215	1,684	5,115	-100
Agency Services	6,083	0	530	6,613	3,157	6,613	0
Central Support Services	435	40	179	654	249	654	0
Capital Financing	13,364	0	3	13,367	0	13,367	0
Income	-10,841	0	-10,247	-21,088	-13,482	-21,088	0
Net Expenditure	65,195	540	0	65,735	21,015	65,082	-653
Contingency Pay&Prices	449			449	0	449	0
Cost of Services	65,644	540	0	66,184	21,015	65,531	-653
Interest on Balances	-172			-172	-76	-172	0
Movement on Reserves	-5,730			-5,730	0	-5,730	0
Total Operating Cost	59,742	540	0	60,282	20,939	59,629	**-653**

The Director of Finance is continuing to work with budget holders to maximise savings in 2019/20 and will report in more detail in future financial reviews.

Capital Programme Position:

15. The last financial review report (CFO/050/19) approved a 5 year capital programme worth £40.303m. This has now been updated for scheme additions and changes during quarter 2 of +£0.718m, as outlined below:-

- Increase in the cost of the new St Helens fire station build costs of £0.470m, of which £0.300m was approved by Members of the Community Safety and Protection Committee in September 2019, CFO/047. The balance £0.170m is required to build a double garage at the site to future proof the development for additional storage and appliance parking requirements.
- The 5 year vehicle programme includes the replacement of 12 fire appliances. Over the period the unit price of appliances will increase requiring an additional £0.170m.

- Increase in schemes funded by revenue, £0.078m, of which £0.073m relates to energy conservation schemes that will be funded by future revenue savings.

16. Following the successful sale of Upton and West Kirby old fire stations the actual level of capital receipts to that assumed has resulted in an expectation that £1.750m additional funds will be received above that anticipated in the current financial plan. Therefore the level of borrowing will reduce by £1.750m.

17. Re-phasing of £0.205m of approved schemes from 2020/21 and 2021/22 into 2019/20.

18. The capital programme changes are summarised in Table below. The revised detailed capital programme is attached as Appendix B (2019/20 Capital Programme) and Appendix C (2019/20–2023/24 Capital Programme) to this report.

Movement in the 5 Year Capital Programme						
	Total Cost	2019/20	2020/21	2021/22	2022/23	2023/24
Expenditure	£'000	£'000	£'000	£'000	£'000	£'000
Amendments to Approved Schemes;						
Increase in St Helens Fire Station New Build	470.0	470.0				
New Energy Saving Schemes	73.0	73.0				
New ICT hardware	4.5	4.5				
Re-phasing of schemes	0.0	205.0	-190.0	-15.0		
Fire Appliance - increase in cost / change in phasing	170.0	-242.8	52.8	360.0		
	717.5	**509.7**	**-137.2**	**345.0**	**0.0**	**0.0**
Funding						
Revenue Contribution to Capital Outlay(RCCO)						
New Energy Saving Schemes	73.0	73.0				
New ICT hardware	4.5	4.5				
Capital Receipts						
Increase in receipts for Upton/West Kirby	1,750.0	1,750.0				
Capital Reserve						
Increase in St Helens Fire Station New Build	300.0	300.0				
Borrowing						
Impact of additional capital receipt yield.	-1,750.0	-1,750.0				
Increase in St Helens Fire Station New Build	170.0	170.0				
Re-phasing of schemes		205.0	-190.0	-15.0		
Fire Appliance - increase in cost / change in phasing	170.0	-242.8	52.8	360.0		
	717.5	**509.7**	**-137.2**	**345.0**	**0.0**	**0.0**

Use of Reserves:

19. The analysis in Appendix A4 outlines a £1.426m drawdown from reserves during the second quarter of 2019/20, as a result of:-
    - The Budget Authority created a “Capital, Debt Repayment and LGPS Reserve” of £14.4m as part of the approved 2019/20 Budget. Of this approximately £6m was earmarked towards paying off the LGPS historic deficit (expected to be £10m based on the 2016 actuarial revaluation) in order to free up the current annual deficit budget (£0.8m) to contribute

towards the £1m planned reinvestment in frontline services. The LGPS 2019 actuarial review has provisionally announced that due to an increase in the Fund's asset values mainly, the position has moved from an 85% funding position in 2016 to 100% in 2019. This means the Fund's deficit has been resolved without the need to use the reserve. However, as part of the strategy to deliver the £1m investment for frontline services the Service still needs to pay debt off early, and therefore £1m of the £6m has been used to repay debt in Qtr 2. Proposals for the remaining £5m are outlined further on in this report.

