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 : SS/SY/RC/Feb budget 2014
Our ref :
Website : www.dsfire.gov.uk
Date : 13 February 2014
Please ask for : Sam Sharman
Email : ssharman@dsfire.gov.uk
Telephone : 01392 872200
Fax : 01392 872300
Direct Telephone : 01392 872393

RESOURCES COMMITTEE (BUDGET MEETING)

(Devon and Somerset Fire and Rescue Authority)

Friday 21 February 2014

The Resources Committee (budget) will be held on the above date, **commencing at 14:00 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

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

1. Apologies

2. Minutes of the meeting held on 3 February 2014 attached (Page 1).

3. Items Requiring Urgent Attention

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

PART 1 – OPEN COMMITTEE

4. Capital Programme 2014-15 to 2016-17

Report of the Chief Fire Officer and Treasurer (RC/14/6) attached (page 5).

(**NOTE**: This report is a slightly revised version of that submitted to the Committee on 3 February 2014 and has been amended in the light of the Revenue Budget proposals in report RC/14/7 below).

5. 2014-15 Revenue Budget and Council Tax Levels

Report of the Treasurer and Chief Fire Officer (RC/14/7) attached (page 15).

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 Greenslade (Chairman), Brooksbank, Burridge-Clayton, Chugg, Dyke, Gordon and Yeomans

NOTES	
1.	**<u>Disclosable Pecuniary Interests (Authority Members only)</u>** If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority's Monitoring Officer, you must: (a) disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest; (b) leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and (c) not seek to influence improperly any decision on the matter in which you have such an interest. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (b) and (c) above.
2.	**<u>Part 2 Reports</u>** Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.
3.	**<u>Substitute Members (Committee Meetings only)</u>** Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.
4.	**<u>Access to Information</u>** Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the "Please ask for" section at the top of this agenda.

RESOURCES COMMITTEE
(Devon and Somerset Fire and Rescue Authority)

3 February 2014

Present:-

Councillors Greenslade (Chairman), Brooksbank, Chugg, Dyke, Gordon, Healey (vice Burridge-Clayton) and Yeomans.

***RC/12. Minutes**

RESOLVED that the Minutes of the meeting held on 13 November 2013 be signed as a correct record.

***RC/13. Treasury Management Performance 2013-14: Quarter 3**

The Committee received for information a report of the Treasurer (RC/14/1) that detailed the Authority's performance on treasury management activities in Quarter 3 of the financial year (2013/14) in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) 2011 Treasury Management in Public Services Code of Practice.

The Authority's treasury management adviser, Adam Burleton of Capita, was in attendance at the meeting and he highlighted the following points:

- That economic growth in 2013 had surpassed all expectations, with signs that Gross Domestic Product may have accelerated, inflation was at its lowest level (2.1%) since November 2009 and unemployment was approaching the Monetary Policy Committee's 7% forward guidance threshold;
- Interest rates were unlikely to increase before June 2016;
- The Authority was performing well against its investment strategy and was outperforming the 3 month LIBID rate of 0.40% with a return of 0.43%;
- External Borrowing as at 31 December 2013 was £26.368 million, which was well within the Authority's agreed authorised limit.

It was noted that none of the prudential indicators had been breached and that the Authority had continued with a prudential approach to investment decisions with priority given to liquidity and security over yield.

RESOLVED that the performance in relation to the treasury management activities of the Authority for 2013-2014 (to December 2013) be noted.

***RC/14. Financial Performance Report 2013/14: Quarter 3**

The Committee received for information a report of the Treasurer (RC/14/2) that set out details of the Authority's financial performance during the third quarter of the current year (2013/14) as compared with the approved financial targets. The report also provided a forecast of spending against the approved 2013/14 revenue budget.

In response to a question, the Chief Fire Officer gave an update at this point on the position in respect of the Service's response to the flooding in the Somerset Levels.

Councillor Greenslade extended congratulations on behalf of the Committee for the professionalism and dedication of staff shown and for the Service's commendable response to the flooding which had elevated its reputation as a direct result.

The Treasurer highlighted that spending was forecast to be £74.852 million at the year-end which was £1.932million less than the approved revenue budget of £76.784million, equivalent to 2.52% of the total budget. He added that a lot of effort had been made with budget holders to achieve this position and that he was confident of delivering an under-spend at the year end, although the figures may vary, particularly in the light of the Service's response to the flooding. He added that it was anticipated that the response provided to the flooding should be cost neutral to the Service subject to funding through the Bellwin Scheme but this needed to be clarified in due course. It was noted that there was no recommendation set out within this report as to how the underspend should be utilised and that the Authority would need to determine this at the year-end following a recommendation from this Committee.

Reference was made to the issue of pensions liability for retained firefighters that was still outstanding as a result of the ruling on the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000. The Treasurer advised that, whilst the Authority had already established a reserve of £1.6 million for this liability, it was not clear at this stage as to whether or not this would be sufficient. Work was ongoing both within the Service and with Popularis (as appointed by the Fire and Rescue Services National Employers') to try to identify the number of firefighters who wished to claim the pension rights and thus to establish the extent of the liability more clearly. This liability rested with fire and rescue services but the point was made that the Government should be pressed to assist with this, perhaps by allowing the capitalisation of revenue over a fixed period to lessen the financial burden.

RESOLVED

(a) That the monitoring position in relation to projected spending against the 2013-2014 revenue and capital budgets be noted;

(b) That the performance against the 2013-2014 financial targets be noted.

(NB. Councillor Chugg left the meeting at this point).

***RC/15. Capital Programme 2014-15 to 2016-17**

The Committee considered a joint Report of the Chief Fire Officer and the Treasurer (RC/14/3) that set out a proposal for a three year Capital Programme covering the years 2014-15 to 2016-17 and which outlined the difficulties in meeting the full capital expenditure requirements for this Authority, given the size and nature of its assets.

The Chief Fire Officer advised the Committee that the Service had, in recent years, reduced its funding for vehicle replacement in support of the Estates programme. This had created a backlog on the Service's vehicle replacement programme and it was proposed that this now be addressed with the reinstatement of funding within the Capital Programme for 2014-15 to 2016-17 for the Light Rescue Pumps, the cost of which was significantly less than the traditional Type B appliance. The Service was, however, undertaking a review of its entire estate in the long term and the outcome of this would be submitted to the Committee for consideration in due course.

The Treasurer stated that, in reviewing the Capital Programme, the Service needed to challenge what it could afford to do in the future, particularly in the light of the knowledge that future capital funding would be on the basis of a bidding process and not a grant allocation. The Government had already announced that for 2015-16, any capital funding would be allocated following a bidding process based on transformational projects and the Service was anticipating making several bids.

It was noted that the Capital Programme had been constructed on the basis of keeping within the self-imposed 5% borrowing limit. Whilst a forecast debt of £32.8million by 2017 was not considered to be excessive for this Authority given the size of its asset portfolio, the Treasurer suggested that the Authority should continue to monitor its exposure to further debt, particularly in the context of affordability within a reducing revenue budget.

In view of the point that the Authority had not as yet received all of the information needed to assess its revenue budget requirements for 2014-15, the Clerk suggested that the wording in the recommendation in report RC/14/3 be amended to reflect this.

Councillor Greenslade **MOVED,** with Councillor Gordon seconding, that the recommendation set out in report RC/14/3 be approved subject to it being amended to read (amendments shown in bold italics):

> "that ***subject to the setting of the Revenue Budget for 2014-15, the Devon and Somerset Fire and Rescue Authority be recommended ………***:", with the remainder of the wording being as printed.

The motion was then put to the vote and CARRIED unanimously, upon which it was:

RESOLVED that, subject to the setting of the Revenue Budget for 2014-15, the Devon and Somerset Fire and Rescue Authority be recommended:

(i) to approve a revenue contribution of £1.2m from the 2014-15 revenue budget towards the Light Rescue Pumps (LRP) project;

(ii) to approve the draft Capital Programme 2014-15 to 2016-17 and associated Prudential Indicators, as detailed in report RC/14/3 and summarised at Appendices A and B respectively to this report; and

(iii) to note the forecast impact of the proposed Capital Programme (from 2017-18 onwards) on the 5% debt ratio Prudential Indicator as indicated in report RC/14/3.

*RC/16. Proposed Disposal of Two End of Life Service Vehicles

The Committee considered a joint report of the Director of Operations and the Treasurer (RC/14/4) that set out a proposal to dispose of two service vehicles (Ford Rangers) on a charitable basis that had reached the end of their operational service life in accordance with the provisions in Financial Regulations.

The Chief Fire Officer reported that, as a humanitarian gesture, it was proposed to donate these vehicles to Nepal, where the Service had already developed an association over a number of years. He added that the United Nations had shown an interest in this and was seeking to discuss the development of a comprehensive approach on search and rescue and the Service would be exploring this matter further.

RESOLVED that, in accordance with Financial Regulations, the Committee approves the gifting of the two "end-of-life" 4x4 Ford Ranger vehicles, with an estimated market value of £15,400, to Pokhara and Chitwarn in Nepal as a humanitarian gesture and given the opportunity at this time to have them transported at no cost to the Service.

*RC/17. Exclusion of the Press and Public

RESOLVED that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 5 of Part 1 of Schedule 12A (as amended) to the Act, namely information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

***RC/18. Georgia Group Debt – Further Considerations**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded from the meeting.

The Committee considered a report of the Director of People and Commercial Services (RC/14/5) on action taken by the Service to recover a debt arising from services that had not been delivered by the Georgia Group.

RESOLVED that the settlement offer set out in report RC/14/5 as advanced by the Georgia Group under Part 36 of the Civil Protection Rules be accepted, and the consequential write off of the balance of £30,687 be approved in accordance with Financial Regulations.

***DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 10.00hours and finished at 11.55ours.

DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/14/6**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**21 FEBRUARY 2014**
SUBJECT OF REPORT	**CAPITAL PROGRAMME 2014-15 TO 2016-17**
LEAD OFFICER	**Chief Fire Officer and Treasurer**
RECOMMENDATIONS	***That the Devon and Somerset Fire and Rescue Authority be recommended:*** ***(i) to approve a minimum revenue contribution of £1.2m from the 2014-15 revenue budget towards the Light Rescue Pumps (LRP) project.*** ***(ii) to approve the draft Capital Programme 2014-15 to 2016-17 and associated Prudential Indicators, as detailed in the report and summarised at Appendices A and B respectively to this report; and*** ***(iii) to note the forecast impact of the proposed Capital Programme (from 2017-18 onwards) on the 5% debt ratio Prudential Indicator as indicated in this report.***
EXECUTIVE SUMMARY	This report sets out the proposals for a three year Capital Programme covering the years 2014-15 to 2016-17 and also outlines the difficulties in meeting the full capital expenditure requirement for this Authority, given its size, number of fire stations and fire appliances required to be maintained and eventually replaced. The Committee has been advised over recent years of the difficulties in maintaining a programme that is affordable within the 5% Prudential Indicator (debt charges as a percentage of the Revenue Budget) against a reducing revenue budget. All aspects of the programme have been considered. To support continued funding for the roll out of the Light Rescue Pumps (LRP), it is proposed to make a provision in the 2014-15 revenue budget for a contribution of a minimum of £1.2m, and to again reduce the Estates programme to enable debt charges to be kept within the 5% limit up until 2016-17. To inform longer term planning the Prudential Indicator has been profiled for a further three years beyond 2016-17 to show the impact of providing sufficient funds for the LRP programme over this period.

RESOURCE IMPLICATIONS	As indicated within the Report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Summary of Proposed Capital Programme 2014-15 – 2016-17 (and indicative Capital Programme 2017-18 to 2019-20). B. Prudential Indicators 2014-15 – 2016-17 (and indicative Prudential Indicators 2017-18 to 2019-20).
LIST OF BACKGROUND PAPERS	None

1. INTRODUCTION

1.1 Each year the Capital Programme is reviewed and adjusted to include new projects and those carried forward, allowing the capital investment needs of the Service to be understood over a three year rolling programme. Each year considerable effort is made to ensure that the impact of borrowing is maintained below the 5% ratio of financing costs to net revenue stream – one of several Prudential Indicators previously agreed by the Authority. The impact of a reducing revenue base on the Service's ability to borrow whilst maintaining debt charge below this ceiling has, however, made the allocation of funds between the main cost centres of fleet and estates increasingly difficult.

1.2 The Department for Communities and Local Government (CLG) has in recent years provided some grant funding to fire and rescue authorities for capital purposes. In 2013-14 and 2014-15 an amount of £70m has been made available in each year, which is part distributed on a pro-rata basis (population) and part subject to a bidding process. Unfortunately, the submission of a bid in 2013 by the Service of £4.7m to support the introduction of the Light Rescue Pump (LRP) was unsuccessful. The remaining distribution of grant (based on population) to the Authority of £1.4m in each year represents a 30% reduction from the previous levels.

1.3 For 2015-16, the CLG has announced that an amount of £45m will be made available for capital purposes and that it will all be subject to a bidding process based upon transformational projects. The Authority will be submitting a bid by the deadline of April 2014, with announcements of successful bidders to be made in the Autumn of 2014. There is no announcement of additional grants to be distributed on a pro-rata basis meaning that for 2015-16 onwards it is unlikely that any capital grants will be available to fund mainstream capital programmes.

1.4 Up until 2013-14 DSFRA capital funds have predominantly been directed towards specific Estates projects culminating in the Training Academy build at Exeter Airport, reducing the available budget for the vehicle replacement programme, thereby creating a significant backlog. However, last year the Estates programme was significantly reduced to accommodate the reinstatement of the fleet programme to fund the proposed introduction of the LRP.

1.5 The programme for 2014-15 to 2016-17 as proposed within this report includes a further reduction in the Estates programme, which together with a proposed contribution from the 2014-15 revenue budget of a minimum of £1.2m towards the LRP project, will keep debt charges within the 5% Prudential Indicator. It should be recognised, however, that the proposed programme does come with some risk in terms of progression of the Programme from 2016-17 onwards which may require a reconsideration by the Authority of its previous stance on the 5% Prudential Indicator.

2. FINANCING OF THE PROPOSED CAPITAL PROGRAMME

2.1 On 8 December 2008, the Resources Committee considered a report (RC/08/10) - "Affordable Capital Investment Plans for 2009-2010 to 2011-12" was submitted to the Resources Committee regarding the instigation of a principle that debt repayments be kept below 5% of the total revenue budget (Minute *RC/15) refers). This may well be breached in future years, not only as a consequence of additional capital investment, but also as a result of future revenue budgets being lower than originally forecast at the time following the Comprehensive Spending Review (CSR) 2010 announcement. This, along with the reduction in government grant has a direct impact on the Capital Programme going forward.

2.2 The tests of affordability are measured by compliance with the CIPFA Prudential Code for Capital Financing for Local Authorities. Under this code, the Authority is required to set a suite of indicators to provide assurance that capital spending is prudent, affordable and sustainable. The indicators are reviewed annually, although set for the three year period. They also include setting maximum borrowing limits to provide assurance around prudence and the setting of maximum debt ratios to provide assurances in relation to affordability and sustainability.

2.3 The issue of affordable capital spending has been the subject of several reports to both this Committee and the Authority in recent years. The most recent report was considered by the Fire and Rescue Authority on 18 February 2013 (Minute DSFRA/53 refers) when setting the existing capital programme. The proposed programme contained in this report increases the external borrowing requirement to £32.8m by 2016-17, increasing the debt ratio to 5.00%. This compares to a current external borrowing of £26.2m as at 31 March 2014.

2.4 Whilst a debt of £32.8m is not considered excessive for this size Authority, given the large size of the asset portfolio, it is clear that the Committee will want to monitor its exposure to further debt levels as the Service moves forward in the next three years, to ensure that the debt levels are affordable in the context of a reducing budget and the ability to service debt repayments.

2.5 The focus of this Authority over many years has been to control spending within the 5% limit. To achieve this, the Service has reduced the spend on the appliance replacement programme to support Estates projects, utilising revenue funding wherever possible. It has always been the intention to re-commence the fleet programme by 2013-14, however, the extent to which this can be achieved is subject to affordability as measured by the Prudential Indicators.

2.6 The revised programme has again been constructed on the basis of keeping the debt ratio within the 5% limit. To achieve this Estates programme for the years 2014-15 to 2016-17 has been reduced by £0.5m from previously reported levels. It is also proposed that a minimum revenue contribution of £1.2m be made in 2014-15 to support the LRP project. It still remains the case however that not all of the Service's capital investment backlog can be delivered in this period, and the position will need to be reviewed on an annual basis subject to the overall financial position of the Authority.

3. <u>**SERVICE ESTATES**</u>

3.1 Whilst combination provided many benefits, the Estates department inherited additional building stock with no increase in budget or staffing, limiting the ability of the department over recent years. Last year the department was subject to a review and has been re-structured, which will provide improved efficiencies and ways of working.

3.2 The budget for Estates remains, however, insufficient for the Authority's extensive property portfolio and associated maintenance requirements. Outside of specific projects the budget is normally in the range of £1.75 - £2m. This figure does not reflect the true costs which should be nearer to £5m per annum. Whilst the temporary increase in recent years, to meet specific Service projects, has proved successful; the level of future funding will only exacerbate this problem.

3.3 In seeking to present the Authority with an affordable programme, for the second year, no new major projects are included. It is also proposed to reduce the provision for minor improvements and structural maintenance by £0.5m over the next three years.

4. OPERATIONAL ASSETS

Vehicle Replacements/Equipment

4.1 The Authority has the second largest fleet of all fire and rescue services in England. Until 2013-14 this budget had been reduced in support of the Estates programme, creating a significant backlog in vehicle replacement. However in setting the current programme in February 2013 a reinstatement of the programme was made to provide the necessary funding for the proposed investment in the LRP programme, commencing in 2013-14. The Authority has previously consulted on these vehicles and over the last twelve months the LRP has been subject to a pilot and a full procurement exercise.

Light Rescue Pumps

4.2 It was planned that funding for the introduction of the Light Rescue Pump (LRP) would be part funded from government grant. The Minister reported last year that the grant would be:

- an efficiency fund, administered as a capital grant via a bidding process, and
- a pro-rata distribution using the current distribution method.

4.3 The Service submitted a bid for £4.7m over a two year period to offset future borrowing costs. However the CLG it is very disappointing that our bid of was not successful as this adversely impacts on our ability to roll out the LRP programme. However given that the £4.7m will now need to be funded from our own sources it was proposed that this programme takes place over a six year period rather than the original four years planned. However, this additional borrowing runs the risk that the 5% Prudential Indicator will be breached at some point in the next six years. To alleviate this borrowing requirement it is proposed that in setting the revenue budget for 2014-15 a provision be made for a minimum of £1.2m revenue contribution towards the project. This will enable the roll out to continue and keep within the 5% limit by 2016-17. However, this report provides indicative prudential indicator figures beyond the normal three year period which highlights that the indicator is likely to be breached in 2017-18 (5.57%).

4.4 Despite this, the LRP programme remains the bedrock of the Authority's future fleet replacement strategy for introducing 'Tiered Response'; meeting future service delivery arrangements with a more cost effective vehicle, improved service to local communities, along firefighter safety. The capital programme has been adjusted to support this proposal over a six year term. The procurement timetable has provided for the introduction of six LRP's in 2013-14 and 16 vehicles, per annum, in future years.

Breathing Apparatus Replacement Programme

4.5 There is an operational need to harmonise the breathing apparatus equipment between Somerset (Scott Sabre) and Devon (InterSpiro) and a full business case has been developed to consider the most appropriate and cost effective options. The programme for 2013-14 indicated that an estimated £1.4m would be required for the harmonisation Breathing Apparatus (BA) equipment in 2013-14.

4.6 However, again recognising the financial constraints on the Capital Programme, the purchase of BA has been slipped to 2014-15 subject to future decisions regarding "4G" technology which supports the use of telemetry. The figure for the purchase of BA has also been revised to £0.884m reflecting the outcome of the Business Case.

5. REVISED CAPITAL PROGRAMME FOR 2014-15 – 2016-17

5.1 Appendix A provides an analysis of the proposed programme for the three years 2014-15 to 2016-17 as contained in this report. This programme represents an increase in overall spending of £0.1m over the previously agreed programme as illustrated in Figure 1 below.

