MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	27 NOVEMBER 2014	REPORT NO:	CFO/113/14
PRESENTING OFFICER	DEPUTY CHIEF EXECUTIVE		
RESPONSIBLE OFFICER:	KIERAN TIMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:			
TITLE OF REPORT:	FINANCIAL REVIEW 2014/15 - APRIL TO SEPTEMBER		

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Purpose of Report

1. To review the financial position, revenue and capital, for the Authority for 2014/15. 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 first 6 months of the year (April – September 2014).

Recommendation

2. That Members;
   - Note the potential £1.6m favourable revenue position identified within this report,
   - Approve the utilisation of the £1.6m favourable revenue position to increase the capital investment reserve in light of the future station merger programme and Service investment needs, and
   - Note the successful bid to the transformation and efficiency fund which has received £4.5m
   - Instruct the Deputy Chief Executive to continue to work with budget managers to maximise savings in 2014/15.

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 whilst minimising the impact of the cuts.

The Authority is on target to deliver the approved 2014/15 budget savings and is progressing well with the required structural changes in its workforce to maintain the required savings on a permanent basis. 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 has identified that in cash terms the Authority is £1.6m ahead of its saving plan target. Members are asked to approve utilising this saving to fund an increase in the capital investment reserve in order to provide funding towards the future station merger initiative. The Deputy Chief Executive is continuing to work with budget holders to maximise savings in 2014/15.

The total budget requirement remains at the original budget level of £64.356m, (appendix A1 – A4 outlines in detail all the revenue budget and reserve movements).

Capital:
The capital programme planned spend has increased by £3.764m, of which £3.100m relates to the new Prescot Fire Station scheme (CFO/095/14). The remaining £0.664m increase relates to approved amendments in current schemes. The £3.764m increase is fully funded by specific grant or other non-borrowing funding. The revised Capital Programme is outlined in Appendix B and C.

Reserves & Balances:
The general balance remains unchanged at £2.000m. 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 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 the September of the financial year 2014/15 (April – September 2014).

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	Final Position 2013/14
B	Current Financial Year Review (Revenue Budget, Capital Programme and movement on Reserves)
C	Treasury Management Review
D	Internal Audit
E	Financial Process Monitoring/Performance Indicators

(A) 2013/2014 Position/Final Accounts

6. Members received a report on the 2013/14 final accounts position at the Authority meeting on 24th July 2014 (report CFO/079/14). The accounts reported that the Authority was ahead of its savings target so was able to add to reserves in line with its strategy. Overall there was an increase in earmarked reserves of £2.307m (of this £0.955m related to phasing of grant funded and specific projects into 2014/15).

7. Grant Thornton have now completed the audit of the accounts and confirmed the position as reported.

(B) Current Financial Year – 2014/15

8. 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:

9. **Budget Movements**: The attached Appendix A to this report summarises the movements in the revenue budget. The net budget requirement remains at £64.356m which is consistent with the original budget.

10. 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 in line with previously agreed Authority decisions. The firefighters pay award was agreed at 1% and £0.265m was drawn down from the inflation provision to reflect that outcome. The net use of reserves for the period was £0.863m, of which £0.522m was the allocation from the reserves to fund expenditure on capital schemes approved by the Authority including:-

    - JCC SHQ work £0.340m
    - JCC control £0.029m
    - Fleet Management System £0.078m
    - Energy Conservation Salix Schemes £0.075m

11. **Update on Budget Savings Implementation:** The Authority has approved savings in total of £25.577m as part of the medium term financial plans. These will take until 2016/17 to deliver in full because operational savings are being achieved by natural retirement rates. Of this total £20.410m was expected to have been implemented by the end of 2014/15. This has mostly been achieved with only £0.303m yet to be formally implemented. Plans are well advanced to deliver these savings and in cash terms the total value of savings will be delivered in the year. The outstanding £0.303m savings options are;

    Phase 1 & 2 (2011/12 & 2013/14 Budget Saving Options);

    - Estates Savings target £0.075m; the original target was £0.250m and £0.100m has been delivered by reconfiguring the cleaning service and £0.075m as a result of a reduction in management costs. Outsourcing of the facilities management (FM) will deliver the remainder of this saving. The FM outsourcing has been deferred for a number of reasons but it is expected to be concluded during 2014/15.

