M. Pearson
CLERK TO THE AUTHORITY

To: The Chair and Members of the Resources Committee (see below)

SERVICE HEADQUARTERS
THE KNOWLE
CLYST ST GEORGE
EXETER
DEVON
EX3 0NW

Your ref : SY/SS/RC/July 2012
Our ref :
Website : www.dsfire.gov.uk

Date : 12 July 2012
Please ask for : Sam Sharman
Email : ssharman@dsfire.gov.uk

Telephone : 01392 872200
Fax : 01392 872300
Direct Telephone : 01392 872393

RESOURCES COMMITTEE
(Devon and Somerset Fire and Rescue Authority)

Friday 20 July 2012

A meeting of the Resources Committee will be held on the above date, **commencing at 10:00 hours in Conference Room B in Somerset House, Service Headquarters** to consider the following matters.

M. Pearson
Clerk to the Authority

A G E N D A

1. **Election of Chair**

2. **Apologies**

3. **Minutes** of the meeting held on 18 May 2012 attached (Page 1).

4. **Items Requiring Urgent Attention**

   Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

5. **Declarations of Interest**

   Members are asked to declare any disclosable pecuniary interests they may have in relation to any items on the agenda for this meeting.

6. **Election of Vice Chair**

PART 1 – OPEN COMMITTEE

7. Financial Performance Report 2012/13 - Quarter 1

Report of the Treasurer to the Authority (RC/12/6) attached (page 4).

8. Treasury Management Performance 2012/13 - Quarter 1

Report of the Treasurer (RC/12/7) attached (page 15)

9. Material Asset Disposal - Bronto Skylift Aerial Appliances

Report of the Director of Service Delivery Support and Treasurer to the Authority (RC/12/8) attached (page 24)

10. Annual Grant to Service Ceremonial Unit 2012/13

Report of the Chief Fire Officer (RC/12/9) attached (page 26)

PART 2 – ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PRESS AND PUBLIC

Nil

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Gordon (Chair), Yeomans (Vice Chair), Bakewell MBE, Horsfall, Hughes OBE, Smith and Woodman

Notes:

1. SUBSTITUTE MEMBERS

Members are reminded that, in accordance with Standing Order 36, the Clerk (or his representative) MUST be advised of any substitution prior to the start of the meeting.

2. ACCESS TO INFORMATION

Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact **Sam Sharman** on the telephone number shown at the top of this agenda.

RESOURCES COMMITTEE
(Devon and Somerset Fire and Rescue Authority)

18 May 2012

Present:-

Councillors Yeomans (Vice-Chairman)(in the Chair), Bakewell MBE, Healey (vice Hughes OBE), Horsfall, Smith and Woodman.

Apologies:-

Councillors Gordon and Hughes OBE.

***RC/19. Minutes**

RESOLVED that the Minutes of the meeting held on 3 February 2012 be signed as a correct record.

***RC/20. Declarations of Interest**

Members were asked to consider whether they had any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and declare any such interests at this time.

No interests were declared at this point.

RC/21. Financial Performance Report 2011/12: Quarter 4

The Committee considered a report of the Treasurer to the Authority (RC/12/5) on the Authority's performance against the agreed financial targets for the current financial year as at 31 March 2012. In particular, the report provided a draft financial outturn indicating an underspend of £1.272m (1.69%) against the approved 2012/13 revenue budget.

The increase in underspend from the previous quarter was largely due to retained pay costs – historically a volatile budget – being significantly less than forecast as a result of fewer operational calls than anticipated. The report also detailed reasons for variance in other main areas of the budget, with overspends on wholetime, control room and non-uniformed staffing and firefighter pensions costs being off-set by underspends on retained pay, utility, repair and maintenance, equipment and furniture and communications equipment costs. Investment and the more commercial approach applied to the provision of external training had resulted in the original targets in these areas being exceeded. Higher than anticipated grant income had been received, with some £2.042m being received to fund specific purposes but which had not been spent at year end but which was eligible to be carried forward to 2012/13.

Inclusion of funding for refurbishment work at Service Headquarters (£0.204m) and for purchase of vehicle box trailer (£0.005m) had increased the capital programme by £0.209m since the last report. As these costs were, however, being met from direct revenue funding there was no consequential increase in the external borrowing requirement. Nonetheless, actual spend of £3.341m against a total programme of £7.580m indicated slippage of £4.239m, the majority of which related to estates projects such as the new Training Academy at Exeter Airport, for which it was hoped that final approvals would be in place by the end of May.

The slippage in capital spending had resulted in an underspend of revenue contribution towards capital costs. The level of underspend (£0.716m) had been transferred to an ear-marked reserve for it to be available for application in the forthcoming financial year. The slippage also meant that there had been no breach of the Authority's Prudential Indicators.

The report also identified performance against the Aged Debt Analysis and Payment of Supplier Invoices within 30 days indicators, the situation in relation to Reserves and Balances (including two transfers to Earmarked Reserves included in the 2011/12 outturn figures) and proposals to utilise the £1.272m indicative underspend by making a further three transfers to Earmarked Reserves for commercial services activities (£0.300m), capital funding reserve (£0.350m) and Comprehensive Spending Review (CSR) 2010 budget strategy reserve (£0.622m).

In relation to the proposed transfer to a commercial services reserve, the Chief Fire Officer stressed that - in accordance with the statutory requirements – funding of all commercial activities would be on the basis of securing as a minimum full cost recovery together with an element of income generation.

The Chairman commended Service budget managers on their efforts to contain spending which had contributed significantly to the underspend against the approved revenue budget.

RESOLVED

(a) that the Authority, at its meeting on the 30 May 2012, be recommended to approve:

(i) that the underspend of £1.272m against the 2011-12 revenue budget be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 11.1 of report RC/12/5 and indicated below:

A. £0.300m to be transferred to a Commercial Services (Invest-to-Save) Reserve;

B. £0.350m to be transferred to a Capital Funding Reserve to provide further direct revenue funding to capital spending; and

C. the remaining figure of £0.622m to be transferred to the Comprehensive Spending Review (CSR) 2010 Budget Strategy Reserve;

(ii) that an amount of £0.420m within Earmarked Reserves be transferred to the General Reserve, as outlined in paragraph 13.5 of the report;

(b) that, subject to (a) above, the performance against agreed financial targets as indicated in the report together with the following be noted:

(i) that the draft position in respect of the 2011-12 Revenue and Capital Outturn position, as indicated in the report; and

(ii) that the underspend figure of £1.272m is after;

A. a transfer of £2.042m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised; and

B. a transfer of £0.716m to the Capital Funding Earmarked Reserve, relating to agreed revenue funding towards capital spending not utilised; and

C. an increase of £0.348m in the Provision set aside to fund the impact of the Employment Tribunal relating to Part Time Workers (Less than Favourable Working Conditions), as outlined in paragraph 3.5 of the report.