	Estates £m	Fleet & Equipment £m	Total £m
EXISTING PROGRAMME			
2013-14	3.3	3.5	6.8
2014-15	2.0	3.7	5.7
2015-16	1.7	3.4	5.1
2016-17(provisional)	1.7	3.2	4.9
Total 2013-14 to 2016-17	8.7	13.8	22.5
PROPOSED PROGRAMME			
2013-14 (forecast spending)	2.5	2.5	5.0
2014-15	2.7	5.1	7.8
2015-16	1.5	3.5	5.0
2016-17	1.5	3.3	4.8
Total 2013-14 to 2016-17	8.2	14.4	22.6
PROPOSED CHANGE	**-0.5**	**0.6**	**0.1**

Figure 1

5.2 The increase of £0.6m spending for Fleet and Equipment relates to additional provision of £0.3m for LRP's, following completion of procurement process, and £0.3m to fund replacement ICT Servers to be funded from a revenue contribution.

5.3 Appendix A also provides indicative capital requirements beyond 2016-17 up to 2019-20. The estimated debt charge emanating from this revised spending profile is illustrated in Figure 2. These amounts are included in the 2014-15 revenue budget proposal and Medium Term Financial Plan.

Summary of Estimated Capital Financing Costs

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Base budget for Capital Financing costs Debt charges and operating leasing rentals	4.626	4.377	4.349	4.776	5.259	5.689
Change over previous year		-0.249	-0.028	0.427	0.910	0.913
Debt ratio	3.76%	3.86%	4.32%	5.00%	5.57%	6.13%

Figure 2

5.4 The forecast figures for external debt and debt charges beyond 2016-17 are based upon the indicative programmes as included in Appendix A for the years 2017-18 to 2019-20. The affordability of these programmes will need to be subject to annual review based upon the financial position of the Authority.

6. PRUDENTIAL INDICATORS

6.1 Appendix B provides a summary of the Prudential Indicators associated with this level of spending over this period. It is forecast that Capital Financing Requirement (the need to borrow to fund capital spending) will have increased from current levels of £26m to £36.9m by 2020. Figure 2 below provides further analysis of forecast borrowing for each year.

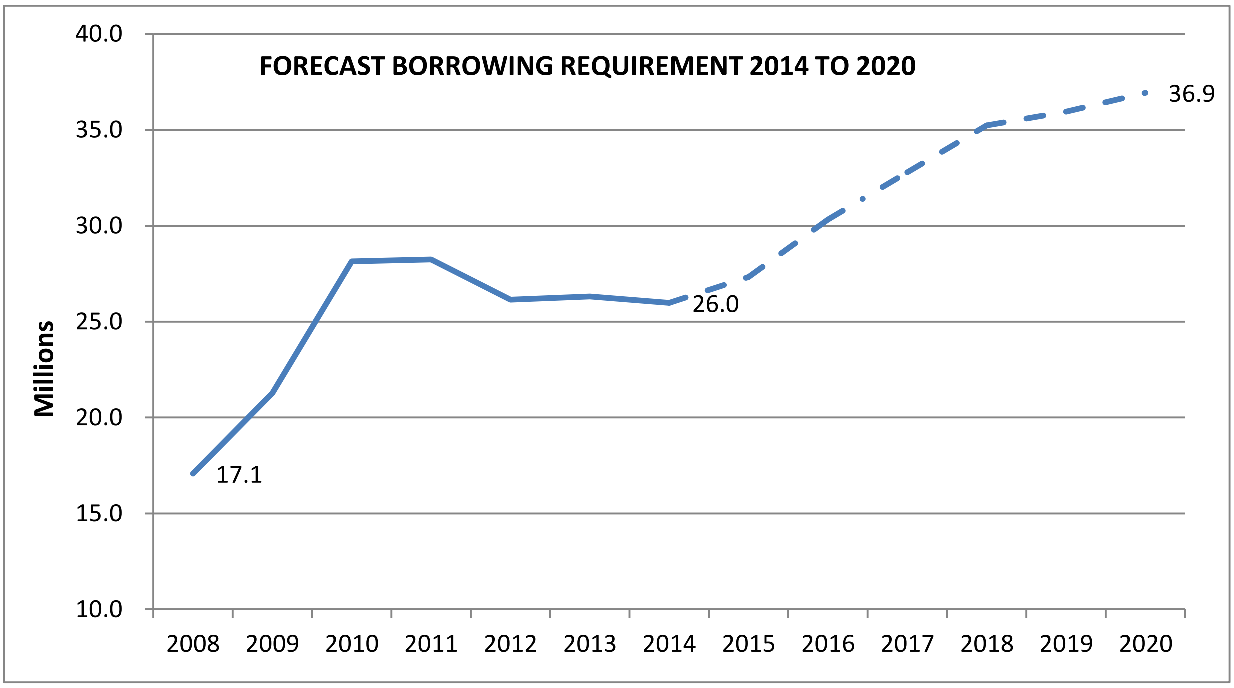


Figure 2

6.2 The reducing revenue budget impacts significantly upon the borrowing capacity of this Authority. Whilst the programme now presented maintains borrowing within 5% to 2016-17, it does come with a risk that this could be breached from 2017-18 onwards albeit that the Service considers it has measures in place to mitigate against this. Previous Capital Programmes and the borrowing profile have been reasonable and affordable.

6.3 The Treasurer has reported previously that given the size of the DSFRA asset portfolio a borrowing profile at £36m is not deemed to be excessive. However reducing the programme for the next three years and providing a revenue contribution of a minimum £1.2m keeps the consequences of borrowing below 5% and maintains the Service debt exposure to £32.8m by 2016-17.

6.4 The LRP project is being rolled out over the next six years and the prudential indicator has been profiled beyond 2016-17 to reflect the on-going impact. Whilst the budget for Estates has again been reduced to assist pump priming the introduction of the LRP and stabilise the backlog of Medium Rescue Pump (MRP – the more traditional size appliance) replacement, it should be recognised that this reduced spend will have a detrimental impact on the ability to maintain Service fire stations with a reducing revenue budget. It has been reported previously that the Authority has a property portfolio that requires significant investment, with a backlog of some £16m.

7. CONCLUSION

7.1 This report emphasises the difficulties in meeting the full capital expenditure requirement for the Service, given the geographical size, number of fire stations and fire appliances required to be maintained and eventually replaced, and also keeping debt charges within the 5% limit. Indications are that there is a risk that this limit is breached by 2017-18 (5.57%). However the programme proposed in this report does not commit any spending beyond 2016-17. Decisions on further spending will be subject to annual review based upon the financial position of the Authority.

7.2 The proposed capital programme for 2014-15 to 2016-17 as set down in Appendix A limits future spending whilst providing towards reducing the fire appliance replacement backlog. The programme is therefore recommended for approval.

LEE HOWELL
Chef Fire Officer

KEVIN WOODWARD
Treasurer

APPENDIX A TO REPORT RC/14/6

2013/2014 Revised Programme (£000)	2013/2014 Predicted outturn (£000)	Item	PROJECT	2014/15 (£000)	2015/16 (£000)	2016/17 (£000)	2017/18 (£000)	2018/19 (£000)	2019/20 (£000)
Capital Programme (2014/15 to 2019/20)				PROPOSED PROGRAMME 2014-15 TO 2016-17			INDICATIVE PROGRAMME 2017-18 TO 2019-20		
			Estate Development						
79	39		SHQ major building works	40					
1,544	1,214		Major Projects - Training Facility at Exeter Airport	330					
			Minor improvements & structural maintenance	2,050	1,500	1,500	1,750	1,750	1,750
255	97		USAR works	158					
1,288	1,153		Minor Works slippage from earlier years	134					
63	43		Projects funded from Revenue	20					
3,229	2,546		**Estates Sub Total**	2,732	1,500	1,500	1,750	1,750	1,750
			Fleet & Equipment						
			Appliance replacement	2,557	3,202	2,557	2,557	1,438	2,119
			Specialist Operational Vehicles			400	400		
60	56		Vehicles and equipment funded from revenue	0					
			Equipment	1,454	320	320	320	380	200
100	100		USAR Vehicles	0					
481	337		Equipment slippage from earlier years	144					
2,883	1,937		Appliance & Specialist Operational Vehicle slippage from earlie	940					
3,523	2,430		**Fleet & Equipment Sub Total**	5,095	3,522	3,277	3,277	1,818	2,319
6,752	**4,976**		**SPENDING TOTALS**	**7,827**	**5,022**	**4,777**	**5,027**	**3,568**	**4,069**
			Programme funding						
1,596	1,596		Main programme	3,215	5,022	4,777	5,027	3,568	4,069
3,361	1,743		Revenue funds	3,056					
355	197		Earmarked Reserves	158					
1,440	1,440		Grants	1,398					
6,752	**4,976**		**FUNDING TOTALS**	**7,827**	**5,022**	**4,777**	**5,027**	**3,568**	**4,069**

APPENDIX B TO REPORT RC/14/6

PRUDENTIAL INDICATORS

				INDICATIVE INDICATORS 2017/18 to 2019/20		
	2014/15 £m estimate	2015/16 £m estimate	2016/17 £m estimate	2017/18 £m estimate	2018/19 £m estimate	2019/20 £m estimate
Capital Expenditure						
Non - HRA	7.827	5.022	4.777	5.027	3.568	4.069
HRA (applies only to housing authorities						
Total	7.827	5.022	4.777	5.027	3.568	4.069
Ratio of financing costs to net revenue stream						
Non - HRA	3.86%	4.32%	5.00%	5.57%	6.13%	6.51%
HRA (applies only to housing authorities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Requirement as at 31 March	£000	£000	£000	£000	£000	£000
Non - HRA	27,328	30,327	32,779	35,231	35,946	36,939
HRA (applies only to housing authorities	0	0	0	0	0	0
Other long term liabilities	1,509	1,443	1,374	1,299	1,209	1,112
Total	28,837	31,770	34,153	36,530	37,155	38,051
Annual change in Capital Financing Requirement	£000	£000	£000	£000	£000	£000
Non - HRA	1,328	2,933	2,383	2,377	625	896
HRA (applies only to housing authorities	0	0	0	0	0	0
Total	1,328	2,933	2,383	2,377	625	896
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p	£ p
Increase/(decrease) in council tax (band D) per annum	-£0.19	-£0.44	-£0.20	N/A	N/A	N/A
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT						
Authorised Limit for external debt	£000	£000	£000	£000	£000	£000
Borrowing	34,145	36,747	37,585	38,701	39,565	40,252
Other long term liabilities	1,449	1,371	1,278	1,177	1,070	963
Total	35,594	38,118	38,863	39,878	40,635	41,216
Operational Boundary for external debt	£000	£000	£000	£000	£000	£000
Borrowing	32,779	35,231	35,946	36,939	37,768	38,405
Other long term liabilities	1,374	1,299	1,209	1,112	1,010	907
Total	34,153	36,530	37,155	38,051	38,778	39,313