    - Review of ICT Expenditure £0.150m; The Authority set a target saving on ICT expenditure of £0.200m in 2013/14 rising to £0.350m in future years. The £0.150m reflects the required increased saving target as £0.200m of permanent savings were implemented in 2013/14. Officers are currently in negotiations with our external ICT contractors (most ICT is outsourced) on proposals to achieve the additional £0.150m.

    - Restructure of the Training and Development Academy (TDA) £0.030m; of the original £0.062m saving target £0.030m remains to be formally actioned. Officers are finalising a restructure that will deliver the remaining saving by the end of the year.

    - Search and Rescue Team (SRT) contracts review £0.048m; revised staff contracts will deliver reduced operating costs for the SRT while maintaining the current service standards.

Table A below summarises the progress in implementing the approved saving options at the time of writing this report:

Progress in Implementing Approved Saving Options	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
A) Phase 1 &2 (2011/12 & 2013/14 Budgets) Approved Savings:					
Options formally implemented into budget	-18,957	-18,899	-18,974	-18,974	-18,974
Approved Saving Options yet to be formally implemented:					
Phase 1					
Outsource Estates function	-75	-75	-75	-75	-75
Phase 2					
Review of ICT spend (*part 2 increase in saving £200k to £350k*)	-150	-150	-150	-150	-150
TDA Restructure	-30	-30	-30	-30	-30
SRT amended contracts	-48	-48	-48	-48	-48
Value of Saving Options yet to be formally implemented	-303	-303	-303	-303	-303
Total	**-19,260**	**-19,202**	**-19,277**	**-19,277**	**-19,277**
B) 2014/15 Budget Approved Savings:					
Options formally implemented into budget	-1,150	-1,878	-2,120	-2,000	-2,000
Approved Saving Options yet to be formally implemented:					
Non Employee Budget review	0	0	0	0	0
10% saving on Non Uniform Establishment	0	-450	-900	-900	-900
Operational Response	0	-350	-3,000	-3,400	-3,400
Value of Saving Options yet to be formally implemented	0	-800	-3,900	-4,300	-4,300
Total	**-1,150**	**-2,678**	**-6,020**	**-6,300**	**-6,300**
Total Value of Approved Savings Options (A + B)	**-20,410**	**-21,880**	**-25,297**	**-25,577**	**-25,577**
Total of Approved Savings yet to be formally implemented	**-303**	**-1,103**	**-4,203**	**-4,603**	**-4,603**

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

12. **Actual Expenditure in comparison to Revenue Budget:** The Authority is expecting further grant cuts in 2015/16 and future years and therefore as part of its strategy it has directed officers to maximise savings in the year to contribute towards the building up 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 approximately 80% of the Authority's revenue budget and is the most risk critical area of the financial plan therefore these costs are monitored extremely closely.

Firefighter retirements have continued in line with the forecast profile adopted for the financial strategy. As a consequence of the current national firefighter dispute the take-up of additional voluntary hours has reduced significantly. After taking account of other small savings on the uniform employee budget the expected overall saving on firefighter employee costs is £0.400m.

Staff turnover within some support staff 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 savings over and above the approved target of delivering £0.200m from effective vacancy management by £0.105m.

Other Non-Employee Revenue Costs;

Merseyside Pension Fund has revised the charge for the Authority's local government pension deficit payment to £2.538m from the £2.818m estimate provided during the 2014/15 budget preparation. This £0.280m reduction will result in a favourable variance in 2014/15.

Firefighters Pensions

Members will be well aware that the Government is introducing changes to the firefighter pension schemes on 1st April 2015. A valuation has been undertaken to assess the future employer rates of contributions to the various pension schemes and more information is expected to be released about this as part of the Chancellors Autumn statement on 3rd December. This may have a significant impact on the overall paybill from 2015/16.

Contingency for 2014/15 Pay & Price Increases;

Members will recall that the budget made a 1% provision for pay bill increases in 2014/15. The pay award for firefighting staff has been settled at the 1% assumed but no agreement has been reached yet for other staff (although a two year offer that equates to 1.1%p.a. is currently being considered by the unions). Officers are continuing to control the allocation of the non-employee inflation provision to determine if any efficiencies can be identified in light of the coming financial challenge. No variance on the inflation provision has been assumed at this stage but officers are hopeful a saving will materialise.