* **DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 10.00hours and finished at 10.42hours.

DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/12/6**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**20 JULY 2012**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2012/13 – QUARTER 1**
LEAD OFFICER	**Treasurer to the Authority**
RECOMMENDATIONS	***(a) That the Authority be recommended to approve the revised capital programme for 2012/13 to 2014/15, identified in this report and summarised in Appendix A;*** ***(b) That, subject to (a) above, the monitoring position in relation to projected spending against the 2012-2013 revenue and capital budgets as indicated in this report be noted;*** ***(c) That the performance against the 2012-2013 financial targets as indicated in this report be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the first quarter performance against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2012-2013 revenue budget with explanations for the major variations. At this early stage in the financial year it is forecast that spending will be £37k less than budget, equivalent to just 0.05% of the total budget.
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY RISK AND BENEFIT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Revised Capital Programme 2012-13 to 2014-15 B. Summary of Prudential Indicators 2012-2013.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 This report provides the first quarterly financial monitoring report for the current financial year, based upon the position as at the end of June 2012. As well as providing projections of spending against the 2012-2013 revenue and capital budget, the report also includes forecast performance against other financial performance indicators, including the prudential and treasury management indicators.

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

TABLE 1 – FORECAST PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2012-2013

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 1	Previous Quarter	Quarter 1 %	Previous Quarter %
1	Spending within agreed revenue budget	£77.578m	£77.541m	N/A	(0.05)%	N/A
2	Spending within agreed capital budget	£9.859m	£8.746m	N/A	(11.29)%	N/A
3	External Borrowing within Prudential Indicator limit	£27.965m	£27.167m	N/A	(2.85)%	N/A
4	On-going Budget Savings since 2010-11	£2.642m	£2.642m	N/A	0.00%	N/A
5	Debt Ratio (debt charges over total revenue budget)	3.98%	3.98%	N/A	0.00bp	N/A
6	General Reserve Balance as %age of total budget (minimum)	5.00%	6.28%	N/A	(1.28)bp	N/A
			Actual as at 30 June 2012	**Previous Quarter**	**Variance at 30 June 2012 %**	**Previous Quarter %**
7	Aged Debt (debtors more than 85 days old)	5.00%	5.29%	N/A	0.29bp	N/A

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

- **SECTION A –** Revenue Budget 2012/2013.
- **SECTION B –** Capital Budget and Prudential Indicators 2012/2013.
- **SECTION C –** Other Financial Indicators.

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

2. SECTION A - REVENUE BUDGET 2012-2013

2.1 Table 2 below provides a summary of the forecast spending against all agreed subjective budget heads, e.g. employee costs, transport costs etc. This table indicates that spending by the year end will be £77.541m compared with an agreed budget figure of £77.578m, representing a small underspend of £37k, equivalent to 0.05% of the total budget.

TABLE 2 – REVENUE MONITORING STATEMENT 2012-2013

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY

Revenue Budget Monitoring Report 2012/13

Line No	SPENDING	2012/13 Budget £000 (1)	Year To Date Budget £000 (2)	Spending to Month 3 £000 (3)	Projected Outturn £000 (4)	Projected Variance over/ (under) £000 (5)
	EMPLOYEE COSTS					
1	Wholetime uniform staff	31,797	7,836	7,918	32,212	415
2	Retained firefighters	12,298	1,819	1,354	11,971	(327)
3	Control room staff	1,556	248	280	1,526	(30)
4	Non uniformed staff	10,188	1,697	1,631	10,173	(15)
5	Training expenses	1,353	225	343	1,353	-
6	Fire Service Pensions recharge	2,103	525	1,936	2,103	-
		59,295	**12,350**	**13,462**	**59,338**	**43**
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,590	263	254	1,588	(2)
8	Energy costs	601	72	42	575	(26)
9	Cleaning costs	451	47	34	450	(1)
10	Rent and rates	1,471	267	412	1,499	28
		4,113	**649**	**742**	**4,112**	**(1)**
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	619	103	97	619	-
12	Running costs and insurances	1,271	211	337	1,270	(1)
13	Travel and subsistence	1,810	282	196	1,795	(15)
		3,700	**596**	**630**	**3,684**	**(16)**
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,452	411	585	2,439	(13)
15	Hydrants-installation and maintenance	108	18	15	108	-
16	Communications	1,868	311	117	1,897	29
17	Uniforms	1,268	211	220	1,265	(3)
18	Catering	185	31	18	177	(8)
19	External Fees and Services	275	46	80	282	7
20	Partnerships & regional collaborative projects	137	23	2	137	-
		6,293	**1,051**	**1,037**	**6,305**	**12**
	ESTABLISHMENT COSTS					
21	Printing, stationery and office expenses	433	85	80	404	(29)
22	Advertising	57	9	8	57	-
23	Insurances	403	99	93	403	-
		893	**193**	**181**	**864**	**(29)**
	PAYMENTS TO OTHER AUTHORITIES					
24	Support service contracts	593	59	(17)	587	(6)
		593	**59**	**(17)**	**587**	**(6)**
	CAPITAL FINANCING COSTS					
25	Capital charges	4,753	243	36	4,708	(45)
26	Revenue Contribution to Capital spending	2,600	0	0	2,645	45
		7,353	**243**	**36**	**7,353**	**0**
27	**TOTAL SPENDING**	**82,240**	**15,141**	**16,071**	**82,243**	**3**
	INCOME					
28	Treasury management investment income	(100)	(17)	26	(100)	-
29	Grants and Reimbursements	(2,804)	(287)	(319)	(2,844)	(40)
30	Other income	(1,615)	(269)	(173)	(1,615)	-
31	Internal Recharges	(143)	(24)	(5)	(143)	-
32	**TOTAL INCOME**	**(4,662)**	**(597)**	**(471)**	**(4,702)**	**(40)**
33	**NET SPENDING**	**77,578**	**14,544**	**15,600**	**77,541**	**(37)**

2.2 These forecasts are based upon the spending position at the end of June 2012, historical trends, and information from budget managers on known commitments. It should be noted that whilst every effort is made for projections to be as accurate as possible, some budget lines are susceptible to volatility in spending patterns during the year e.g. retained pay costs which are linked to activity levels, and it is inevitable therefore that final spending figures for the financial year will differ than those projected in this report. Explanations of the more significant variations from budget (over £50k variance) are explained below in paragraphs 3.