TREASURY MANAGEMENT INDICATOR	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2014/15		
Under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	50%

DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/14/7**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**21 FEBRUARY 2014**
SUBJECT OF REPORT	**2014-2015 REVENUE BUDGET AND COUNCIL TAX LEVELS**
LEAD OFFICER	**Treasurer and Chief Fire Officer**
RECOMMENDATIONS	***That the Committee consider the contents of this report with a view to recommending to the budget meeting of the Devon and Somerset Fire and Rescue Authority on 24 February 2014, an appropriate level of revenue budget and council tax for 2014-15.***
EXECUTIVE SUMMARY	It is a legislative requirement that the Authority sets a level of revenue budget and council tax for the forthcoming financial year by the 1 March each year. The Secretary of State has announced that the council tax threshold to be applied in 2014-15 that would trigger a requirement to hold a council tax referendum is to be 2.0%. This report considers two potential options A and B below for council tax in 2014-15. OPTION A – Freeze council tax at 2013-14 level **(£75.39 for a Band D Property).** OPTION B – Increase council tax by 1.99% above 2013-14 **(increase of £1.50 to £76.89).** The Committee is asked to consider the implications associated with each option, with a view to making a recommendation of one option to the full Authority budget meeting on 24 February 2014.
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	Not applicable.
APPENDICES	A. Core Net Revenue Budget Requirement 2014-15. B. Letter of Representation sent to the DCLG regarding the Provisional Local Government Finance Settlement.

	C. Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves and Balances. D. 2014-15 Public Precept Consultation Results (page numbered and enclosed separately with the agenda for this meeting). E. Council Tax Precept Survey 2014 (page numbered and enclosed separately with the agenda for this meeting).
LIST OF BACKGROUND PAPERS	Nil.

1. INTRODUCTION

1.1 It is a legislative requirement that the Authority sets a level of revenue budget and council tax for the forthcoming financial year, before 1 March, in order that it can inform each of the fifteen council tax billing authorities within Devon and Somerset of the level of precept required from the Authority for 2014-2015. The purpose of this report is to provide the necessary financial background for consideration to be given as to what would be appropriate levels for the Authority.

1.2 The Localism Act 2011 includes new provisions which require a local authority to hold a council tax referendum where an authority's council tax increase exceeds the council tax "excessiveness principles" applied for that year. These new rules replace the previous capping regime where the government would impose a cap on council tax increases.

1.3 On 5th February 2014, the Department for Communities and Local Government (DCLG) announced that the council tax limit to be applied in 2014-2015, which if exceeded would trigger the need to hold a referendum, is to be 2.0%. This announcement is much later than expected amid speculation that the limit would be set at a lower limit than the 2.0%.

1.4 Given that the administration costs associated with holding a local referendum for Devon and Somerset Fire and Rescue Authority (DSFRA) for one year are estimated to be in the region of £2.3m, this report does not include any proposals to go beyond the referendum limit. Instead it considers two options, A and B below, of which the maximum proposed increase is 1.99%.

OPTION A – Freeze council tax at 2013-14 level (£75.39 for a Band D Property).

OPTION B – Increase council tax by 1.99% above 2013-14 (£76.89).

1.5 The Committee is asked to consider each of these options with a view to making a recommendation of one option to the Fire and Rescue Authority meeting to be held on 24 February 2014.

2. FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2014-15

2.1 The final Local Government Finance Settlement was announced on 5th February 2014, which provided local authorities with individual settlement funding assessment figures for 2014-15. It should be noted that as a result of significant changes to the local government finance system introduced in 2013-14 which brought in the new Business Rates Retention Scheme, the new terminology attached to settlements is "Settlement Funding Assessment" (SFA), which replaces the previous "Formula Funding".

2.2 The SFA for this Authority results in a reduction in 2014-15 of 7.7% over 2013-14:

TABLE 1 – SETTLEMENT FUNDING ASSESSMENT FOR DSFRA	**£m**	**%**
SFA 2013-14	34.962	
SFA 2014-15	32.283	
Reduction over 2013-14	**-2.679**	**-7.7%**

2.3 This figure is very much in line (slightly worse) than the figure already included within the DSFRA medium term financial plans, and therefore no change from the grant figure used to inform Corporate Plan proposals in July 2013.

2.4 A reduction of 7.7% in 2014-15 is on top of the 10.3% reduction suffered in 2013-14 meaning that the Authority has suffered the third worst settlement of all FRAs over the two years. This is very surprising given that in the previous two years from 2010 we had received the third best settlement, and that the formula used to distribute fire formula funding from 2013-14 included a sparsity factor for the very first time. Given that Devon and Somerset provides fire and rescue cover over the largest geographical area in the country, this Authority should have been one of the biggest gainers from the inclusion of the sparsity factor. It would appear, however, that other changes in the formula have worked against us. In response to the provisional Local Government Finance Settlement announcement in December 2013 I have written a letter to the DCLG on behalf of the Authority expressing our disappointment with the provisional settlement. A copy of this letter is attached as Appendix B. The final settlement, however, shows only a slight change from the provisional figures.

2.5 The settlement announcement also included an illustrative SFA for 2015-16 of £29.575m, representing a further reduction in 2015-16 of £2.7m or 8.4%. Whilst publication of this figure is helpful to inform planning it should be emphasised that this figure may well be subject to change before the final SFA figure is announced in December 2014. A further reduction of £2.7m in 2015-16 would mean that DSFRA grant funding will have been reduced by a total of £8.6m since 2012-13, equivalent to 22.5%.

3. <u>REQUIREMENT TO HOLD A LOCAL REFERENDUM FOR EXCESSIVE COUNCIL TAX INCREASES</u>

3.1 New rules were introduced last year which requires an authority to hold a local referendum should it propose to increase council tax beyond a government set limit (principles). A referendum would need to be held on our behalf by all of the billing authorities in Devon and Somerset by May of the financial year in question. The administrative costs associated with holding such a referendum would have to be funded by the authority.

3.2 If the referendum results in a ‘yes’ vote then the increase will stand, however, if a ‘no’ vote is the outcome then the authority will need to revert to a council tax increase limited to the government set limit. This means that, in such circumstances at the budget meeting, two budgets would need to be considered, the budget at the excessive council tax level, and a second “shadow budget” based on the government set limit for council tax increases.

3.3 Given that Band D council tax figures for fire and rescue authorities are relatively low, typically only 4% of the total council tax bill, DSFRA has argued with DCLG, that fire and rescue authorities should be exempt from this requirement as the costs associated with holding a referendum are disproportionate to the amount of additional precept gained from any increase. For this Authority the position is exacerbated by the fact that it has fifteen billing authorities that would be required to hold referendums on its behalf, resulting in estimated referendum costs in the region of £2.3m. It is felt that, rather than applying a percentage increase, a cash amount could be used for fire and rescue authorities.

3.4 The government has shown that it is sympathetic to this suggested approach as for 2013-14 it has exempted a small number of fire and rescue authorities, along with some district councils and police authorities, from a percentage limit and replaced it with a £5 cash increase. Only those authorities in the lower quartile of their authority type in terms of the size of Band D council tax have been exempted, however, which unfortunately did not include DSFRA.

3.5 On 5th February 2014, the DCLG announced the referendum threshold to be applied in 2014-15 is to 2.0%. This announcement is much later than is usually the case amid speculation that the limit would be set lower than the indicative figure of 2.0% announced as part of the Spending Round 2013 publication in the summer of 2013.

4. COUNCIL TAX AND BUDGET REQUIREMENT 2014-2015

Council Tax

4.1 The government has again laid out its expectations that local authorities should freeze council tax in 2014-15 and to encourage this has again announced that it will pay a further Council Tax Freeze Reward Grant to those authorities that freeze, or reduce, council tax in 2014-15. This grant will be equivalent to an increase in council tax of 1.0%, estimated to be £0.472mm (subject to confirmation of council tax base for 2014-15) for DSFRA.

4.2 However, where this differs from previous years is that the government has confirmed that the reward grant will be included in the baseline funding for future years, which is the best guarantee we can expect given that it is very rare for a government to make commitments on behalf of future administrations. It has also been announced that the same rules will apply to 2015-16.

4.3 It is, of course, still an Authority decision to set a level of council tax that is appropriate to its funding position, and indeed it is voluntary as to whether the Authority agrees to accept the grant available. Whilst DSFRA agreed to freeze council tax in 2011-12 and take the reward grant of £1.099m (equivalent to 2.5% increase in CT), for the last two years it agreed to reject the grant and increase council tax by 3.0% in 2012-13 (referendum limit 4.0%), and 1.99% in 2013-14 (referendum limit 2.0%). The decision not to take the grant was largely taken in order to protect future funding baseline figures given that it had been suggested that the reward grant for 2012-13 and 2013-14 would be paid for one year only. In the event the CLG has now confirmed that the 2011-12 and 2013-14 reward grant will be included in future year baseline funding figures.

4.4 For 2014-15 the Authority has to decide whether it wishes to freeze council tax, and if not, decide on what level of increase is appropriate. Each 1% increase in council tax represents a £0.75p increase for a Band D property, and is equivalent to a £0.421m variation on the revenue budget. In relation to the referendum option it is my view that given the costs of holding a referendum (circa £2.3m) this is not a viable option for DSFRA for 2014-15. This report considers two options:

OPTION A – Freeze council tax at 2013-14 level (£75.39 for a Band D Property).

OPTION B – Increase council tax by 1.99% above 2013-14 (£76.89).

4.5 Each option will result in a reduction in the amount of revenue funding for 2014-15. Table 2 overleaf provides a summary of the reduction associated with each option, including additional precept income.