- Members of the Community Safety and Protection Committee in September 2019 approved report CFO/047 that approved a further £0.300m drawdown from the capital reserve to fund a planned increase in spend on the new St Helens Fire Station.
- A net drawdown of £0.126m in Qtr 2 to fund specific projects such as energy conservation schemes (£0.073m) and the Princes Trust initiatives (£0.039m).

20. New potential risks and one off funding requirements have been identified by officers since the last financial review report. The Chief Fire Officer and Director of Finance have reviewed the existing reserves to consider how to mitigate these risks, at least over the short term, outlined below are the issues that have been identified:-

- New Firefighter kit – the issue of PPE is being amended from the current "pooled" issue to individual issue for operational and health and safety reasons. This will mean an increase in PPE from 1.6 to 2 for each firefighter. The current Clothing reserve, £0.242m will need to be increased to £0.592m to fund the initial issue of kit, after which replacement issue can be contained within the existing revenue budget.
- Firefighter employer pension costs:-
    - As a result of the 2016 actuarial review from 2019/20 the employer rate rose significantly, the FPS 2015 went from 14.3% to 28.8% and FPS 1992 from 21.7% to 37.3%. The Government agreed to fund 90% of the increase in 2019/20 in the form of a grant and consider any future funding as part of the spending review process. The Authority received a grant of just over £3m in 2019/20. While the Government have indicated the national funding level for this grant will be frozen for 2020/1 (individual allocations will be announced with the 2020/21 financial settlement) the Treasury has yet to state if any funding will be available from 2021/22.
    - As previously stated the Government introduced changes to all public pensions in 2014 and 2015 and these changes were challenged in the courts by the FBU and Judges representatives, the McCloud case. The remedy may mean some firefighters revert back to the FPS 1992 and for the Authority this would mean paying a higher employer rate in comparison to the FPS 2015 (37.3% compared to 28.8%). In addition compensation would have to be made to all eligible members of the scheme. At this point in time the Government have given no indication of what the remedy or compensation payments will be, or, if they will fund these costs.

Depending on the numbers of firefighters involved the annual cost of firefighter reverting back onto the FPS 1992 scheme may be in the order of hundreds of thousands of pounds.

    - The likelihood is that the Government is unlikely to withdraw its full contribution it provides towards the cost of the 2016 FPS actuarial review, £3m, in a single year, if it does withdraw any support it would probably be over a phased basis. The Government is also likely to consider some form of "temporary support" towards the McCloud issue as a minimum. Therefore the recommendation would be for the creation of a reserve to afford the Authority time to deal with any long term financial costs associated with these issues. The recommendation is to increase the current smoothing reserve from £0.450m to £2.000m to facilitate the Authority the time to determine any longer term funding solutions for these issues.

- As a general rule an appropriate level for a general reserve is deemed to be 5% of the forecast Net Operating Expenditure unless the organisation had a financial risk management process operating which justified a lower level of reserves. The Fire and Rescue National Framework requires a statement within the reserves strategy outlining the justification for a general reserve larger than 5%. For this Authority, a 5% forecast Net Operating Expenditure equates to approximately £3m. Currently the Authority has managed with a £2m reserve as it was felt this was adequate given the level of specific reserves it held and the degree of certainty over medium term financial settlements (2 to 4 year Government settlements). The Authority's committed reserves stood at £29.858m at the end of 2016/17, by the end of this financial year they are forecast to be approximately £16m, a reduction of just under 50%. In addition significant uncertainty exists over future Government settlements as the fair funding review and review of the current funding system are due to implemented from 2021/22. In addition the view from the Home Office appears to be that fire would do well if it maintains the equivalent of a cash freeze from the Government over the coming spending reviews. Therefore, officers would recommend increasing the General Reserve to 5% of the net operation budget, an increase of £1m from £2m to £3m.
- The Service is currently planning to refurbish the existing TDA at a cost of £5m (funded by £1m borrowing and £4m capital reserve). Officers believe it is right to look at all options before committing to this scheme. One option may be to build a new TDA on a bigger site and include it as part of a fire station review. It is likely this alternative option will require additional funding and therefore any of the £6m LGPS deficit repayment reserve not required, should be committed to fund any alternative TDA scheme if this is what Members support when the future proposals come back for consideration.