Other Non-Employee Revenue Costs;

The Deputy Chief Executive is continuing to work with budget holders to maximise savings in 2014/15. Additional one-off savings have been identified as outlined below;

- Supplies and services – the Authority set a non-employee saving target of £0.150m in 2014/15 rising to £0.275m in future years. Officers have managed to deliver the full saving target this year. In addition one-off savings on phones; uniforms; professional services and a number of other variations has resulted in a forecast additional saving of £0.465m.
- 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) combined with the impact of 2013/14 re-phasing of capital schemes into future years has resulted in a saving on MRP and interest payments of £0.625m.

- 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 £0.275m.

The Deputy Chief Executive is continuing to work with budget holders to maximise savings in 2014/15 and will continue to monitor actual staff numbers during the year to ensure the Service continues to deliver in “cash” terms the required saving target.

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

A small number of budget options remain to be fully completed in budgetary terms, however due to Firefighter retirements and other green book savings the Service continues to deliver in “cash” terms the required saving target.

Overall the latest forecast has identified a revenue saving of £1.600m. The Deputy Chief Executive is continuing to work with budget holders to maximise savings in 2014/15. Table B below summarise the revenue year-end forecast position based on spend to the end of September 2014:

Table B: Anticipated Year-End Revenue Position

	FIRE SERVICE BUDGET	CORP MGT BUDGET	TOTAL BUDGET	ACTUAL as at 30.09.14	FORE-CAST	VARI-ANCE
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Expenditure						
Employee Costs	51,647	393	52,040	25,474	51,255	-785
Premises Costs	3,031	0	3,031	1,180	3,031	0
Transport Costs	1,542	0	1,542	898	1,542	0
Supplies and Services	4,450	66	4,516	1,314	4,051	-465
Agency Services	4,947	0	4,947	2,817	4,947	0
Central Support Services	382	100	482	193	482	0
Capital Financing	8,218	0	8,218	0	7,593	-625
Income	-6,422	0	-6,422	-2,458	-6,422	0
Net Expenditure	67,795	559	68,354	29,418	66,479	-1,875
Contingency Pay&Prices	549		549	0	549	0
Cost of Services	68,344	559	68,903	29,418	67,028	-1,875
Interest on Balances	-372		-372	-27	-97	275
Movement on Reserves	-4,175		-4,175	0	-4,175	0
Total Operating Cost	63,797	559	64,356	29,391	62,756	-1,600

Capital Programme Position:

13. The last financial review report (CFO/010/14) approved a 5 year capital programme worth £33.347m. This has now been updated for scheme additions and changes during quarter 2 of £3.764m which are summarised in the table below:

Movement in the 5 Year Capital Programme						
	Total Cost	2014/15	2015/16	2016/17	2017/18	2018/19
Expenditure	£'000	£'000	£'000	£'000	£'000	£'000
2015/16 re-phasings	0.0	-3,060.0	3,060.0			
Amendments to Approved Schemes;						
Prescot FS New Build (CFO/095/14)	3,100.0	0.0	3,100.0			
JCC Build (CFO/109/14)	421.0	421.0	0.0			
JCC Build	1.0	1.0				
Energy Conservation Salix Schemes	75.0	75.0				
Fleet Management System	87.5	87.5				
Time & Resource Mgt ICT System	50.0	50.0				
JCC Scheme - ICT works	29.0	29.0				
	3,763.5	**-2,396.5**	**6,160.0**	**0.0**	**0.0**	**0.0**
Funding						
Borrowing:						
Re-phasing of approved schemes into future yrs	0.0	-3,060.0	3,560.0	-500.0	0.0	0.0
Capital Reserve	1,277.0	447.0	830.0			
Energy Reserve	75.0	75.0				
Capital spend funded from the Revenue Budget	60.5	60.5				
Grants:						
CLG Grant - Prescot FS	1,770.0		1,770.0			
Capital Receipts						
Huyton FS	250.0			250.0		
Whiston FS	250.0			250.0		
External Contributions						
M'side Police (JCC)	81.0	81.0				
	3,763.5	**-2,396.5**	**6,160.0**	**0.0**	**0.0**	**0.0**

14. Although the level of planned expenditure has increased the level of required borrowing has remained unchanged as the increase is funded by specific resources. The increase in the programme can be explained by:

- Members approved the merger of Huyton and Whiston fire stations at Prescot and (CFO/095/14) and this has been added to the programme. The estimated cost of £3.100m is funded by a Government grant of £1.770m with the balance coming from capital receipts and reserves.
- A number of station refurbishments have been deferred pending the outcome of the station merger consultation and as a consequence £3.060m has been re-phased into 2015/16 and consolidated within the station refurbishment provision.
- The Authority recently considered the update report on the JCC project (CFO/109/14) and approved the allocation of a previously set aside contingency of £0.421m in relation to the Stage C works and other unavoidable costs. The cost of these works is to be funded from the capital reserve and external (police) contributions. In addition a small increase in the JCC control ICT costs, £0.030m, has been built into the ICT budget and is being funded from the capital investment reserve.