TABLE 2 – OPTIONS FOR COUNCIL TAX CHANGE – REDUCTION IN FUNDING 2014-15

	OPTION A Council Tax Freeze at £75.39 £m	OPTION B Council Tax Increase of 1.99% to £76.89 £m
TOTAL FUNDING 2013-14	**76.784**	**76.784**
Reduction in Formula Funding	-2.679	-2.679
Increase in Retained Business Rates from new Business Rate Retention System.	0.114	0.114
Changes in Council Tax Precept		
- increase in Council Tax Base resulting from introduction of local Council Tax Benefit System and increase in number of properties	0.666	0.666
- resulting from an increase in Band D Council Tax	-	0.838
- 2014-15 Council Tax Reward Grant	0.472	-
- Increase in Share of Billing Authorities Council Tax Collection Funds	0.071	0.071
Net Change in precept income	**1.209**	**1.575**
TOTAL FUNDING AVAILABLE 2014-2015	**75.428**	**75.794**
NET REDUCTION IN FUNDING	**-1.356**	**-0.990**

4.6 The impact of each of the options over 2013-14 is summarised below:

Option A would result in a reduction in funding in 2014-15 of £1.356m, and the reward grant of £0.472m will be included in future baseline funding figures.

Option B would result in a smaller reduction in funding in 2014-15 of £0.990m and the amount available from the 1.99% increase in council tax of £0.838m will be built into future years funding levels.

Council Tax Base

4.7 Whilst the reduction in government funding of £2.679m is in line with previous expectations, the amount of precept income and business rates to be received in 2014-15 from billing authorities will be £1.1m more than originally forecast. The increase in precept income (£0.9m) is as a result of an increase in the council tax base across the area of Devon and Somerset which normally reflects increases in the number of properties e.g. Cranbrook in East Devon. However, for this year the increase is largely as a result of better collection rates than estimated from the billing authorities due to less council tax benefit being paid following the introduction the new Local Council Benefit Scheme in April 2013. The increase in business rates income (£0.2m) reflects the DSFRS share of additional business rates forecast to be collected in 2014-15 from billing authorities.

Net Budget Requirement

4.8 Table 3 below provides a summary of the net budget requirement for 2014-15 based on the two options. A breakdown of the more detailed items included in the draft budget is included in Appendix A. *(based upon Option A for illustrative purposes only)*

TABLE 3 – SUMMARY OF NET REVENUE BUDGET REQUIREMENT 2014-2015

	OPTION A		**OPTION B**	
	£m	**%**	**£m**	**%**
Approved Net Revenue Budget Requirement 2013-14	76.784		76.784	
PLUS Provision for pay and price increases (PAY AWARD ASSUMED 1.0% IN 2014)	0.968	*+1.2%*	0.968	*+1.2%*
MINUS Reduction in investment for Change and Improvement Programme	(0.504)	*-0.6%*	(0.504)	*-0.6%*
PLUS Inescapable Commitments	0.557	*+0.7%*	0.557	*+0.7%*
PLUS Invest-to-Save Items - Revenue Support to Capital Programme	1.200	*+1.6%*	1.566	*+2.0%*
MINUS Budget Savings	(3.577)	*(4.7%)*	(3.577)	*(4.7%)*
REDUCTION IN BUDGET OVER 2013-2014 (£m)	**(1.356)**	***(1.8%)***	**(0.990)**	***(1.4%)***
NET REVENUE BUDGET REQUIREMENT 2014-15	**75.428**		**75.794**	

Revenue Support to Capital Programme

4.9 Elsewhere on the agenda is a separate report relating to the proposed capital programme 2014-15 to 2016-17. That report highlights the significant capital investment needs of a sparsely populated area such as Devon and Somerset with numbers of fire stations and fire appliances second only to London. The report also raises concerns of the Authority's reliance on increased borrowing to fund future capital investment requirements, particularly in light of the unsuccessful bid of £4.7m to the CLG to fund the roll-out of the Light Rescue Pump (LRP) programme. It is therefore recommended that the Authority supports revenue contributions to fund capital spending wherever possible in order to reduce borrowing requirement and therefore the resultant commitment required in the revenue budget to service debt charges. It is proposed that the revenue budget for 2014-15 includes provision for a minimum contribution of £1.2m towards capital spending which if agreed would enable debt charges to be maintained below the 5% Prudential Code limit up to 2016-17. Should Members be minded to agree to Option B of this report (increase council tax by 1.99%) then it is proposed that the additional £0.366m of precept raised be utilised to increase the revenue contribution from £1.2m to £1.566m.

Budget Savings

4.10 Table 4 below summarises how savings of £3.577m are to be delivered.

TABLE 4 – BUDGET SAVINGS REQUIRED 2014-15

	£m
Budget Management Savings – As in previous years the budget setting process has included the requirement for budget managers to scrutinise non-operational budget heads with a view to the identification of recurring savings. This process has identified £0.785m of recurring savings which can be removed from base budget.	(0.785)
Corporate Plan Proposals (Support Staff) – Our plans to deliver the required savings has included management action to delete 40 support posts during 2013-14, equivalent to a 13% reduction.	(0.885)
Corporate Plan Proposals (Senior Management) – A review of the senior leadership structure carried out in May 2013 resulted in approval to reduce the size of the Senior Management Board subject to a review by the CFO with final decisions as to the structure of the senior team to be made in 2014.	(0.161)
Corporate Plan Proposals (Operational) – The Corporate Plan proposals agreed by the Authority in July 2013 included the deletion of 149 operational posts to deliver £5m of on-going savings once fully implemented. However given that a strategy has been adopted to deliver this level of reduction without resort to compulsory redundancies it is anticipated that it will take several years for this full reduction to be achieved. In the event that there are insufficient numbers of leavers in this period then a call on the CSR 2010 Earmarked Reserve may need to be made.	(1.746)
TOTAL BUDGET SAVINGS	**(3.577)**

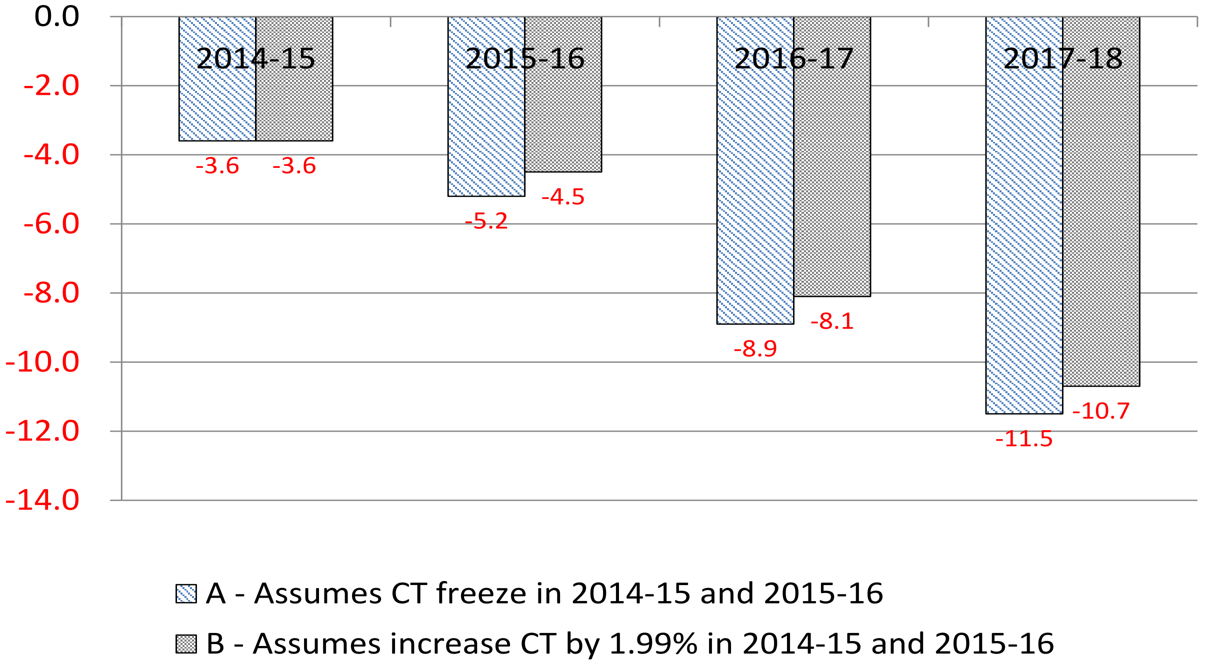
5. MEDIUM TERM FINANCIAL PLAN

5.1 As is stated earlier in this report the recent Local Government Grant Settlement has provided an illustrative settlement figure for 2015-16 which indicates that our funding will be further reduced by £2.7m in 2015-16 (subject to Local Government Finance Settlement in December 2014). This would mean that the Authority would have suffered total reductions of £8.6m in three years to 2015-16. Looking beyond 2015-16, the Chancellors' Autumn Statement in December 2012 confirmed that the austerity measures to reduce the structural deficit will need to continue until at least 2017-18. This means that the Medium Term Financial Plan (MTFP) needs to be planning for further significant reductions beyond 2015-16.

5.2 Clearly it is difficult to provide forecasts into future years with absolute certainty, particularly in relation to future pay awards, inflationary increases and changes in pension costs. Key assumptions have therefore had to be made in our forecasts which will inevitably be subject to change. Prudent forecasts of future budgets can, however, be used to refresh the Authority's MTFP to inform financial planning and provide updated forecasts of the levels of budget reductions required by 2017-18 to balance the budget.

5.3 The MTFP financial modelling tool has assessed a likely 'base case' scenario in terms of savings required over the period 2014-15 to 2017-18. Chart 1 below provides an analysis of those forecast savings required in each year based on assumptions A and B.

CHART 1 – FORECAST BUDGET SAVINGS (CUMULATIVE) 2014 TO 2018 (BASE CASE) - £MILLIONS



5.4 Chart 1 illustrates that the savings to be achieved in 2014-15 is £3.6m. Looking beyond 2014-15, it also illustrates that further savings will be required from 2015-16 (forecast to be cumulative savings of circa £11m by 2017-18). As is stated earlier in this report each 1% increase in council tax results in additional precept of just over £0.4m. Therefore an increase of 1.99% in 2014-15 (Option C) would result in the savings targets for 2015-16 and beyond being £0.4m less than should a council tax freeze (Option A) be agreed. Should it be agreed to increase by a further 1.99% in 2015-16 (not subject to a decision at this meeting) then the saving target would be £0.8m less if a freeze was agreed over the two years.