21. The net impact of the above proposals is neutral as outlined in the table overleaf:-

	Qtr 2 Balance	Qtr 2 Re-alignment	Closing Balance
Committed Reserves	£'000	£'000	£'000
Emergency Related Reserves			
Bellwin / Emergency Planning Reserve	222		222
Insurance Reserve	383		383
Modernisation Challenge			
Smoothing/FPS Reserve	450	1,550	2,000
Pensions Reserve	0		0
Recruitment Reserve	3,000		3,000
Invest to Save / Collaboration Reserve	558		558
Capital Investment Reserve	9,201	-2,900	6,301
PFI Annuity Reserve	1,895		1,895
Specific Projects			
Health & Safety	30		30
Equipment Reserve	77		77
Community Engagement	7		7
Training Reserve	150		150
Health & Wellbeing	35		35
Inflation Reserve	700		700
Clothing Reserve	242	350	592
Ringfenced Reserves			
Community Risk Management /Princes Trust	325		325
Energy Reserve	18		18
New Dimensions Reserve	41		41
Total Committed Reserves	17,334	-1,000	16,334
General Revenue Reserve	2,000	1,000	3,000
Total Reserves	19,334	0	19,334

22. Members are asked to approve the reserve adjustments.

(B) Treasury Management

23. The Authority continues to “buy in” Treasury Management from Liverpool City Council. The following paragraphs reflect Treasury Management activities in the period April to September 2019.

24. **Prospects for Interest Rates;**
After the August 2018 increase in Bank Rate to 0.75%, the Bank of England monetary Policy Committee (MPC) has put any further action on hold. This year, 2019, has been one of significant upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU has agreed an extension to 31 January 2020. In addition, a general election has been called for 12 December 2019. Given the uncertainty about the result of the general election and what MPs could afterwards decide, any interest rate forecasts are subject to material change as this situation evolves. If Parliament agrees to a deal on 31 January 2020 then it

is possible that growth could recover relatively quickly. The MPC could then need to address the issue of whether to raise Bank Rate at some point in the coming year when there is little slack left in the labour market that could cause wage inflation to accelerate; this would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could weaken even further than currently: the MPC would then be likely to cut Bank Rate in order to support growth. However, with the Bank Rate still only at 0.75%, the MPC has relatively little room to make a big impact and it would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy

PWLB rates and gilt yields have continued to experience levels of volatility linked to geo-political and emerging market developments. PWLB rates fell for longer term loans by 0.5% during the second quarter of the financial year.

Shortly after the end of the financial quarter on the 9th October 2019 HM Treasury suddenly announced that with immediate affect the PWLB margin above UK gilts would be increased from 80 bps to 180 bps. This announcement increased the borrowing costs on newly arranged loans from PWLB by 1%. At the same time the Treasury increased the lending limit of the PWLB from £85bn to £95bn. There has been speculation that the increase in rate was designed to halt the pace at which the new limit would be reached following record levels of new loan issuance by the PWLB in the months of August and September.

This policy change should have no immediate impact on MFRS as the current expectation is that new borrowing will not be required for a number of years during which the policy and the market could change. The current environment is consistent with the strategy that indicated that the overall structure of interest rates whereby short term rates would be lower than long term rates was expected to remain throughout 2019/20. In this scenario, the strategy was to reduce investments and borrow for short periods and possibly at variable rates when required.

25. **Capital Borrowings and the Portfolio Strategy;**
The borrowing requirement comprises the expected movements in the Capital Financing Requirement and reserves plus any maturing debt which will need to be re-financed. The Authority does not envisage that any new long term borrowing will be required in 2019/20. Current market conditions continue to be unfavourable for any debt rescheduling.

26. **Annual Investment Strategy;**
The investment strategy for 2019/20 set out the priorities as the security of capital and liquidity of investments. Investments are made in accordance with DCLG Guidance and CIPFA Code of Practice. Investments are made in sterling with an institution on the counterparty list.

Extreme caution has been taken in placing investments to ensure security of funds rather than rate of return. The use of deposit accounts with highly rated or nationalised banks and AAA rated money market funds has enabled reasonable returns in a low interest rate environment. In the period 1st July to 30 Sept 2019 the average rate of return achieved on average principal available was 0.79%. This compares with an average seven day deposit (7 day libid) rate of 0.57%.

