

**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 :
Our ref : RC/May 2014/SS
Website : www.dsfire.gov.uk

Date : 8 May 2014
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 16 May 2014

A meeting of the Resources Committee will be held on the above date, **commencing at 14:00 hours in the Practical Lecture Room at Station 60 (Clyst St George), Service Headquarters** to consider the following matters.

M. Pearson
Clerk to the Authority

AGENDA

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

1. **Apologies**
2. **Minutes** of the meeting held on 21 February 2014 attached (Page 4).
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. **Financial Performance Report 2013-14 - Quarter 4**
Report of the Treasurer to the Authority (RC/14/8) attached (page 7).
5. **Annual Grant to the Service Ceremonial Unit 2014/15**
Report of the Chief Fire Officer (RC/14/9) attached (page 27).

**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, Burr ridge-Clayton, Chugg, Dyke,
Gordon and Yeomans.

NOTES	
1.	<p><u>Disclosable Pecuniary Interests (Authority Members only)</u></p> <p>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:</p> <ul style="list-style-type: none"> (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. <p>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.</p>
2.	<p><u>Part 2 Reports</u></p> <p>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.</p>
3.	<p><u>Substitute Members (Committee Meetings only)</u></p> <p>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.</p>
4.	<p><u>Access to Information</u></p> <p>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.</p>

RESOURCES COMMITTEE (Budget Meeting)

(Devon and Somerset Fire and Rescue Authority)

21 February 2014

Present:-

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

Apologies:-

Councillors Chugg and Yeomans.

***RC/19. Minutes**

RESOLVED that the Minutes of the meeting held on 3 February 2014 be signed as a correct record.

RC/20. 2014-15 Revenue Budget and Council Tax Levels

The Committee considered a report of the Treasurer and Chief Fire Officer (RC/14/7) on options for the Authority's revenue budget and associated council tax level in 2014-15. It was a legislative requirement for the Authority to set a balanced budget and determine an associated council tax level prior to 1 March each year and this report set out the necessary financial background on which to consider the appropriate way forward for this Authority.

The Treasurer advised that the Department for Communities and Local Government (DCLG) had announced on 5 February 2014 that the council tax level which, if exceeded, would trigger the need for the Authority to hold a referendum, would be 2%. Additionally, the final Local Government Finance Settlement was announced on 5 February 2014 which provided local authorities with individual settlement funding assessment figures for 2014-15. It was 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 for the settlement was "Settlement Funding Assessment (SFA)" which replaced Formula Funding.

The SFA for this Authority for 2014-15 was £32.283million, representing a reduction of 7.7% on 2013-14. This figure was in line with the figures already included within the Authority's Medium Term Financial Plans but was on top of the 10.3% reduction in 2013-14, meaning that this was the third worst settlement of all fire and rescue authorities over the two years. This was disappointing given that the formula used to calculate the new SFA included sparsity factors for the first time but it appeared that other factors had weighed heavily against the Authority. The settlement announcement also included an illustrated SFA for 2015-16 of £29.575million representing a further reduction of 8.4%. Since 2012-13, the reductions in settlement for this Authority equated to £8.6million or 22.5%.

The Treasurer stated that the Government had again made available Council Tax Freeze Reward Grant to those local authorities that agreed to freeze council tax in 2014-15. This grant was equivalent to an increase in council tax of 1%, estimated to be £0.472million for this Authority. It had been confirmed, however, that unlike in previous years, this funding would be included within the baseline funding for future years. A decision needed to be taken as to what was the appropriate way forward in 2014-15.

The report therefore set out two options for consideration by the Committee, namely:

- Option A – to freeze council tax at 2013-14 level £75.39 for a Band D property);
- Option B – to increase council tax by 1.99% above 2013-14 (£76.89 for a Band D property).

The report also set out a summary of the net revenue budget requirements for 2014-15 based on the above two options.