6. PLANS TO DELIVER SAVINGS 2014 TO 2018

Corporate Plan 2013-14 to 2014-15

6.1 This budget report proposes a balanced budget for the next financial year 2014-15 including proposals as to how budget savings can be achieved.

6.2 The Corporate Plan for 2013-14 to 2014-15 was approved by the Authority at its meeting held on the 10 July 2013. The Plan includes a range of proposals which when fully implemented will deliver total on-going savings of £6.8m. It is recognised, however, that this not all of this sum will be deliverable by 2014-15 as the speed at which it can be delivered will be dependent on the natural turnover of staff over the next two years. Should actual turnover of staff not meet required levels then the Authority may need to utilise reserve balances in 2014-15 to meet any shortfall.

6.3 Consideration of proposals for further savings beyond 2015-16 will need to be subject to Authority consideration well in advance of 2016.

7. PRECEPT CONSULTATION 2014-2015

7.1 Section 65 of the Local Government Finance Act (1992) requires precepting authorities to consult non-domestic ratepayers on proposals for expenditure.

7.2 In addition to the statutory requirement, members of the public have also been consulted in previous years as it was deemed appropriate to include the public's views on the option of increasing Council Tax at a time of economic difficulty.

7.3 At its meeting on 19 December 2013 the Authority considered the issue of council tax precept consultation and resolved (Minute DSFRA/38 refers):

(a) that the Service approaches the constituent authorities of Devon, Somerset, Plymouth and Torbay to identify whether they would be willing to enter into a joint arrangement with this Authority in respect of the undertaking of the statutory consultation with the business community and that the cost of the public consultation exercise be limited to a maximum of £3,000;

(b) that, in the event of joint arrangements with constituent authorities or consultation with the business community as set out above proving not possible, the Chief Fire Officer be delegated authority to make appropriate arrangements for the statutory consultation with the business community, following consultation with the Chairman.

7.4 Contact with the constituent authorities of Devon, Somerset, Plymouth and Torbay identified that a co-ordinated and consistent consultation approach was not possible because consultation in those authorities was either concluded or well advanced. Consequently, and in line with the Authority decision, arrangements were made for a telephone survey to be undertaken with the business community only. The key specifications for the survey were:

- To ask four key questions on the precept, value for money and satisfaction
- To request demographic information
- To collect answers to both closed and open questions
- To provide a representative sample of 400 businesses by constituent authority area (Devon County Council; Plymouth City Council; Somerset County Council; and Torbay Council).

7.5 To limit cost but still maintain some level of public engagement on issues of council tax precept, again in line with the Authority decision, a street level face-to-face survey was undertaken (using our own staff) as an alternative to the previously proposed public telephone survey. The face-to-face survey was considered to be the most viable alternative, given the time available, and the questions used closely followed the format used for the business telephone survey. To maximise the value of this time, the opportunity was also taken to promote community safety messages and highlight the Service's free home fire safety advisory service.

7.6 The business survey commenced in the week beginning Monday, 6 January 2014 and was undertaken by BMG Research who also produced the full results of that can be found in Appendix C.

7.7 Face-to-face surveys with members of the public were conducted by Devon & Somerset Fire & Rescue Service staff in Exeter, Taunton, Torquay and Plymouth on 13, 14, 15 and 20 January 2014 respectively. A total of 183 responses were obtained. Appendix D provides the full report of the results.

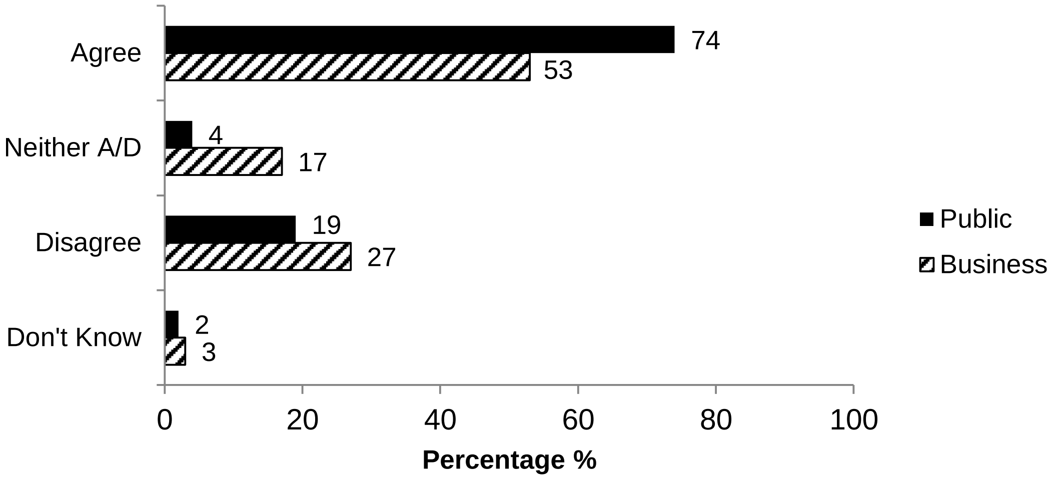
7.8 The results obtained from businesses and members of the public have been brought together in the charts below for ease of comparison.

RESULTS

Question 1: How strongly do you agree or disagree that it is reasonable for the Authority to consider increasing its council tax charge for 2014/15 in order to lessen the impact of the funding cuts?

The results for Question one, shown in Chart 2, illustrate that the majority of respondents agreed that it would be reasonable for the Authority to consider increasing the precept to lessen the impact of funding cuts, despite Government's suggestion that local authorities do not increase council tax charges for 2014/15.

Chart 2: Question 1 results of agreement to consider increasing the precept



Count (unweighted) Public responses 183, Business responses 400

7.9 While the 2014 results of the business survey closely reflect the results from 2013, a change was seen in the level of public agreement for the Authority to consider an increase to the precept: up from 50% agreement in 2013 to 74% agreement in 2014. The majority of this change reflects movement in opinion from 'neither agree nor disagree', responses which went from 20% in 2013 to 4% in 2014, to 'agree' responses. This movement suggests public respondents were more definite in their opinion.

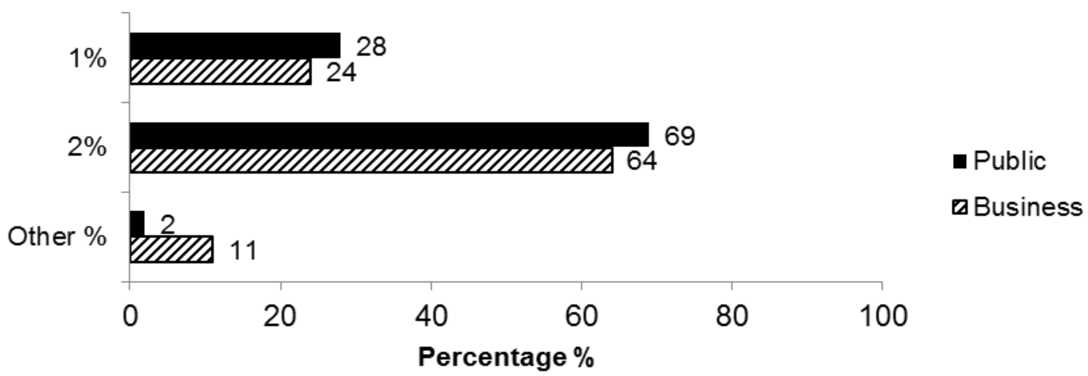
7.10 These results suggest support for the Authority to consider increasing the precept to minimise the impact of cuts to the government grant.

7.11 Respondents who agreed that the Authority should consider increasing the precept were asked:

Question 2: Of the following options, what increase would you consider it reasonable for the Authority to make to its element of the Council Tax?

7.12 The majority of business (64%) and public (69%) respondents were in favour of a 2% increase to the precept as seen in Chart 3.

Chart 3 Question 2 results of options to increase the precept



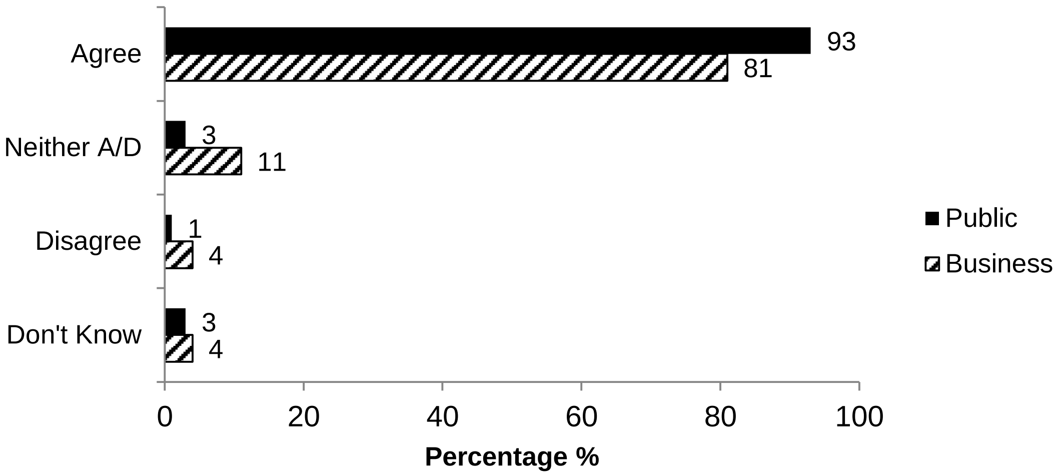
Count (unweighted) Public responses 137, Business responses 210

7.13 Of those providing responses other than ‘2%’, similar proportions of businesses and members of the public responded ‘1%’. Businesses were more supportive of ‘other percentage’ changes than members of the public and suggested increases of between 2.5% and 10%.

Question 3: How strongly do you agree or disagree that Devon and Somerset Fire and Rescue Service provides value for money?

7.14 A high percentage of both members of the public and businesses agreed that the Service provides value for money, see Chart 4. However, as in previous years, members of the public were more likely to agree with the question than businesses.