- Increase in Energy Conservation Salix provision, £0.075m. The Authority received pump-prime grant funding to contribute towards the cost of energy saving schemes. This money is constantly re-cycled into new schemes from the revenue savings it delivers. The £0.075m reflects the “new” monies available to contribute to energy saving schemes in 2014/15.
- The Authority approved the setting aside of £0.100m in the capital investment reserve to fund a new fleet management system. Following on from a tendering exercise a contract has now been awarded for £0.088m and the scheme has been built into the capital programme.
- The Authority has approved the purchase of a new time and resource management (TRM) application (CFO/132/13). The implementation of the system is in the final stages and in order to gain the full potential from the new system £0.050m of additional development work has been commissioned. This work will allow the Service to dynamically manage its staffing resources effectively and efficiently making optimum use of the functionality available from the TRM application and the new integrated HR\Payroll solution. The £0.050m has been funded from one-off savings on the TRM revenue budget.

15. The revised detailed capital programme is attached as **Appendix B** (2014/15 Capital Programme) and **Appendix C** (2014/15–2018/19 Capital Programme) to this report.

16. The Authority has received confirmation that its bid for capital grant from the Transformation Fund of £4.500m to assist with the proposed station merger initiative has been successful and it has been allocated £4.469m. This award will be taken into account when members receive future reports on the specific station merger schemes and the estimated costs and funding of the various schemes. The letter and grant allocation has been attached to this report as **Appendix D.**

Use of Reserves:

17. The analysis in Appendix A2 outlines the £0.863m movement on reserves during the second quarter of 2014/15, of which £0.612m relates to the planned use of the capital investment reserve to fund;
    - capital schemes, £0.447m (see previous capital table), and
    - the cost of parallel running of the current and new HR/TRM systems in 2014/15 as part of the planned transfer strategy, £0.165m.

    The general revenue reserve has remained unchanged at £2.000m.

18. It is recommended that the £1.600m revenue saving identified in this report is allocated to increase the capital investment reserve. The capital investment reserve will provide a funding stream to support the proposed future station merger programme and to support the Authority strategy of aiming to minimise borrowing costs.

(C) Treasury Management

19. 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 2014/15.

20. **Prospects For Interest Rates;**
Growth rebounded during 2013 and the first quarter of 2014 to surpass expectations, propelled by recovery in consumer spending and the housing market. Growth prospects remain strong for the rest of 2014 and unemployment is expected to fall.

The Monetary Policy Committee (MPC) was forecast to hold bank rate at 0.5% throughout 2014 but with the possibility of an increase in early 2015 should the recovery prove stronger than expected. However, the sharp fall in UK inflation and further weakening in the Euro zone indicates that any move will be delayed until later in 2015. Base rate is expected to remain at 0.5% for the rest of the financial year 2014/15.

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. However, this has been offset by a continued demand for safe haven instruments whilst there is political unrest in various places around the world. Long term PWLB rates have fallen by 0.4% during the first half of the year but are expected to recover slightly later in the year.

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 2014/15. In this scenario, the strategy would be to reduce investments and borrow for short periods and possibly at variable rates when required.

21. **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 2014/15. Current market conditions continue to be unfavourable for any debt rescheduling.

22. **Annual Investment Strategy;**
The investment strategy for 2014/15 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.

The credit ratings and individual limits for each institution within the categories of investments to be used by the Authority in 2014/15 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

UK Banks and Building Societies (A- or higher rated)	£2m
Foreign banks registered in the UK (A or higher rated)	£2m

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 2014 the average rate of return achieved on average principal available was 0.69%. This compares with an average seven day deposit (7 day libid) rate of 0.35%.

