AGENDA ITEM:

REPORT TO: **Meeting of the**	**MERSEYSIDE FIRE & RESCUE AUTHORITY** **POLICY AND RESOURCES COMMITTEE**
DATE:	**19th NOVEMBER 2013**
REPORT NO.	**CFO/129/13**
REPORTING OFFICER:	**KIERAN TIMMINS, DEPUTY CHIEF EXECUTIVE**
CONTACT OFFICER:	**IAN CUMMINS, HEAD OF FINANCE, EXTN. 4244**
OFFICERS CONSULTED:	
SUBJECT:	**FINANCIAL REVIEW 2013/14 – April to September**

APPENDIX A1: TITLE "Revenue Budget Movements Summary"
APPENDIX A2: TITLE "Budget Movement on Reserves 2013/2014"
APPENDIX A3: TITLE "Fire Service Revenue Budget Movements Summary"
APPENDIX A4: TITLE "Corporate Service Revenue Budget Movements Summary"
APPENDIX B: TITLE "Capital Programme 2013/2014"
APPENDIX C: TITLE "Updated 2013/2014 – 2017/2018 Capital Programme"
APPENDIX D: TITLE "Qtr 2 Write-Offs"

ATTACHED – HARD COPY

Purpose of Report

1. To review the financial position, both revenue and capital, for the Authority for 2013/14. 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 2013.

Recommendation

2. That Members:
   a) Note the potential £0.9m favourable revenue position identified within this report.
   b) Approve the 2013/14 budget amendments as set out in this report; and
   c) Instruct the Deputy Chief Executive to continue to work with budget managers to maximise savings in 2013/14.

Executive Summary

Executive Summary

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

- 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 of which most are employee related.

The Authority is on target to deliver the 2013/14 budget savings in cash terms and is progressing well with the required structural changes in its workforce to maintain the required savings on a permanent basis.

The total budget requirement remains at the original budget level of £66.721m, (appendix A1 – A4 outlines in detail all the revenue budget and reserve movements).

The Authority has a strategy of maximising savings and delivering its savings plan as early as possible in order to increase reserves as a hedge against the future financial challenges. Overall this report, based on the first 6 months of the year, has indicated a potential £0.925m "ahead of target" saving by the year-end. Members are asked to note this potential saving at this point. The Deputy Chief Executive is continuing to work with budget holders to maximise savings in 2013/14 and will report in more detail in future financial reviews.

Capital:
The capital programme planned spend has increased by £1.236m, of which £0.850m relates to new schemes approved by members. £1.090m is funded by specific grant or other non-borrowing funding. The revised Capital Programme is outlined in Appendix C and D.

Reserves & Balances:
The general balance remains unchanged at £2.894m. All movements in earmarked reserves are outlined in Appendix A2.

Treasury Management:
Short-term interest rates have remained at 0.50% as expected. 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.

Financial Processes:
Performance in Financial processes remains strong.

Introduction & 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 the September of the financial year 2013/14 (April – September 2013).

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
C	Internal Audit
D	Financial Process Monitoring/Performance Indicators

(A) Current Financial Year – 2013/14

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:

Revenue Budget Movements:

7. The attached **Appendix A** to this report summarises the revenue budget movements since the last financial review report. The net budget requirement remains at £66.721m which is consistent with the original budget.

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 reserves. The net drawdown from reserves for the period was £0.525m, of which £0.470m was the planned allocation from the PFI reserve to cover rental payments.

9. Update on 2013/14 Elements of Financial plan yet to be Achieved:

The Authority approved savings in total of £19.3m (Phase 1 & 2) as part of the 2011/12 - 2017/18 financial plans. Of the savings expected to be implemented by 2013/14 (£14.3m) £1.106m have yet to be formally implemented, however plans are well advanced to deliver these savings, and in cash terms the total value of savings will be delivered in the year. The position on the outstanding £1.106m saving options is;