Chart 4: Question 3 results of agreement with providing value for money

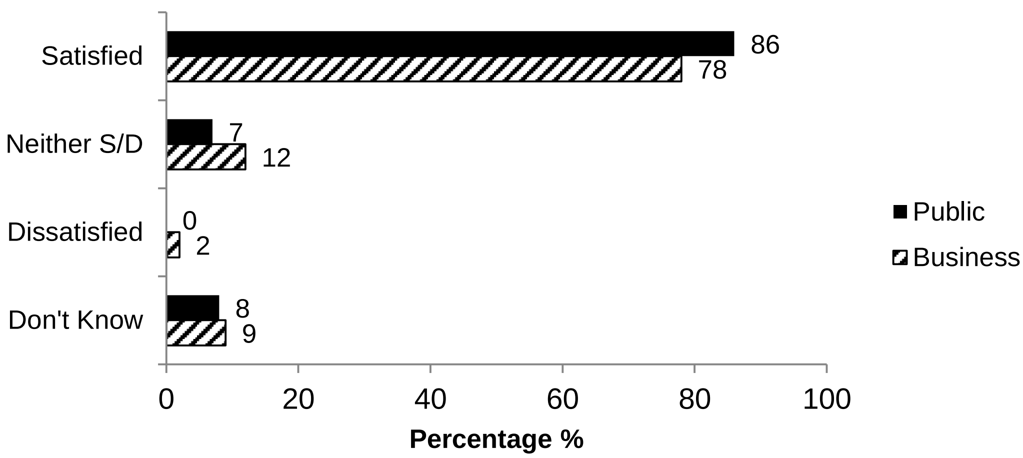


Count (unweighted) Public responses 183, Business responses 400

Question 4: How satisfied or dissatisfied are you with the service provided by Devon and Somerset Fire and Rescue Service?

7.15 Chart 5 shows that the majority of respondents were satisfied with the service provided by the Service, with broadly similar proportions of ‘satisfied’, ‘neither satisfied nor dissatisfied’ or ‘dissatisfied’ responses to the 2013 survey.

Chart 5: Question 4 results of satisfaction with service



Count (unweighted) Public responses 182, Business responses 400

7.16 The 2014 results maintain the large increase in business satisfaction, from around 65% to 80%, that was recorded between 2012 and 2013 despite controversial changes to the Service and the recent strikes.

CONCLUSION

7.17 The results of the two consultation exercises indicate that both members of the public and businesses feel it would be reasonable for the Authority to consider increasing its precept for 2014/15. Those who agreed that it would be reasonable were predominantly in favour of a 2% increase (69% of members of the public and 64% of businesses).

7.18 Large majorities of both members of the public and businesses believed that the Service provides value for money, at around £46 per head of the population per year, and were satisfied by the service provided by Devon and Somerset.

7.19 A large increase was observed in public agreement towards the Authority considering an increase in council tax between the 2013 and the 2014 surveys. This increase may be because of the different consultation methodology used and therefore makes direct year on year comparison less reliable.

8. STATEMENT ON ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE LEVELS OF RESERVES AND BALANCES

8.1 It is a legal requirement under Section 25 of the Local Government Act 2003 that the person appointed as the 'Chief Finance Officer' to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions. This statement is included as Appendix E to this report.

9. SUMMARY

9.1 The Authority is required to set its level of revenue budget and council tax for 2014-2015 by 1 March so that it can meet its statutory obligation to advise each of the fifteen billing authorities in Devon and Somerset of the required level of precept. This report provides Members with the necessary background information to assist them in making decisions as to the appropriate levels for Devon and Somerset FRA.

9.2 The report considers two potential options A and B and asks the Committee to consider the financial implications associated with each option with a view to recommending one of these options to the budget setting meeting of the full Fire and Rescue Authority, to be held on the 24 February 2014.

KEVIN WOODWARD
Treasurer

LEE HOWELL
Chief Fire Officer

NET REVENUE BUDGET REQUIREMENT 2014-2015

OPTION A (for illustrative purposes)

		£m	£m	%
	Revenue Budget 2013-2014		**76.784**	
	Provision for Pay and Prices			
1.	Uniformed Pay (assumed 1.0% from July 2014))	0.453		
2.	Non-Uniformed Pay (assumed 1.0% from April 2014)	0.109		
3.	Provision for prices increases (assumed CPI of 2.0%) plus additional allowance for fuel and utilities)	0.350		
4.	Provision for statutory increase in pension costs.	0.056		
			0.968	*1.26%*
	One-off Provisions included for 2013-14 Budget only			
5	Change and Improvement Programmes	(0.504)		
			(0.504)	*(0.66)%*
	Inescapable Commitments			
6	Reduction in debt charges from approved capital programme	(0.248)		
7	Pay increments and other pay changes	0.083		
8	Provision for new ICT Servers replacement	0.250		
9	Increase in pensions liability	0.099		
10	Purchase of Communications hardware to support National Fire Control system	0.161		
11	Additional rates costs from revaluations and Exeter Airport site	0.080		
12	Additional provision for estates maintenance following building conditions survey	0.202		
13	Additional Airwave Contract costs	0.036		
14	Section 31 Business Rates Compensation Grant	(0.151)		
15	Other minor changes (net)	0.045		
			0.557	*0.72%*
	Invest-to-Save			
16	Revenue Contribution to Capital Spending	1.200		
			1.200	*1.56%*
	Budget Savings			
17	Budget Management Savings	(0.785)		
18	Corporate Plan Proposals – Support Staff	(0.885)		
19	Corporate Plan Proposals – Senior Management	(0.161)		
20	Corporate Plan Proposals – Operational Staff	(1.746)		
			(3.577)	***(4.65%)***
	TOTAL CHANGES (LINES 1–20)		**(1.356)**	***(1.77%)***
	NET REVENUE BUDGET REQUIREMENT 2014-15		**75.428**	

Lee Howell
CHIEF FIRE OFFICER

Mr Andrew Lock
Communities and Local Government
Zone 5/J2 Ashdown House
Eland House
Bressenden Place
LONDON SW1E 5DU

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

Your ref :		Date :	14th January 2014	Telephone :	01392 872200
Our ref :		Please ask for :	Mr Woodward	Fax :	01392 872300
Website :	www.dsfire.gov.uk	Email :	kwoodward@dsfire.gov.uk	Direct Telephone :	01392 872317

Dear Mr Lock,

CONSULTATION – PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2014-15

I am writing to you on behalf of Devon and Somerset Fire and Rescue Authority (DSFRA) in response to the above consultation.

I provide responses to the four specific questions included in the document but would ask that you also consider the following general comments related to the overall settlement some of which I have previously highlighted in my response to the Technical Consultation Document issued in the summer of 2013.

- DSFRA is concerned that local government as a whole is again to suffer a disproportionate contribution to the deficit reduction programme compared to other public sector groups. The fire and rescue service has already suffered a 25% real terms reduction in funding over the four year period covered by SR 2010, compared with an average 8% for all other central government departments. This consultation document confirms a further 1% reduction in 2014-15, and a further 10% in 2015-16, compared to an average 2.2% across all other Whitehall departments. It must be recognised that whilst local government has so far responded well to the challenge of efficiency reforms to reduce costs, DSFRA is concerned of the adverse impact these latest grant reductions will have to front line service delivery.

- We are disappointed that the governments headline message to the public has again focused on the percentage changes in “spending power” rather than the actual changes in government funding to local authorities. As your office will well be aware the reduction in government funding is more than three times more than the 2.9% reduction in spending power announced. We feel that it is very unhelpful for different figures to be used which only serves to undermine the relationship between central and local government. It is important that there is absolute clarity around the savings targets to be achieved to improve transparency and ensure that local residents are aware of the scale of savings to be achieved by their local authorities.

- Your department will be well aware of previous representations made by DSFRA relating to the disproportionate impact that the cuts are having on the more rural fire and rescue services which rely heavily on the Retained Duty System (RDS) to provide fire and rescue cover over a large geographical area. For a rural fire and rescue service with predominantly RDS cover the scope for savings is significantly limited when compared to a more urban area. As a rule of thumb a fire station with 24 hour full time cover costs ten times more than one that is covered by RDS. DSFRA is disappointed that the latest settlement figures for fire and rescue makes no recognition of this, rather it has applied an even percentage reduction to all fire and rescue authorities funding totals. DSFRA find this particularly surprising given that in his independent report **FACING THE FUTURE**: *Findings from the review of efficiencies and operations in fire and rescue authorities in England*, Sir Ken Knight found that there were efficiencies to be released by increasing the proportion of retained (or ‘on call’) fire fighters. Given that 87% of DSFRA stations are already manned by on call firefighters it has limited scope to make significant savings in this area.

- DSFRA supports the All Party Parliamentary Group who asks for the 50% gap in grant funding between urban and rural areas to be reduced in stages to 40% by the year 2020. We are very disappointed therefore that the start-up funding assessments announced contain strong protections built into the baseline figures for those authorities that are most dependent on grant funding. The formula funding elements of their assessments have been relatively protected, receiving higher floors for floor damping, resulting in higher assessments than would otherwise have been the case. The main gainers from this approach are the more urban areas which have benefited from more favourable grant settlement over many years. The cost of this protection will of course be picked up by the more rural areas which only serves to exacerbate the 50% gap. As an authority more dependent on council tax precept (high gearing) we feel that we are facing a ‘double whammy’ in so much as not only have we suffered less favourable grant distributions in the past, but we are now to be penalised by this fact and expected to contribute to the protection of those urban authorities that have had the benefit of much better past settlements. DSFRA does not feel as though the rural arguments are being taken seriously.

- Whilst we obviously welcome the fact that additional funding has been allocated to the most rural local authorities, an allocation of just £50k is very disappointing and does very little to redress the inequitable distribution in favour of the more urban areas. In our submission to the 2012 Local Government Finance Settlement we asked for an explanation as to why, when our 2013-14 grant now included recognition for sparsity (£0.9m by your own figures) our overall grant reduction for the years 2013-14 to 2014-15 is the third worst of all fire and rescue authorities in England. To date we have not received an explanation and would again ask for a response to be made.

- DSFRA is also disappointed that there has been no change in the council tax referendum rules to apply a different approach to fire and rescue authorities. We have asked that rather than a percentage limit that a cash sum e.g. £5 be applied. The fact remains that because of the relatively low Band D council tax figures for an FRA, typically only 4% of the total council tax bill for any area, the cost of holding the referendum would be totally disproportionate to the additional amount of precept to be possibly achieved. When you add to this the risk of a ‘no’ vote and the potential cost of re-billing the risk becomes too high and therefore not a serious option. For our authority, which has 15 billing authorities across Devon and Somerset, the cost of just holding the referendum has been estimated at £2.3m (equivalent to a 5.5% increase in council tax). We note that the referendum thresholds are still to be determined. We request that as part of those considerations a different approach be applied to fire and rescue authorities.