The credit ratings and individual limits for each institution within the categories of investments to be used by the Authority in 2019/20 are as follows:

UK Government (including gilts and the DMADF)	Unlimited
UK Local Authorities (each)	Unlimited
Part Nationalised UK banks	£4m
Money Market Funds (AAA rated)	£3m
Enhanced Money Market (Cash) Funds (AAA rated)	£3m
Ultra-Short Duration Bond Funds (AAA rated)	£3m
UK Banks and Building Societies (A- or higher rated)	£2m
Foreign banks registered in the UK (A or higher rated)	£2m

No limits on investments with the UK Government and Local Authorities have been set because they are considered to be of the highest credit quality and are essentially risk free. The limits placed on other categories reflect some uncertainty and marginally higher risk profile of the institutions within those categories.

The Authority had investments of £43.8m as at 30th September 2019, (this included a £30.1m firefighters' pension grant received in July that will be utilised in the year):

ANALYSIS OF INVESTMENTS END OF QUARTER 2 2019/20

Institution	Credit Rating	MM Fund*	Bank / Other	Building Society	Local Authority	Average Interest
		£	£	£	£	%
Aberdeen Global	AAA	3,000,000				0.75
Blackrock	AAA	2,400,000				0.70
Federated Investors	AAA	2,800,000				0.75
JP Morgan Sterling Liquidity Fund	AAA	3,000,000				0.64
LGIM (Legal & General)	AAA	3,000,000				0.72
Morgan Stanlety	AAA	3,000,000				0.67
Bank of Scotland (HBOS)	A		2,000,000			1.25
Close Brothers	A		2,000,000			1.25
Goldman Sachs	A		2,000,000			0.66
HSBC (MFRS Deposit Account)	A		2,000,000			0.50
Snatander	A		2,000,000			0.75
Sumitomo	A		2,000,000			0.79
Coventry BS				2,000,000		0.91
Cumberland BS				1,000,000		1.00
Leeds BS				2,000,000		0.69
Newcastle BS				1,000,000		1.25
Nottingham BS				1,000,000		1.15
Skipton BS				1,000,000		0.92
West Bromwich BS				1,000,000		1.10
Cherwell DC					2,000,000	0.83
Lancashire CC					2,000,000	1.05
Salford CC					1,600,000	0.63
						0.86
Totals		**17,200,000**	**12,000,000**	**9,000,000**	**5,600,000**	
Total Current Investments					**43,800,000**	

**MM Fund - Money Market Funds -these are funds that spread the risk associated with investments over a wide range of credit worthy institutions.*

27. **External Debt Prudential Indicators;**
The external debt indicators of prudence for 2019/20 required by the Prudential Code were set in the strategy as follows:

Authorised limit for external debt: £70 million
Operational boundary for external debt: £59 million

Against these limits, the maximum amount of debt reached at any time in the period 1 April to 30 September 2019 was £37.6 million.

28. **Treasury Management Prudential Indicators;**
The treasury management indicators of prudence for 2019/20 required by the Prudential Code were set in the strategy as follows:

a) Interest Rate Exposures

Upper limit on fixed interest rate exposures: 100%
Upper limit on variable interest rate exposures: 50%

The maximum that was reached in the period 1 April to 30 September 2019 was as follows:

Upper limit on fixed interest rate exposures: 100%
Upper limit on variable interest rate exposures: 0%

b) Maturity Structure of Borrowing

Upper and lower limits for the maturity structure of borrowing were set and the maximum and minimum that was reached for each limit in the period 1st June to 30 September 2019 was as follows:

Maturity Period	Upper Limit	Lower Limit	Maximum	Minimum
Under 12 months	50%	0%	1%	1%
12 months and within 24 months	50%	0%	1%	1%
24 months and within 5 years	50%	0%	8%	8%
5 years and within 10 years	50%	0%	0%	0%
10 years and above	90%	0%	90%	90%

c) Total principal sums invested for periods longer than 364 days.

The limit for investments of longer than 364 days was set at £2 million for 2019/20. One investment of £1m for 365 days was placed during the second quarter 2019/20.

Equality and Diversity Implications

29. There are no equality and diversity implications contained within this report.

Staff Implications

30. There are no staff implications contained within this report.

Legal Implications

31. There are no legal implications directly related to this report.

Financial Implications & Value for Money

32. See Executive Summary.

Risk Management, Health & Safety, and Environmental Implications

33. There are no Risk Management, Health & Safety and Environmental implications directly related to this report.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

34. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's Mission.

BACKGROUND PAPERS

CFO/009/19 "MFRA Budget and Financial Plan 2019/2020-2023/2024" Authority 28th February 2019.

CFO/050/19 "Financial Review 2019/20 – April to June" Audit Committee 26th September 2019.

GLOSSARY OF TERMS