The Authority had investments of £29.1m as at 27th September 2014:

ANALYSIS OF INVESTMENTS END OF SEPTEMBER 2014

Institution	Credit Rating	MM Fund*	Bank / Other	Building Society
		£	£	£
Deutsche/DGLS/State Street	AAA	1,100,000		
Ignis Liquidity Fund	AAA	3,000,000		
Goldman Sachs	AAA	3,000,000		
Morgan Stanley	AAA	3,000,000		
Prime Rate	AAA	3,000,000		
Natwest Instant Access	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
HBOS 12 Month FTD	A		4,000,000	
Close Brothers	A		2,000,000	
West Brom B 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.*

23. **External Debt Prudential Indicators;**

The external debt indicators of prudence for 2014/15 required by the Prudential Code were set in the strategy as follows:

Authorised limit for external debt:	£80 million
Operational boundary for external debt:	£44 million

Against these limits, the maximum amount of debt reached at any time in the first half of the financial year 2014/15 was £43.6 million.

24. **Treasury Management Prudential Indicators;**

The treasury management indicators of prudence for 2014/15 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 2014/15 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 2014/15 was as follows: -

Maturity Period	Upper Limit	Lower Limit	Maximum	Minimum
Under 12 months	80%	0%	3%	2%
12 months and within 24 months	50%	0%	5%	2%
24 months and within 5 years	50%	0%	8%	6%
5 years and within 10 years	50%	0%	9%	8%
10 years and above	85%	0%	78%	77%

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 2014/15. No such investments have been placed during 2014/15.

(D) Internal Audit

25. 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 service work demands and provide relevant data for the year-end audit. Since the last financial review report one audit has been completed relating to procurement. Although the audit found the control and compliance processes were adequate the report made a number of recommendations all of which have been accepted and implemented by officers. This audit report will be presented to the next Audit Sub-Committee along with any other completed audit reports for member's consideration.

(E) Monitoring of Financial Processes

26. To ensure the internal financial processes of the Authority are operating effectively, a suite of performance indicators have been developed that now feed into the financial review. At present these indicators include:
    - Payment of invoices,
    - Raising Invoices, and
    - Debtors

Prompt payment of invoices

27. 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. Information about the prompt payment of undisputed invoices, paid within 30 days of receipt invoices are reported monthly (LPI128)

28. The performance for this financial year is as follows:

	1st qtr	2nd qtr	3rd qtr	4th qtr
Invoices paid within 30 days of receipt	100%	100%		
Number of Invoices processed	2,323	2,421		

29. The target for prompt payment in 2014/15 is 100%. The second quarter's results confirm the Service continues to respond quickly and efficiently to requests for payment from suppliers.

Processing Sales Invoices

30. A key performance indicator in relation to the processing of income generation is the time it takes to generate a sales invoice. The current target is 100% within 2 working days from the request to raise an invoice. The performance for this financial year is as follows:

	1st qtr	2nd qtr	3rd qtr	4th qtr
Sales Invoice production	100%	100%		
Number of Sales Invoices raised	250	211		

Debt Recovery

31. A key performance indicator in assessing the service's effectiveness in collecting income due is to review the change in the age and value of debt over a period of time. A comparison of the number and value of aged debts over for the second quarter can be summarised as follows:

Number of debts 60 days+

	2012/13	2013/14	2014/15
	£'000	£'000	£'000
July	47	41	33
Aug	46	37	31
Sept	41	42	46

Value of debts 60 days+

	2012/13	2013/14	2014/15
	£'000	£'000	£'000
July	42	48	76
Aug	69	22	54
Sept	68	70	113

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 month by month and from year to year. It therefore can lead to significant variations when comparing the same month over a period of time. Considerable effort is made to actively engage with customers as part of the drive to improve the aged debt profile of the Authority.

33. Debtor accounts under £5,000 may be written off by Deputy Chief Executive. One account has been approved for write-off under delegated powers for £340.00 (excl. VAT) following advice from the litigation service.

Equality and 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 directly related to this report.

Contribution to Our Mission: *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

CFO/011/14 "MFRA Budget and Financial Plan 2014/2015-2018/2019" Authority 27th February 2014.

CFO/097/14 "Financial Review 2014/15- April to June" Policy and Resources Committee 2nd September 2014.

GLOSSARY OF TERMS

JCC	Joint Control Centre
SHQ	Service Headquarters
FM	Facilities Management
ICT	Information and communications technology
SRT	Search and Rescue Team
MPC	Monetary Policy Committee
CPI	Consumer Price Index
PWLB	Public Works Loans Board
PPC	Prompt payment code