Responses to Questions

We provide below our responses to the specific questions raised in the consultation document.

Question 1: Do you agree with the Government's proposal to remove the capitalisation holdback and re-allocate the funding ?

Response – Yes. In our response to the Technical Consultation Document issued in the summer of 2013 we had already raised our concerns as to the need for such a large amount as £100m to be held back for capitalisation purposes.

Question 2: Do you agree with the Government's proposal to reduce the New Homes Bonus holdback from £800m to £700m ?

Response – Yes. As a fire and rescue authority we do not benefit from New Homes Bonus funding and would therefore not expect there to be any adverse impact to our funding levels.

Question 3: Do you agree with the Government's proposal to increase and roll in funding for rural authorities ?

As a beneficiary of this funding (£50k) we obviously welcome the proposal for it to continue and be increased in 2014-15. However it has to be said that a national allocation of £9.5m does very little to redress, what we see, as the inequitable distribution of funding which sees the most urban areas having 50% more grant funding per head than rural areas.

We remain very concerned of the disproportionate impact that the approach of funding reductions is having on the most rural FRAs such as ourselves and support the All Party Parliamentary Group who asks for the 50% gap to be reduced in stages to 40% by the year 2020.

Question 4: Do you have any comments on the impact of the 2014-15 settlement on protected qroups, as set out in the draft Equality Statement ?

Response – Yes. As we have already stated in our response to Q3 we not believe that the amount of additional funding to rural areas goes anywhere near far enough to protect the most rural areas from the impact of the funding reductions. In addition we do agree with the strong protections provided to those groups more dependent on grant funding, which is not provided from new money but is provided at the expense of a different group i.e. those authorities less dependent on grant funding.

Yours faithfully

Kevin Woodward
Treasurer to Devon and Somerset Fire and Rescue Authority

STATEMENT OF THE ROBUSTNESS OF THE BUDGET ESTIMATES AND THE ADEQUACY OF THE DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY LEVELS OF RESERVES

It is a legal requirement under Section 25 of the Local Government Act 2003 that the person appointed as the 'Chief Finance Officer' to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions.

THE ROBUSTNESS OF THE 2014-15 BUDGET

The proposed net revenue budget requirement (Option A or B) for 2014-15 have been constructed based upon risks associated with each of the budget headings and the adequacy in terms of supporting the goals and objectives of the authority as included in the Corporate Plan. It should be emphasised that these assessments are being made for a period up to the 31st March 2015, in which time external factors, which are outside of the control of the authority, may arise which will cause additional expenditure to be incurred. For example, the majority of retained pay costs are dependent on the number of call outs during the year, which can be subject to volatility dependent on spate weather conditions. Other budgets, such as fuel are affected by market forces that often lead to fluctuations in price that are difficult to predict. Details of those budget heads that are most at risk from these uncertainties are included in Table 1 overleaf, along with details of the action taken to mitigate each of these identified risks.

TABLE 1 – BUDGET SETTING 2014-15 ASSESSMENT OF BUDGET HEADINGS MOST SUBJECT TO VOLATILE CHANGES

Budget Head	Budget Provision 2014-15 £m	*RISK AND IMPACT*	MITIGATION
Retained Pay Costs	12.4	A significant proportion of costs associated with retained pay is directly as a result of the number of calls responded to during the year. The level of calls from year to year can be volatile and difficult to predict e.g. spate weather conditions. Abnormally high or low levels of calls could result in significant variations against budget provision.	In establishing a General Reserve for 2014-15, allowance has been made for a potential overspend on this budget. The amount is largely based upon the required local contribution to the costs of a major incident covered under the 'Bellwin' Scheme.
		In addition, negotiations are still outstanding relating to the outcome of the Part-Time Workers (less than favourable working conditions) tribunal, which during 2008 ruled in favour of retained firefighters having the same conditions of service in relation to pension and sickness benefits as wholetime firefighters. Given the significant number of retained firefighters employed by the Service, and the fact that this ruling will be backdated to the year 2000, this ruling will have a significant impact on the Service budget.	A 'Provision' of £1.6m has been set aside for the impact of the ruling from the Part Time Workers tribunal. However, until final negotiations are complete the full extent of the impact to the Service budget cannot be quantified.
Fire-fighter' s Pensions	2.2	Whilst net pension costs funded by the government through a top-up grant arrangement, the Authority is still required to fund the costs associated with ill-health retirements, and the potential costs of retained firefighters joining the scheme.	In establishing a General Reserve for 2014-15 an allowance has been made for a potential overspend on this budget. The figure is based upon a further two ill health retirements during the year; over and above the number budgeted for.
Insurance Costs	0.9	The Fire Authority's insurance arrangements require the authority to fund claims up to agreed insurance excesses. The costs of these claims are to be met from the revenue budget. The number of claims in any one-year can be very difficult to predict, and therefore there is a risk of the budget being insufficient. In addition some uninsured costs such as any compensation claims from Employment Tribunals carry a financial risk to the Authority.	In establishing a General Reserve for 2014-15 an allowance has been made for a potential overspend on this budget. The amount is largely based upon the occurrence of one aerial platform appliance being totally written-off.
Fuel Costs	0.8	Whilst the budget has made some allowance for further increases in fuel costs during 2014-15, it is highly possible that increases could be in excess of the budget provided.	In establishing a General Reserve for 2014-15 an allowance has been made for a potential overspend on this budget.
Treasury Management Income	-0.1	As a result of the economic downturn in recent years, and the resultant low investment returns, the ability to achieve the same levels of income returns as in previous years is diminishing. The uncertainty over future market conditions means that target investment returns included in the base budget could be at risk.	The target income for 2014-15 has been set at a prudent level of achieving only a 0.4% return on investments. Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible.
Income	-0.8	Whilst the authority has only limited ability to generate income, the budget has been set on the basis of delivering £0.8m of external income. Whilst the work of the Commercial Services Arm will seek to at least hit this target in 2014-15, actual performance will be dependent on the full impact of the economic downturn.	Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible.
Capital Programme	7.8	Capital projects are subject to changes due to number of factors; these include unforeseen ground conditions, planning requirements, necessary but unforeseen changes in design, and market forces.	Capital projects are subject to risk management processes that quantify risks and identify appropriate management action. Any changes to the spending profile of any capital projects will be subject to Committee approval in line with the Authority Financial Regulations.

Whilst there is only a legal requirement to set a budget requirement for the forthcoming financial year, the Medium Term Financial Plan (MTFP) provides forecasts to be made of indicative budget requirements over a four year period covering the years 2014-15 to 2017-18. These forecasts include only prudent assumptions in relation future pay awards and prices increases, which will need to be reviewed in light of pay settlements and movement in the Consumer Prices Index.

Given the CSR 2010 announcement, which included average reductions in grant of 25% for fire and rescue authorities by 2014-15, and the further 10% reduction to come in 2015-16 the strategy for setting a budget for 2014-15 has been very mindful of the likely funding scenarios over the next four years rather than just one year. Therefore the budget for 2014-15 has included some new invest-to-save funding to be utilised to provide some direct revenue funding towards capital spending therefore reducing future debt charge liabilities,

THE ADEQUACY OF THE LEVEL OF RESERVES

It should be noted that Combined Fire and Rescue Authorities have only had the legal power to hold reserves since 2004. This new power emanates from the legislative change from 2004 that gave Combined Fire and Rescue Authorities major precepting status. This being the case a strategy was adopted, by the then Devon FRA, to build Reserve levels up over a period of time, as the only funding available to build up the Reserve balance to recommended levels was to make contributions from the Revenue budget and in-year underspends.

The current level of General Reserve balances for the authority is £5.191m, which represents 6.7% of the revenue budget. This may increase by the end of the financial year should the projected underspend against the current year's budget result in a further transfer of funds into the Reserve.

The Authority has adopted an "in principle" strategy to maintain the level of reserves at a minimum of 5% of the revenue budget for any given year, with the absolute minimum level of reserves only being breached in exceptional circumstances, as determined by risk assessment. This does not mean that the Authority should not aspire to have more robust reserve balances based upon changing circumstances, but that if the balance drops below 5% (as a consequence of the need to utilise reserves) then it should immediately consider methods to replenish the balance back to a 5% level.

It is pleasing that the Authority has not experienced the need to call on reserve balances in the last five years to fund emergency spending, which has enabled the balance, through budget underspends, to be increased to a level in excess of 5%. The importance of holding adequate levels of general reserves was highlighted in recent years following the deterioration of the banking system and the loss of local authority investments from the Icelandic banks. Whilst this Authority was not directly impacted by the Icelandic bank situation (as these banks are not included on the list of financial institutions the Authority invests with), it was exposed by the problems of Northern Rock at the time that that bank was in trouble during 2007. As a consequence of the Icelandic bank position the Chartered Institute of Public Finance and Accountancy (CIPFA) immediately introduced a new Local Authority Accounting Principle in November 2008 (LAAP 77) bulletin to provide further guidance to local authority chief finance officers on the establishment and maintenance of local authority reserves and balances, which should be followed as a matter of course. Whilst this bulletin 'stopped short' of advising of a minimum level of reserves, it acted as a further reminder that it is for the authority, on the advice of the chief finance officer, to make their own judgements on such matters based upon local circumstances

The impact of flooding and the problems experienced by the global financial markets are just two examples, highlighted within the bulletin, of external risks which local authorities may need to take into account in setting levels of reserves and wider financial planning.

It should also be emphasised that a reserve level at 6.7% compares to an average reserve balance of 9.0% for all fire and rescue authorities, which places this Authority in the lower quartile for all FRAs.

Given the uncertainty over the scale of budget reductions that the Authority will be required to find over the next four years, it is my view that the Authority should seek to protect reserve balances as much as possible to provide added financial stability through the CSR 2010 period and beyond.

CONCLUSION

It is considered that the budget proposed for 2014-15 represents a sound and achievable financial plan, and will not increase the Authority's risk exposure to an unacceptable level. The estimated level of reserves is judged to be adequate to meet all reasonable forecasts of future liabilities.

KEVIN WOODWARD
Treasurer