2.3 It is anticipated that future budget monitoring reports during 2012-13 will be reporting a much higher underspend given that the Chief Fire Officer has tasked each budget manager across the organisation with considering the impact of a 5% reduction in their budgets, with a view to contributing towards the overall strategy to deliver significant savings by 2014-15, in response to the 25% reduction in Fire grants announced in the governments Comprehensive Spending Review 2010 (CSR 2010). Savings from this exercise achieved in the current financial year can be set aside in Authority Reserve balances.

3. <u>EMPLOYEE COSTS</u>

Wholetime Staff

3.1 At this stage it is projected that spending on wholetime pay costs will be £0.415m more than the budget figure equivalent to 1.30% of the total wholetime pay budget. This projection makes assumptions as to the timing of potential retirees during the course of the financial year, and also assumes that there will be no pay award in 2012.

Retained Pay Costs

3.2 At this early stage in the financial year spending is forecast to be £0.327m below the agreed budget figure. In making this projection an assumption has been made that activity levels in the remainder of the financial year are consistent with the average for the same period for the last three financial years. It should be emphasised that by its very nature retained pay costs can be subject to significant variations e.g. volatility to spending caused from spate weather conditions

4. <u>BUDGET SAVINGS</u>

4.1 Members will recall that in setting the 2012-13 revenue budget additional on-going savings of £1.6m were identified as part of our savings strategy to manage the 25% reductions in government grants over the four year period 2011-12 to 2014-15, as announced in the Comprehensive Spending Review 2010 (CSR 2010). This £1.6m of savings are in addition to £1.042m of on-going savings identified the previous year, therefore increasing the total on-going savings identified over and above the 2010-11 base budget to £2.642m. Table 3 overleaf provides a summary of how these savings have been achieved.

TABLE 3 – SUMMARY OF ON-GOING SAVINGS DELIVERED 2011-12 AND 2012-13

	£m
Vacancy Management	(0.575)
Adoption of Zero Base Budgeting and efficiency savings identified from Budget Holders	(0.647)
Additional Revenue from Commercial Activities	(0.495)
Amalgamation of control rooms	(0.503)
Senior Management Board restructure	(0.154)
Changes to mobilisation arrangements to co-responder calls	(0.075)
Change in policy to Automatic Fire Alarm (AFA) calls	(0.109)
Change in payroll provider	(0.059)
Dissolution of Regional Management Board	(0.025)
TOTAL SAVINGS 2011-12 AND 2012-13	**(2.642)**

4.2 At this stage of the financial year we are on track to deliver this savings target for 2012-13, however as Members will be well aware, further budget savings will be required over the next two years of CSR 2010 when the scale of grant reductions will be more severe.

4.3 With this in mind, and as part of our overall strategy for meeting the grant reductions, all budget managers across the organisation will be tasked with considering the impact to their budgets of reductions of 5% in the current financial year. It is anticipated therefore that actual savings achieved by the end of 2012-13 will exceed the £2.642m target set. Any reductions will need to risk assessed against the impact of reducing spend in those identified areas.

5. RESERVES AND PROVISIONS

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

Reserves

5.2 There two types of Reserves held by the Authority:

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

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

Provisions

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

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

5.4 A summary of predicted balances on Reserves and Provisions is shown in Table 4 below. These figures exclude any potential in-year transfers to/from the revenue budget in the current financial year.

TABLE 4 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2013

RESERVES	Balance as at 1 April 2012 £000	Spending to Quarter 1 2012 £000	Projected Outturn £000	Projected Balance as at 31 March 2013 £000	
Earmarked reserves					
Lundy Island Fire Cover	12	-	12	0	
Positive pressure ventilation training	4	-	4	0	
Mobilisation equipment	57	-	57	0	
Welfare building works	15	-	15	0	
Change & improvement training	6	-	6	0	
Gold command courses	24	-	24	0	
Interagency liaison officer costs	10	-	10	0	
Grants unapplied in 2010-11	2,521	-	1,800	721	
Change & improvement programme	673	-	673	0	
Commercial Services	300	-	300	0	
Direct Funding to Capital	1,044	-	284	760	
CSR 2010	1,817	-	-	1,817	
Total earmarked reserves	**6,483**	**0**	**3,185**	**3,298**	
General reserve					
General fund balance	**4,873**			**4,873**	
Percentage of general reserve compared to net budget					6.28%
TOTAL RESERVE BALANCES	**11,356**			**8,171**	
PROVISIONS					
Part time workers - retained fire fighters	1,853	-	990	863	
TOTAL PROVISIONS	**1,853**	-	990	**863**	

6. SUMMARY OF REVENUE SPENDING

6.1 At this early stage of the financial year it is forecast that spending will be within the agreed budget figure for 2012-13. As part of our savings strategy, budget managers across the organisation will be tasked with considering the impact of 5% reductions in their budgets, with a view to delivering further savings in the current year available to be set aside in the Authority Reserve balances.

6.2 The outcome of this exercise, in terms of the amount of savings that are identified will be reported to the next meeting of Resources Committee to be held in October 2012.

7. SECTION B – CAPITAL PROGRAMME 2012-2013 AND PRUDENTIAL INDICATORS

Monitoring of Capital Spending in 2012-2013

7.1 Table 5 below provides a summary of forecast spending against the agreed 2012-2013 capital programme. Latest projection is for capital spending to be £8.746m against a total programme of £9.859m. It should be noted that the total programme has increased by £1.262m from the original programme agreed at the budget meeting in February 2012, to include:

a. Inclusion of £0.912m relating to additional slippage against the 2011-12 capital programme, as reported to the Fire and Rescue Authority meeting on the 30 May 2012 as part of the final 2011-12 financial outturn report.

b. A further £0.350m to fund additional costs associated with the Exeter Airport capital project, to be funded from earmarked reserves, as agreed at the Fire Authority meeting in May 2012.

7.2 It should be emphasised that none of these additions require any increase in the external borrowing requirement. A revised capital programme 2012-13 to 2014-15 incorporating these additions is included as Appendix A to this report, which under Financial Regulations is required to be approved by the Fire and Rescue Authority.