- Estates £0.166m; Outsourcing was anticipated to save £0.250m p.a. The outsourcing has been deferred for a number of reasons. The service has reviewed the in-house cleaning function and has now implemented the revised staffing structure leaving £0.166m to be found from within the remaining employee and facilities management costs. Officers are reviewing these areas and are confident the full saving option can be formally implemented before the end of the year.
- Flexible Shift Patterns at Whiston £0.300m; Whilst the shift pattern at Whiston has not changed the overall restructure of fire cover will deliver additional savings that will meet this target.
- Phase 2 Cuts in Front Line £0.305m; this will be delivered as part of the implementation of the grey book staffing model changes and the move to 28 fire appliances as of 9th September 2013, and the subsequent station and watch re-balancing. Once this is concluded the operational budget will be amended. In addition as part of the Fire review the Chief Fire Officer has concluded that at this time the capability provided by the Marine Rescue Unit (MRU) continues to deliver an important part of the overall response capability of the service and should be maintained. Members will recall that the mid-term financial plan assumed a reduction in costs from the MRU (either by income generation if successful or by closing the service). Whilst there has been some success achieving a small increase in income from current partners it is now considered that this particular option will not be achieved in light of the need for the service as part of a balanced response capability. However the overall restructure of fire cover has identified off setting savings that will compensate for this and maintain a balanced plan.
- Outstanding Phase 2 Cuts in Support Costs £0.335m; Over £1.340m of the required saving has been implemented so far, the balance reflects some outstanding business re-engineering work that is required before the remaining savings can be formally implemented.

Table A below summarises the position in terms of the implementation of the approved savings at the time of writing this report:

Progress in allocating out Phase 1 Approved Saving Options				
	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
2011/12 Approved Savings:	**-9,200**	**-9,200**	**-9,200**	**-9,200**
Approved Saving Options yet to be formally implemented:				
Outsource Estates function	-166	-166	-166	-166
Flexible Shift Patterns at Whiston	-300	-300	-300	-300
Value of Saving Optons yet to be formally implemented	-466	-466	-466	-466
2013/14 Approved Savings:	**-5,125**	**-10,060**	**-10,002**	**-10,077**
Approved Saving Options yet to be formally implemented:				
Phase 2 Cuts in Front Line	-305	-1,750	-3,100	-3,100
Phase 2 Cuts in Support Savings	-335	-683	-683	-683
Income Generation	0	0	-100	-100
Value of Saving Options yet to be formally implemented	-640	-2,433	-3,883	-3,883
Total Value of Approved Savings Options	**-14,325**	**-19,260**	**-19,202**	**-19,277**
2011/ 12 - 2013/14 Approved Savings yet to be formally implemented:	**-1,106**	**-2,899**	**-4,349**	**-4,349**

Actual staff numbers are continually monitored to ensure the Service continues to deliver in “cash” terms the required saving target.

Revenue Forecast Position:

10. The Authority is expecting further grant cuts in 2015/16 and 2016/17. The current forecast deficit the Authority will need to consider as part of the budget process is at least £9.1 million by 2016/17 (as reported to Members at 3rd September 2013 Authority meeting, CFO/103/13) and therefore as part of its strategy it has directed Officers to maximise savings in the year to contribute towards the building up of reserves. Such reserves can then be used as part of an implementation and risk management strategy to deliver savings.

Employee Costs

Employee costs make-up nearly 80% of the Authority’s revenue budget and is the most risk critical area of the financial plan. This is therefore monitored extremely closely.

Firefighter retirements have continued in line with the forecast profile adopted for the financial strategy. Staff turnover within some green book posts has resulted in short term vacancies and this combined with post-holders not being at the top of the their budgeted grade is expected to deliver a small favourable variance by the end of the year. Overall the direct staff costs are forecast to be below budget by approximately £0.250m.

In addition small favourable variance on indirect employee related costs such as allowances and expenses of approximately £0.050m.

The Deputy Chief Executive will continue to monitor actual staff numbers during the year to ensure the Service continues to deliver in “cash” terms the required saving target and report back in more detail on savings that are ahead of target as the year progresses.

Other Non-Employee Revenue Costs
The Deputy Chief Executive is continuing to work with budget holders to maximise savings in 2013/14. The latest indications are that some additional savings may be delivered through careful management through the year; specifically;

- The Authority funds most of its capital expenditure through borrowing and the resulting debt repayments, (Minimum Revenue Provision, MRP), and interest costs are charged to the revenue account. The current treasury management policies which seek to delay borrowing by minimising investments has resulted in a saving on interest payments of £0.500m as the anticipated new loans can be deferred.
- Interest on Balances - As members may be aware current interest rates on investments is extremely low, often less than 0.5%. therefore there is likely to be a shortfall in investment income of approximately £0.125m.
- Supplies and services –savings on phones; uniforms; professional services and a number of other variations has resulted in a forecast saving in this year of £0.200m.

Contingency for 2013/14 Pay & Price Increases
Members will recall that the budget made a 1% provision for pay bill increases in 2013/14. Pay awards for all staff have now been settled and have been consistent with the 1% budget assumption. Officers are attempting to manage inflationary pressures through the base budget and are optimistic a saving of £0.025m can be achieved.

Summary of Revenue Forecast Position:
The Authority has made good progress in implementing the approved budget saving options and required organisational structure changes with only a small number yet to be formally implemented. As firefighter retirements are in line with the forecast and other green book savings the Service continues to deliver in “cash” terms it’s required saving target.

Overall the latest forecast has indicated a potential revenue saving of £0.925m, however at this point members are being asked just to note this variance. The Deputy Chief Executive is continuing to work with budget holders to maximise savings in 2013/14 and will report in more detail in future financial reviews. Table B below summarise the revenue year-end forecast position based on spend to the end of September 2013:

Table B: Anticipated Year-End Revenue Position

	FIRE SERVICE BUDGET	CORP MGT BUDGET	TOTAL BUDGET	ACTUAL as at 30.09.13	FORE-CAST	VARI-ANCE
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Employee Costs (net of o/s savings)	52.123	0.451	52.574	24.501	52.274	-0.300
Premises Costs	3.078	0.000	3.078	1.174	3.078	0.000
Transport Costs	1.681	0.000	1.681	0.963	1.656	-0.025
Supplies and Services	4.373	0.064	4.437	1.521	4.237	-0.200
Agency Services	4.552	0.000	4.552	2.632	4.552	0.000
Central Support Services	0.241	0.086	0.327	0.140	0.327	0.000
Capital Financing	8.457	0.000	8.457	0.000	7.957	-0.500
Income	-5.871	0.000	-5.871	-2.155	-5.871	0.000
Net Expenditure	68.634	0.601	69.235	28.776	68.210	-1.025
Contingency Pay&Prices	0.365		0.365	0.000	0.340	-0.025
Cost of Services	68.999	0.601	69.600	28.776	68.550	-1.050
Interest on Balances	-0.367		-0.367	0.031	-0.242	0.125
Movement on Reserves	-2.512		-2.512	0.000	-2.512	0.000
Total Operating Cost	66.120	0.601	66.721	28.807	65.796	-0.925

Capital Forecast Position:

11. The last financial review report (CFO/115/13) approved a 5 year capital programme worth £36.697m, (CFO/025/13). This has now been updated for scheme additions and changes during quarter 2 of £1.236m which are summarised in the table below:

TABLE C

Movement in the 5 Year Capital Programme	Total Cost	2013/14	2014/15	2015/16	2016/17	2017/18
Expenditure	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
2013/14 re-phasings	0.0	-3,488.1	3,403.1	85.0		
New Schemes;						
Workshop Enhancement for Partnership work	350.0	350.0				
Overview of Estates - Station Refresh	500.0	100.0	400.0			
SHQ Museum	150.0	75.0	75.0			
SHQ Training Tower	0.0	-75.0	75.0			
JCC SHQ work/ Increase MPA work	684.0	684.0				
JCC planned SHQ work- reduction in SHQ schemes	-448.0	-267.0	-15.5	-80.5	-85.0	
ICT Hardware	0.2	0.2				
	1,236.2	**-2,620.9**	**3,937.6**	**4.5**	**-85.0**	**0.0**
Funding						
External Contributions						
M'side Police (JCC)	89.8	89.8				
Museum (NWAS/Partners)	75.0	75.0				
RCCO						
ICT schemes	0.2	0.2				
Capital Reserve						
Station Refresh, Museum, & Workshop)	925.0	450.0	475.0			
Borrowing:						
Impact of re-phasing of schemes	0.0	-3,488.1	3,403.1	85.0		
JCC SHQ work / re-phasing MPA contribution	146.2	327.2	-15.5	-80.5	-85.0	
SHQ Training Tower	0.0	-75.0	75.0			
	1,236.2	**-2,620.9**	**3,937.6**	**4.5**	**-85.0**	**0.0**