TABLE 5 – CAPITAL MONITORING 2012-13

Capital Programme 2012/13

Item	PROJECT	2012/13 £000 Budget	2012/13 £000 Predicted outturn	2012/13 £000 Variation to budget
	Estate Development			
1	SHQ major building works	92	92	-
2	Major Projects - Training Facility at Exeter Airport	3,239	2,579	(660)
3	Minor improvements & structural maintenance	1,650	1,400	(250)
4	Welfare Facilities	15	15	-
5	USAR works	95	94	(1)
6	Minor Works slippage from 2010-11	343	343	-
7	Minor Works 2011-12	1,674	1,474	(200)
	Estates Sub Total	**7,108**	**5,997**	**(1,111)**
	Fleet & Equipment			
8	Appliance replacement	700	700	-
9	Specialist Operational Vehicles	920	920	-
10	Vehicles funded from revenue	0		-
11	Equipment	242	240	(2)
12	Appliance and Specialist Operational Vehicles slippage	889	889	-
	Fleet & Equipment Sub Total	**2,751**	**2,749**	**(2)**
	Overall Capital Totals	**9,859**	**8,746**	**(1,113)**
	Programme funding			
	Main programme	4,194	3,741	(453)
	Revenue funds	3,644	2,984	(660)
	Grants	2,021	2,021	-
		9,859	**8,746**	**(1,113)**

Slippage in Capital Spending 2012-13

7.3 At this stage in the financial year capital spending in 2012-13 is projected to be £1.113m less than the agreed programme. Whilst a good start has been made on the Estates projects, it is anticipated that there will be some slippage against some projects which will require unused funding to be carried forward into 2013-14. In particular, in relation to the Training Academy Exeter Airport project, whilst the contract has been placed with the contractor and a start has been made on site during the course of this month, the contract period is set at 45 weeks but the current and forecast weather conditions over the next month or two do give some cause for concern in terms of delays to progress on site. Current cashflow projections indicate that there will be circa £660k of the project cost carried through to 2013-14. Projects at Ilminster and Axminster, which are partnership projects with the Police are also likely to slip due to delays in agreeing legal documentation and associated land acquisitions.

Prudential Indicators (including Treasury Management)

7.4 Table 5 also illustrates how the forecast spending of £8.746m is to be financed, which includes additional borrowing of £3.741m to finance capital spending. As is reported in the separate Treasury Management Performance Report elsewhere on the agenda, during the first quarter of 2012-13 additional borrowing of £2m has been taken out as a consequence of historically low rates in June 2012. This additional borrowing has increased total borrowing as at 30 June 2012 to £29.066m, forecast to reduce to £27.167m by 31 March 2013, which is well within the Authorised Limit for external debt of £34.159m (the absolute maximum the Authority has agreed as affordable).

7.5 At this stage of the year income from the investment of working balances into short-term deposits is anticipated to reach the target figure of £0.100m by 31 March 2013. Investment returns have yielded an average return of 0.90%, which outperforms the LIBID 3 Month return (industry benchmark) of 0.87% for the quarter.

7.6 Appendix B provides a summary of performance against all of the agreed Prudential Indicators for 2012-2013, which illustrates that at this time there is no anticipated breach of any of these indicators.

8. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

8.1 Total debtor invoices outstanding as at 30 June 2012 is £175,997, a decrease on the previous quarter figure of £215,545.

8.2 Of this figure an amount of £9,306 (£6,482 as at 31 March 2012) was due from debtors relating to invoices that are more than 85 days old, equating to 5.29% (3.02% as at 31 March 2012) of the total debt outstanding. Table 6 overleaf provides a summary of all debt outstanding as at 30 June 2012.

TABLE 6 – OUTSTANDING DEBT AS AT 30 JUNE 2012

	Total Value £	**%**
Current (allowed 28 days in which to pay invoice)	43,086	24.48%
1 to 28 days overdue	93,258	52.99%
29-56 days overdue	21,332	12.12%
57-84 days overdue	9,015	5.12%
Over 85 days overdue	9,306	5.29%
Total Debt Outstanding as at 30 June 2012	**175,997**	**100.00%**

8.3 As the Committee will be aware from previous reports on this issue, more stringent procedures were introduced during 2011-12 to the collection of long term debt resulting in a significant improvement to the Aged Debt Ratio. However during the last quarter the 5% target has been breached (5.29%) as a result of one debtor (Ocean Training) defaulting on payment of £2,068 in relation to attendance at a training course. This matter is now in the hands of our solicitor to recover full payment and this company will now only be accepted for future business on the basis of cash up front.

Payment of Supplier Invoices within 30 days

8.4 The authority attempts to pay its suppliers promptly. The target is that 98% of invoices should be paid within 30 days (or other agreed credit terms). At the end of June our performance stood at 96.77% however it is anticipated that it will be possible to achieve the target by the end of the financial year.

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/12/6

REVISED CAPITAL PROGRAMME 2012-2013 TO 2014-15

Revised Capital Programme (2012/13 to 2014/15)

2011/2012 Budget (£000)	2011/2012 outturn (£000)	Item	PROJECT	2012/13 (£000)	2013/14 (£000)	2014/15 (£000)
			Estate Development			
30	31	1	Exeter Middlemoor			
10	1	2	Exeter Danes Castle			
96	4	3	SHQ major building works	92		
			Control project			
1,000	111	4	Major Projects - Training Facility at Exeter Airport	3,239		
		5	Minor improvements & structural maintenance	1,650	1,750	1,750
37	22	6	Welfare Facilities	15		
		7	Diversity & equality			
610	515	8	USAR works	95		
1,689	1,542	9	Minor Works slippage from 2010-11	343		
1,871		10	Minor Works 2011-12	1,674		
5,343	2,226		**Estates Sub Total**	7,108	1,750	1,750
			Fleet & Equipment			
397	*749*	11	Appliance replacement	700	1,900	1,900
1,315	*74*	12	Specialist Operational Vehicles	920	600	0
89	*89*	13	Vehicles funded from revenue			
127	*45*	14	Equipment	242	200	200
129	*0*	15	Asset Management Plan (Miquest) software			
180	*180*	16	Systems integration			
		17	BA Replacement		1,400	
		18	Specialist Operational Vehicles Slippage 2011-12	889		
2,237	1,137		**Fleet & Equipment Sub Total**	2,751	4,100	2,100
7,580	**3,363**		**SPENDING TOTALS**	**9,859**	**5,850**	**3,850**
			Programme funding			
3,508			Main programme	4,194	5,350	3,350
1,527	818		Revenue funds	3,644		
2,545	2,545		Grants	2,021	500	500
7,580	**3,363**		**FUNDING TOTALS**	**9,859**	**5,850**	**3,850**