12. Although the level of planned expenditure has increased as most of it is funded by specific resources the required level of borrowing has actually only risen by £0.146m.The increase in the programme can be explained by:

- CFO/104/13 “MFRA Public & Private Partnership Venture”; members approved enhancement works at the Vesty Workshop of £0.350m to in part facilitate a landlord and tenant arrangement with a private partner to deliver a long term income rental. The scheme will be funded from a drawdown from the capital investment reserve.
- CFO/102/13 “A Strategic Overview of Estates”; this report approved a £0.500m scheme to fund station modernisation and safety work while a review is carried out of the current community fire station portfolio. The scheme will be funded from a drawdown from the capital investment reserve.
- CFO/081/13 “Merseyside JCC Project Update”; members approved the installation of a training tower at SHQ, £0.125m, on the basis the costs could be contained within the overall capital budget. In addition a new scheme for enhancement works for the museum and stores area was approved in principle and authority delegated to the CFO to authorise any works, subject to costs being contained within the overall budget. The cost of these works was estimated at £0.150m and is to be funded from the capital reserve and external contributions.
- Re-phasing of £3.488m of schemes from 2013/14 into future years, of which £2.277m relates to the deferment of building works pending the outcome of the estates review.

- JCC; The approved Building capital programme included a number of SHQ refurbishment schemes; lighting £0.150m; heating/air conditioning £0.102m, sanitary refurbishment £0.060m, roof replacement £0.075m etc, totalling £0.448m. Therefore these budgets have now been "merged" into the JCC scheme to allow improved overall control of the SHQ works, overall there is no financial change to the capital programme. In addition the value of works requested by Merseyside Police (MPA) has increased by £0.236m and this has now been built into the scheme and will be funded by MPA.
- An increase in the ICT hardware spend of £0.002m, funded by a revenue contribution.

Use of Reserves:

13. The analysis in Appendix A2 outlines the £0.525m movement on reserves during the second quarter of 2013/14 of which £0.470m relates to the planned allocation from the PFI reserve to cover rental payments. The general revenue reserve has remained unchanged at £2.894m.

(C) Treasury Management

14. 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 2013/14.

15. **Prospects for Interest Rates**
Optimism in growth forecasts has continued and a modest and sustained recovery over the next three years is indicated by the Bank of England. Inflation forecasts are also still benign. However, there is still a relatively weak outlook for economic growth and the prospects for any increase in Bank Rate before 2015 are low. Short-term rates have remained at 0.5% in line with the forecast for them to remain on hold for the rest of the financial year.

It was expected that there would be upward pressure on longer term rates due to a high volume of debt issuance and improved prospects of a return to economic growth. Long term PWLB rates rose by 0.25% during the first quarter then remained flat in the second quarter. Forecasts are for higher PWLB rates later in the year as a result of an improved economic recovery.

The strategy indicated that the overall structure of interest rates whereby short term rates are lower than long term rates was expected to remain throughout 2013/14. In this scenario, the strategy would be to reduce investments and borrow for short periods and possibly at variable rates when required.

16. **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 2013/14. Current market conditions continue to be unfavourable for any debt rescheduling.

17. **Annual Investment Strategy**

The investment strategy for 2013/14 set out the priorities as the security of capital and liquidity of investments. Investments are made in accordance with CLG 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 high rated or nationalised banks and AAA rated money market funds has enabled reasonable returns in a low interest rate environment. In the period 1st April to 30th September 2013 the average rate of return achieved on average principal available was 0.75%. This compares with an average seven day deposit (7 day libid) rate of 0.36%.