PRUDENTIAL INDICATORS 2012-2013

Prudential Indicators and Treasury Management Indicators	Forecast £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	**8.746**	**9.859**	**(£1.113m)**
Capital Financing Requirement (CFR) - Total	**29.523**	**29.961**	**(£0.438m)**
- Borrowing	27.965	28.403	
- Other long term liabilities	1.558	1.558	
Authorised limit for external debt - Total	**28.725**	**35.746**	**(£7.021m)**
- Borrowing	27.167	34.159	
- Other long term liabilities	1.558	1.587	
Debt Ratio (debt charges as a %age of total revenue budget	**3.98%**	**3.98%**	**(0.00)bp**
Cost of Borrowing – Total	**1.197**	**1.246**	**(£0.049m)**
- Interest on existing debt as at 31-3-12	1.147	1.147	
- Interest on proposed new debt in 2012-13	0050	0.099	
Investment Income – full year	**0.100**	**0.100**	**(£0.000m)**
	Actual (30 June 2012) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**0.90%**	**0.87%**	**(0.03) bp**

Prudential Indicators and Treasury Management Indicators	Forecast (31 March 2013) %	Target Upper limit %	Target Lower limit %	Variance (favourable) /adverse %
Limit of fixed interest rates based on net debt	100.00%	100.00%	70.00%	0.00%
Limit of variable interest rates based on net debt	0.00%	30.00%	0.00%	(30.00%)
Maturity structure of borrowing limits				
Under 12 months	3.51%	30.00%	0.00%	(26.49%)
12 months to 2 years	0.99%	30.00%	0.00%	(29.01%)
2 years to 5 years	1.15%	50.00%	0.00%	(48.85%)
5 years to 10 years	5.03%	75.00%	0.00%	(69.97%)
10 years and above	89.31%	100.00%	50.00%	(10.69%)

DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/12/7**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**20 JULY 2012**
SUBJECT OF REPORT	**TREASURY MANAGEMENT PERFORMANCE 2012/13 – QUARTER 1**
LEAD OFFICER	**TREASURER**
RECOMMENDATIONS	***(a) That the Authority be recommended to approve an amendment to its Treasury Management Policy to include the use of Certificate Deposits (CDs) and UK Government Gilts as Approved Investment Instruments, as outlined in paragraph 3 of this report; and*** ***(b) That, subject to (a) above, the performance in relation to the treasury management activities of the Authority for 2012-2013 (to June) as set out in this report be noted.***
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code of Practice for Treasury Management in November 2009. The revised Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's revised Code of Practice.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Investments held as at 30 June 2012.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) Report DSFRA/12/3 – as approved at the meeting of the DSFRA meeting held on the 17 February 2012.

1. INTRODUCTION

1.1 The Treasury Management Strategy for Devon and Somerset FRA had been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) 2011 Treasury Management in Public Services Code of Practice (the Code) and the CIPFA Prudential Code. The most recent revision of the Code was adopted at the meeting of the DSFRA on the 17th February 2012. The Authority fully complies with the primary requirements of the Code, which includes:

- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Authority's treasury management activities.
- The creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives.
- The Receipt by the full Authority of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- The delegation by the authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.2 Treasury management in this context is defined as:

"The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

1.3 The preparation of this report demonstrates that the Authority is implementing best practice in accordance with the code.

2. ECONOMIC BACKGROUND

Global economy

2.1 The economic outlook has generally weakened;

- Demand on the high street was volatile, as a result of temporary distortions;
- Employment rose and unemployment fell, but earnings growth remained weak;
- Inflation continued to fall;
- The Bank and the HM Treasury announced measures to help the UK banking sector;
- The MPC indicated another tranche of quantitative easing (QE);
- Gilt yields fell on the back of deteriorating economic data and safe-haven flows from the euro-zone;
- Sentiment towards the Eurozone alternately rose on the announcement of measures to address the crisis, but then fell back as measures disappointed.

2.2 The weakening business surveys since the start of Q1 suggests that the economy will be lucky to escape a third successive quarterly contraction (output shrunk by 0.4% in Q3 FY 11/12 and 0.3% in Q4 FY 11/12). Admittedly, the weighted output balance of the CIPS/Markit surveys in April and May was at a level consistent with quarterly expansion, albeit of only 0.2%. However it is not clear that the CIPS surveys have improved on the detrimental impact on output of the extra bank holiday for the Queen's Jubilee at the start of June.

2.3 The CIPS surveys does exclude the retail sector and high street spending, which performed strongly in May on the official measure, following a weak, poor-weather driven performance in April. Evidence for early June from the CBI's Distributive Trades Survey suggests that the Jubilee holiday may have boosted spending. Nevertheless, consumer confidence showed no signs of breaking out of its long-depressed state.

2.4 The labour market continued to perform relatively better. The Labour Force Survey measure of employment rose by 166,000 in the three months to April, whilst unemployment fell by 51,000 in the period February-April. The scale of the decline was more modest than the rise in employment, with the number of people looking for work outpacing jobs growth. The narrower claimant count measure of unemployment did rise by 8,000 in May, the largest increase since September 2011.

2.5 Banks' funding costs eased over the quarter, reflecting actions by the Bank of England and Treasury to boost liquidity. Two initiatives were announced in June - a 'funding for lending' scheme which would allow banks to temporarily "swap" their assets with the Bank of England in return for money they could lend to customers, and an emergency scheme that offered six-month low-cost liquidity to banks in tranches of £5bn a month. Costs, however, remained elevated and banks began to pass higher costs onto borrowers. Borrowing rates on most types of new mortgages picked up in April and May.

2.6 Trade data showed a sharp deterioration in April. The UK posted its second largest monthly trade deficit on record, driven in large part by a widening of the gap between exports and imports with countries outside the EU. Exports to the Eurozone also fell, with weakness extending from the peripheral countries to what had previously been perceived as strong economies like Germany.

2.7 Inflation fell further in the second quarter. CPI inflation fell from 3.5% in March to 2.8% in May, driven by declines in fuel and food prices. Core inflation fell from 2.5% to 2.2%. Consistent with the decline in inflation, medium-term indicators of inflation suggested that underlying price pressures remained weak. Household respondents to June's YouGov/Citigroup inflation expectations survey predicted the annual rate of inflation in a year's time would be 2.4%, the lowest year-ahead expectation since April 2010.

2.8 The MPC voted narrowly against pursuing more quantitative easing (QE) at its June meeting. The consensus view was that the MPC would decide on further purchases in July. The Governor of the Bank of England said in June that, as a consequence of the Eurozone crisis, he was already more pessimistic than suggested by the forecasts published in the Bank's Inflation Report only six weeks earlier.