The Authority had investments of £29.1m as at 30 September 2013, (most of which is due to the carry forward of £17.4m of investments from 2012/13 and the receipt of £19m firefighter pension grant in July 2013):

ANALYSIS OF INVESTMENTS END OF September 2013

Institution	Credit Rating	MM Fund*	Bank / Other	Building Society
		£	£	£
Ignis Liquidity Fund	AAA	3,000,000		
Prime Rate	AAA	3,000,000		
Morgan Stanley	AAA	3,000,000		
Goldman Sachs	AAA	3,000,000		
Deutsche/DGLS/State Street	AAA	1,100,000		
Natwest Instant Access	A		4,000,000	
Natwest Term Deposit	A			
Close Brothers	A		2,000,000	
West Bromwich B Soc	Unrated			1,000,000
HBOS 12 Month FTD	A		4,000,000	
Nationwide BS	A			2,000,000
Skipton Building Society	Unrated			1,000,000
Newcastle Building Society	Unrated			1,000,000
Nottingham Building Soc	Unrated			1,000,000
Totals		13,100,000	10,000,000	6,000,000
Total Current Investments				**29,100,000**

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

18. **External Debt Prudential Indicators**

The external debt indicators of prudence for 2013/14 required by the Prudential Code were set in the strategy as follows:

Authorised limit for external debt: £82 million
Operational boundary for external debt: £48 million

Against these limits, the maximum amount of debt reached at any time in the first half of the financial year 2013/14 was £45.1 million.

19. **Treasury Management Prudential Indicators**

The treasury management indicators of prudence for 2013/14 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 first half of the financial year 2013/14 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 first half of the financial year 2013/14 was as follows: -

Maturity Period	Upper Limit	Lower Limit	Maximum	Minimum
Under 12 months	80%	0%	3%	0%
12 months and within 24 months	50%	0%	3%	2%
24 months and within 5 years	50%	0%	9%	9%
5 years and within 10 years	50%	0%	10%	10%
10 years and above	80%	0%	77%	75%

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 2013/14. No such investments have been placed during 2013/14.

(D) Internal Audit

20. The Authority continues to “buy in” Internal Audit services from Liverpool City Council. Most audit work is carried out in the second part of the year to fit in with the Service work demands and provide relevant data for the year. At the end of September 2013 no new internal audit reviews have been completed although a number have commenced.

(E) **Monitoring of Financial Progress**

21. To ensure the internal financial processes of the Authority are operating effectively, for example payroll, debt collection and the payment of invoices, a suite of performance indicators have been developed that now feed into the financial review. At present indicators relate to:

    - Payment of invoices,
    - Discounts obtained from prompt payments;
    - Debtors

22. Prompt Payment of Invoices

    Prompt payment of invoices was previously a statutory indicator under the Best Value legislation. While there is no longer a requirement for the Authority to report its prompt payment performance under BVPI8, the number of undisputed invoices paid within 30 days of receipt continues to be analysed to assess the effectiveness of the various Accounts Payable systems and procedures. Information about the prompt payment of invoices has now been incorporated with the suite of local performance indicators (LPI128) and is reported monthly.

23. In July 2009 the Authority joined the Prompt Payment Code (PPC). The PPC gives notice to suppliers of the Authority's commitment to pay promptly. In the current economic climate the Government is keen for all businesses and local authorities to pay suppliers promptly. By paying promptly the Authority is able to make its contribution to improving the cashflow position of its supplier base, particularly small businesses, that rely on payments made promptly to keep them in business. Consistent with that objective, considerable effort has been made to develop a range of administrative processes to enable the Authority to comply with its obligations under the PPC which is deemed to be best practice.

24. A comparison of first quarter performance over previous years confirms that system improvements continue to enable the Authority to pay invoices (some 3,707 in the quarter ended September 2013) promptly.

2009/10	99.9%
2010/11	99.8%
2011/12	99.9%
2012/13	100.0%
2013/14	100.0%

25. The target for prompt payment in 2013/14 is 100%. The July – September results confirm the Service continues to respond quickly and efficiently to requests for payment from suppliers with invoices being paid within the required timeframe.

26. We have continued to ensure discounts due from the prompt payment of invoices are vigorously pursued. During the quarter a total of 50 invoices that attracted prompt payment discounts were paid generating savings of £2,066. This is evidence of the robustness of the systems in place that are enabling the Service to take advantage of the financial savings available from suppliers.

27. The publication of payments to suppliers for goods and services over £500 is now fully embedded. Consistent with the Government's drive for transparency in relation to spending by all Local Authorities, details of payments to suppliers for goods and services over £500 are available on the Authority's website in both PDF and CSV formats for the convenience of those wishing to access and interrogate the information. Payments details are now available for the period from 1 April 2009 to 30 September 2013. Payments for each month are made available as soon as possible following the closure of each accounting period and subject to verification against guidance received from Government.

28. Processing Sales Invoices and the Debt Recovery Process

A number of Performance Indicators have been developed to give drive and focus to improvements to the sundry debtor process and to plot the age profile of outstanding debt. Key Performance Indicators in relation to the processing of income generation type transactions are as follows:

SIRF Generation - 100% in 35 working days from service delivery
Sales invoice production -100% in 2 working days from receipt of SIRF

(Note: SIRF = Sales Invoice Request Form. SIRFs are generated by Officers to request that a customer be invoiced for goods\services received)

29. Performance against these targets for the equivalent quarter in previous years is as follows: (Cumulative)

	2009/10	2010/11	2011/12	2012/13	2013/14
SIRF Generation	74%	64%	82%	82%	88%
Sales invoice production	97%	100%	100%	100%	100%

30. Members will be aware that the Authority's Financial Regulations were amended for 2010/11 to require prepayment for services where possible. It is recognised that there is a correlation between the time taken to request payment for services and payment actually being received. While every effort is made to ensure customers receive their invoice as quickly as possible it is often necessary to wait for key information (e.g. confirmation of course attendees, Payroll data etc) that is to be included with any invoice to enable the customer to make prompt payment. In certain circumstances it is deemed cost effective to wait until all appropriate information is available before issuing a sales invoice rather than it being raised prematurely to remove the potential for a credit note to be raised and an amended invoice reissued.

31. The Age Profile of Outstanding Debt

A comparison of the value of aged debts over 60 days for the first quarter can be summarised as follows:

Number of debts 60 days+

	2009/10	20010/11	2011/12	2012/13	2013/14
July	86	67	35	47	41
Aug	79	63	36	46	37
Sept	85	70	30	41	42

Value of debts 60 days+

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
July	204	175	118	42	48
Aug	144	131	112	69	22
Sept	145	172	35	68	70

32. The Service raises approximately 1,100 sales invoices per year and this can equate to income of between £2m - £3.5m. The profile of accounts raised varies significantly month by month and from year to year. It therefore can lead to significant variations when comparing the same month over a five year period. However, considerable effort has been made to actively engage with customers as part of the drive to improve the aged debt profile of the Authority and the success of that effort is reflected in the data set out above. The significant reduction in the number and value of aged debts in 2013/14 is a reflection of the work undertaken by the Finance and Legal Teams to tackle aged debts though active engagement with customers in the drive to maximise income for the Authority. Consistent with that effort the number of write offs each year is small.

33. Debtor accounts under £5,000 may be written off by the Deputy Chief Executive. Two accounts have been approved for write-off under delegated powers totalling £900 (excl. VAT) following advice from the litigation service.

Equality & Diversity Implications

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

Staff Implications

35. None directly related to this report.

Legal Implications

36. None directly related to this report.

Financial Implications & Value for Money

37. See Executive Summary.

Risk Management, Health & Safety, and Environmental Implications

38. None arising from this report.

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

39. 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

Report CFO/025/13 "MFRA Budget and Financial Plan 2013/2014-2017/2018" Authority 26th February 2013.

Report CFO/115/13 "Financial Review 2013/14 – April to June" Policy & Resources Committee 26 September 2013.

***Glossary of Terms**

RESERVES -Amounts set aside to meet future contingencies but whose use does not affect the Authority's net expenditure in a given year. Appropriations to and from reserves may not be made directly from the revenue account.

PPC - Prompt Payment Code

PWLB - Public Works Loans Board