2.9 Market sentiment towards the Eurozone remained volatile as successive 'rescue packages' first raised, and then disappointed, expectations. The economic news suggested that the Eurozone economy contracted sharply in the second quarter, while Eurozone unemployment rose to 11.1% in May, the highest rate since the creation of the euro in 1999.

2.10 Sector's interest rate forecast

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%
5yr PWLB rate	2.10%	2.20%	2.20%	2.30%	2.40%	2.50%	2.60%	2.80%	3.00%	3.20%	3.40%
10yr PWLB rate	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%
25yr PWLB rate	4.20%	4.30%	4.30%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
50yr PWLB rate	4.30%	4.40%	4.40%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%

2.11 The Sector central forecast is for the first increase in Bank Rate to be in the first quarter of 2014 but there is downside risk to this projection. With growth predictions for the U.K continuing to be reduced on an almost monthly basis by both the Office for Budget Responsibility and economic commentators generally, and financial markets unconvinced that politicians have resolved the Euro-one sovereign debt crisis in the medium-term, we are likely to continue to experience high levels of volatility.

Summary Outlook

2.12 The outlook for the global economy remains clouded with uncertainty. The UK economy has struggled to generate a sustained recovery so this offers little hope for a strong recovery in 2012, and possibly even into 2013. Consumer and business confidence levels are generally low and it is not easy to see potential for a significant increase in the growth rate in the short term.

UK

- Austerity measures, aimed at getting the public sector deficit into order over the next four years, may start losing support unless the economy starts to revive soon;
- Some £80bn is going to be made available by the Government to the banks to parcel through to business but it is not clear that all of this will be taken up;
- The housing market, a gauge of consumer confidence, remains subdued although house prices are being supported by the weak £ relative to some of the other main currencies;
- Economic forecasts for 2012 and beyond have been revised lower on a near quarterly basis;
- The Bank of England embarked on a £50bn third round of Quantitative Easing (QE) at the start of July to stimulate economic activity. It is unlikely to be the last tranche of QE and the total now stands at £375bn;
- Inflation has eased from its peak of 5.2% (CPI) in September 2011, now standing at 2.8% with the outlook brighter given commodity and oil prices seem to be in decline, at least for the moment
- "Safe haven" status has underpinned demand for gilts and kept yields at historic lows. Unlikely to see material change in near term.

3. TREASURY MANAGEMENT STRATEGY STATEMENT

Annual Investment Strategy

3.1 The Authority's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement (TMSS) was approved by the Authority on the 17th February 2012. It outlines the Authority's investment priorities as follows:

- Security of Capital
- Liquidity

3.2 The Authority will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep a significant proportion of investments short term to cover short term cash flow needs but also to seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions using the Sector suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Sector.

3.3 A full list of investments held as at 30 June 2012 are shown in Appendix A.

3.4 Investment rates available in the market have continued at historically low levels.

3.5 The average level of funds available for investment purposes during the quarter was £17.980m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Benchmark	Benchmark Return	Authority Performance	Investment interest for quarter
3 Month LIBID	0.87%	0.90%	£(21,537)

3.6 As illustrated, the authority outperformed the 3 month LIBID benchmark by 0.03 bp**.** The Authority's budgeted investment return for 2012-2013 is £0.100m, and performance so far this year indicates that this figure will be met by March 2013.

3.7 As was reported in the last report in May 2012, given the level of cash balances held and the restricted number of counterparties left on our approved list, following the removal of most building societies, we have been exploring alternatives to using bank call accounts which typically pay a rate less than base. In the last quarter we have already moved some cash from call accounts to AAA money market funds, which typically pay a rate 0.25 to 0.30 base points above base. This will release longer term investment possibilities with existing counterparties. The use of money market funds is permitted within the Treasury Management Policy (Schedule 4 – Approved instruments, Methods and Techniques).

3.8 In recent weeks we have also been exploring other alternatives with Sector and from those discussions the advice received is that the use Treasury Bills, Certificate of Deposits and UK government Gilts offer alternative investment with relatively low risk. Brief details of how each of these options operate are provided below.

Treasury Bills

3.9 Treasury Bills (T-bills) are the most marketable money market securities. These financial instruments are issued on a discount basis by HM Treasury, by tender, usually to central, clearing and investment banks. T-bills are short-term securities, issued with one-month, three-month and six months maturities from their issue date, at which point the holder receives a full par value from the government. T-bills are typically purchased for a price that is less than their par (face) value. The interest earned is effectively the difference between the purchase price of the security and what you get at maturity.

3.10 T Bills have low credit risk as the borrower is the UK Government, currently AAA rated. T Bills are liquid instruments meaning investors can enter and exit the market quickly and easily. The associated yield, however, is low with T Bills, compared to other AAA rated instruments e.g.: MMF. T Bills offer access to primary market and the secondary market. T Bills can generate a Capital loss should you choose to trade in the secondary market if the price you receive is lower than the price you purchased at.

Certificate of Deposits (CDs)

3.11 A CD is a bearer instrument which certifies that a sum of money has been deposited with the bank issuing the certificate, at a fixed yield, and that on the stated maturity date the deposit will be repaid with interest. The CD can be sold in the secondary market, if immediate access to cash is required by the holder of the CD. A CD gives flexibility i.e. you can trade out of it so long as there is a secondary market for that CD. Because of this increased liquidity, the rates on CD's are usually lower than that of fixed term deposits. The same credit quality criteria apply as to a fixed deposit.

3.12 CDs have better liquidity than fixed term deposits as they can be sold before maturity; however a liquid market must exist for the CD in the future for the sale to take place. Market risk for fixed deposits is low as once a rate is fixed, it remains the same for the entire duration of the investment. CD prices, however, are not fixed and fluctuate from day to day; which means that a CD bought today could be worth less tomorrow. This is not an issue if the CD is held to maturity and the Counterparty is in a position to make full repayment on this date.

3.13 The use of CD's would allow the Authority to access counterparties with good credit quality, which are not currently active in the local authority fixed deposit market.

Gilts

3.14 Gilts are bonds issued by the UK government to finance its Public Sector Borrowing Requirement. A conventional Gilt pays the holder a fixed cash payment (or coupon) every six months until maturity, at which point the holder receives their final coupon payment and the return of the principal. Gilts are AAA rated instruments, so are considered very safe investments as the debt is guaranteed by the UK government. Gilts are AAA rated instruments and with counterparty risk being a key investment concern in the current markets, Gilts offer safe haven status in this area. Gilts also offer a semi annual income stream from the coupon payments, with the principal being returned at maturity. If a Gilt were bought but then later sold at a lower level, a capital loss would be incurred; however if a Gilt were held to maturity this would not be an issue

3.15 Treasury bills, CD's and Gilts are considered to be appropriate alternative investment options for the Authority to use to assist in the delivery of its investment strategy of placing security and liquidity before yield. The use of Treasury Bills is already permitted under the Treasury Management Policy; however CD's and Gilts are not currently included as approved investment instruments.

3.16 It is proposed therefore that it be recommended to the next meeting of the Fire and Rescue Authority that CD's and Gilts be added to the list of approved investment instruments that the Authority will use.

Borrowing Strategy

Prudential Indicators:

3.17 It is a statutory duty for the Authority to determine and keep under review the "Affordable Borrowing Limits". The Authority's' approved Prudential Indicators (affordability limits) are outlined in the approved TMSS.

3.18 A full list of the approved limits (as amended) are included in the Financial Performance Report 2012-2013, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to June 2012 and that there are no concerns that they will be breached during the financial year.

New Borrowing

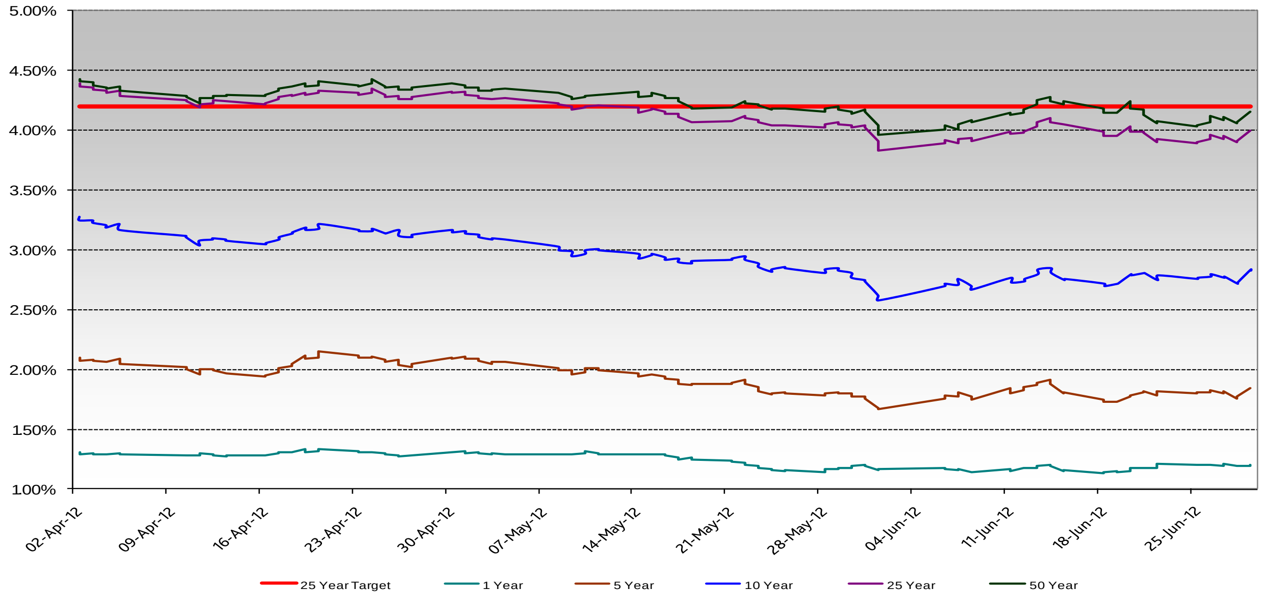
3.19 Sector's 25 year PWLB target rate for new long term borrowing for the quarter remained at 4.20%. Whilst there was no underlying need for the Authority to borrow during the period for capital purposes (the Capital Financing Requirement - CFR), new external borrowing of £2m was undertaken in June 2012 from the PWLB / Market at a rate of 3.28%. This borrowing was taken out on the 12 June when 15 year rates were at historically low levels and therefore represents excellent value for money over the long term.

3.20 This new borrowing increased total external borrowing as at 30 June 2012 to £29.066m, compared to a figure as at 31 March 2012 of £27.066m. No debt rescheduling was undertaken during this quarter of the year

3.21 As shown below, interest rates across the interest rate yield curve generally fell during the quarter. The low points during the quarter were generally seen during June.

PWLB rates quarter ended 30.6.2012

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.13%	1.67%	2.58%	3.83%	3.96%
Date	18/06/12	01/06/12	01/06/12	01/06/12	01/06/12
High	1.33%	2.15%	3.28%	4.39%	4.43%
Date	19/04/12	20/04/12	02/04/12	02/04/12	02/04/12
Average	1.24%	1.92%	2.95%	4.13%	4.24%



3.22 It is anticipated that internal borrowing and available grants will reduce the call on any further borrowing and therefore it is not intended that any further borrowing will be undertaken this financial year.

4. SUMMARY

4.1 In compliance with the requirements of the CIPFA Code of Practice of Treasury Management, this report provides members with a first quarter report of the treasury management activities for 2012-2013. As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns are still low as a consequence of the fall in interest rates, the Authority is still anticipating that the investment returns will be greater than originally budgeted.

KEVIN WOODWARD
Treasurer

Investments as at 30th June 2012

% of total investments	Counterparty	Maximum to be invested (£m)	Total amount invested (£m)	Call or Term	Date if Term	Interest Rate
8.41%	Cater Allen	5.0	1.500	T	02/07/2012	1.59%
23.97%	Bank of Scotland	5.0	1.500	T	16/07/2012	2.05%
			2.000	T	01/02/2013	2.00%
			0.777	C		0.75%
30.87%	Barclays	10.0	2.000	T	30/11/2012	1.24%
			1.750	T	07/12/2012	1.19%
			1.750	T	07/12/2012	0.93%
			0.008	C		0.10%
24.19%	Ignis Money Market Fund	5.0	4.316	C		Variable
6.95%	Black Rock	5.0	1.239	C		Variable
5.61%	Nationwide B/S	1.5	1.000	T	29/08/2012	0.93%
			17.840			

DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/12/8**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**20 JULY 2012**
SUBJECT OF REPORT	**MATERIAL ASSETS DISPOSAL - BRONTO SKYLIFT AERIAL APPLIANCES**
LEAD OFFICER	**Director of Service Delivery Support and Treasurer to the Authority**
RECOMMENDATIONS	***That, in accordance with Financial Regulations, the end of life disposal of three Bronto Skylift aerial appliances as identified in this report be approved.***
EXECUTIVE SUMMARY	Following the successful replacement programme of the five new aerial appliances it is necessary to dispose of the end of life redundant assets. It is considered that three of the five assets as listed in the report will potentially have a sale value in excess of the lower threshold as set out in the Devon and Somerset Fire Authority Financial Regulations Schedule for material assets, thereby requiring approval of this Committee for disposal.
RESOURCE IMPLICATIONS	As detailed in report
EQUALITY RISK & BENEFITS ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	None
LIST OF BACKGROUND PAPERS	None

1. The Fleet capital replacement programme has successfully delivered five aerial appliances into operational use and the old appliances are now redundant and at the end of agreed life.

2. There is, however, from a commercial aspect potentially still some usable life remaining in the units in a less safety critical environment and this has the potential to result in reasonable sale values.

3. Market intelligence gathered to date indicates that there is a potential for three of the five units when offered for sale to exceed £25,000, the threshold for which, in accordance with the Authority's Financial Regulations, approval of this Committee is necessary if disposal of the assets is to go ahead. It is, however, highly unlikely that the units will make in excess of the threshold beyond which full Authority approval would be required.

4. The Committee is invited, therefore, to approve of the disposal of the assets in accordance with Financial Regulations. If approved, the units will be disposed of using the approved government contract and proceeds less commission returned to the Authority.

ASSISTANTANT CHIEF FIRE OFFICER TREVOR STRATFORD
Director of Service Delivery Support

KEVIN WOODWARD
Treasurer to the Authority

DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/12/9**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**20 JULY 2012**
SUBJECT OF REPORT	**ANNUAL GRANT TO SERVICE CEREMONIAL UNIT 2012/13**
LEAD OFFICER	**Chief Fire Officer**
RECOMMENDATIONS	***That a grant of £6,000 be made towards the costs of Ceremonial Unit activities during the current financial year and particularly towards the cost of attendance at the Ypres Remembrance parade in November.***
EXECUTIVE SUMMARY	For a number of years the Ceremonial Unit has represented the Service at the Ypres Remembrance parade and other more local events and has received appropriate financial support from the Service to do so. This paper now seeks approval, in accordance with Financial Regulations, to the making of a grant to the Unit to cover events in the current financial year – particularly attendance at the Ypres Remembrance parade.
RESOURCE IMPLICATIONS	Any grant made to the Unit will be contained from within existing resources.
EQUALITY IMPACT ASSESSMENT	Not applicable
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Ceremonial Unit Memorandum of Understanding

1. GENERAL BACKGROUND

1.1 Members will be aware of the Devon & Somerset Fire & Rescue Service Ceremonial Unit. The Unit comprises a Corp and Pipe section and is a voluntary organisation open to existing and retired officers of the Devon & Somerset Fire & Rescue Service, together with the former Devon and Somerset fire and rescue services. The Unit has a stated aim of projecting the good image of the Devon & Somerset Fire & Rescue Service and the British fire service generally. Its President is the Chief Fire Officer, with the current Authority Chairman (Mark Healey) as Patron and former Authority Chairman, Councillor Bernard Hughes OBE, Honorary Life Vice-Patron.

1.2 Through its public appearances the Ceremonial Unit significantly promotes the fire service, and in particular, Devon & Somerset, in the eyes of the general public and the special interest groups for whom they display.

1.3 In particular, the Unit has, for a number of years, represented the Devon & Somerset Fire & Rescue Service (and the former Devon fire and rescue service, prior to combination), at the internationally-recognised Armistice Day Commemoration held in Ypres, Belgium, in November of each year. This culminates in a special Last Post Ceremony at the Menin Gate Memorial, one of four British and Commonwealth memorials to the missing in the battlefield area of the Ypres Salient in Belgian Flanders. The memorial bears the names of 54,389 officers and men from United Kingdom and Commonwealth Forces (except New Zealand and Newfoundland) who fell in the Ypres Salient before 16 August 1917 and who have no known grave.

1.4 The ceremony is attended by representatives of the United Kingdom, Belgian and other nations' Armed Forces, local dignitaries, ambassadors, members of the clergy, representatives of United Kingdom fire brigades, Royal British Legion Standard bearers, ex-Service organizations, Friends of the Last Post Association and invited guests.

1.5 Additionally, the Unit also represents the Service at the annual UK Firefighters Memorial Service (usually held in London in September) and up to a maximum of six other occasions each year at the request of either the Chief Fire Officer or the Chairman of the Authority.

2. FUNDING IN 2012/13

2.1 As mentioned, the Unit is voluntary and as such is dependent on grants, sponsorship etc. for the majority of the funding it needs to operate. In particular, the Memorandum of Understanding between the Service and the Unit provides that the Service will provide annual funding of £5,000 each financial year to the Unit. This is subject to annual review by the Chief Fire Officer and the Chairman of the Authority but the intention is that, when made, the grant made will provide for an increase of no less than the rate of inflation measured over the preceding 12 months. The primary purpose of this funding is to support expenses incurred by attendance at the Ypres Remembrance Ceremony.

2.2 The Unit has costed attendance at this event in 2012 at £5,400. This relates to travel only – other costs associated with attendance are borne by the individuals in the Unit attending the event. As previously indicated, however, attendance at Ypres represents only one such event attended by the Unit during the course of the year. In light of this, it is suggested that the Committee may wish to award a grant of £6,000 in the current financial year to cover the quoted transport costs associated with attendance at Ypres and leave a small surplus by way of a contribution to the costs of other events.

2.3 Financial Regulations require the making of any grant in excess of £5,000 to be approved by this Committee. Any grant made to the Unit for the current financial year will be contained from within existing resources. The approved revenue budget contains provision of £10,000 for the making of grants to outside organisations. Historically, the Service has supported both the Ceremonial Unit and the Fire Service Sports and Athletics Association from this provision.

3. CONCLUSION

3.1 The Unit has an exemplary record of meeting its stated aim of projecting the good image of the Devon & Somerset Fire & Rescue Service and the British fire service generally. This is particularly the case in relation to the Ypres Remembrance Ceremony for which the Unit has achieved well-deserved international recognition.

3.2 As such, the Committee is asked to approve – in accordance with Financial Regulations – the making of a grant to the Unit of £6,000 to support its activities in the current financial year and particularly attendance at the Ypres Remembrance Ceremony.

LEE HOWELL
Chief Fire Officer