Reference was made in particular to the budget savings that had been included within the proposed net revenue budget requirements for 2014-15 which totalled £3.577million. This had been achieved by a combination of stringent budget management measures, together with the Corporate Plan proposals to reduce support staff, senior management and 149 operational posts. The Chief Fire Officer reminded the Committee that the decisions taken in respect of the Corporate Plan were on the basis that the required staff reductions would not be achieved through the use of compulsory redundancy but by a combination of natural turnover and voluntary redundancy. This may, however, take some time to be achieved.

A debate ensued during which some concern was expressed in respect of the level of investment that was possible in the Capital Programme and the subsequent impact of this on the Authority's property estate and maintenance programme. It was noted that, inevitably, there were constraints as a result of the self-imposed principle of not exceeding a 5% Prudential Indicator on total debt repayments and this position would need to be reviewed alongside affordability issues. Further to this, a review of the Authority's property estate was being undertaken, the results of which would be reported back to the Authority in due course.

Following the debate, Councillor Greenslade **MOVED** and was seconded by Councillor Burridge-Clayton:

“that it be recommended to the Devon and Somerset Fire and Rescue Authority that Option B as set out within report RC/14/7 be approved and that additionally, the Committee notes the positive response to the budget consultation exercise for 2014/15 and extends thanks to the Officers involved for their efforts in preparing the budget information, especially in the light of the recent climatic events”.

The motion was then put to the vote and **CARRIED** unanimously, whereupon it was:

RESOLVED

- (i) That the Devon and Somerset Fire and Rescue Authority be recommended to approve:
 - (a) that the level of council tax in 2014-15 for a Band D property be set at £76.89, as outlined in Option B report RC/14/7, representing a 1.99% increase over 2013-14, and
 - (b) that accordingly a Net Revenue Budget Requirement for 2014-15 of £75.794million be approved;
- (ii) That the Committee noted the positive response to the budget consultation exercise undertaken for 2014/15;
- (iii) That thanks be extended to the Officers involved for their efforts in preparing the budget information, especially in the light of the recent climatic events.

RC/21. Capital Programme 2014-15 to 2016-17

The Committee considered a report of the Chief Fire Officer and Treasurer (RC/14/6) that set out the proposals for a three year Capital Programme covering the years 2014-15 to 2016-17. The report also outlined the difficulties for the Authority in meeting its full capital expenditure requirement, given its geographical size and the associated number of fire stations and appliances that required ongoing maintenance or replacement each year.

Reference was made to the need to maintain a Capital Programme that was affordable and which ensured that the impact of borrowing was maintained below the 5% Prudential Indicator previously agreed by the Authority against a reducing revenue budget.

The report also set out a proposal for the continuation of funding to support the roll out of the Light Rescue Pumps (LRPs) via a contribution from the revenue budget to capital. The Chief Fire Officer outlined how the LRP programme would reduce the Capital funding pressures on the fleet given that each LRP was cheaper than the fire engine that would previously have been purchased. Further work was in hand to reduce the Capital funding pressures on Estates with reports to be provided to Members in due course.

In the light of the decision taken to recommend to the Fire and Rescue Authority an increase in Council Tax of 1.99% (Option B), the Treasurer advised that this would give additional funding of £0.366million to the Authority which it was proposed should be added to the £1.2million previously agreed by the Committee on 3 February 2014 (Minute RC/15 refers) towards the continued rollout of the LRPs. This would take the contribution from revenue towards capital spending to £1.566million for the LRPs.

Councillor Greenslade **MOVED** and was seconded by Councillor Burridge-Clayton:

“that subject to the amendment of the recommendation printed in report RC/14/6 to remove the words ‘a minimum’ from the wording at (i), together with the amendment of the figure from £1.2million to £1.566million, the recommendations as printed within the report be approved”.

The motion was then put to the vote and **CARRIED** unanimously, whereupon it was:

RESOLVED that the Devon and Somerset Fire and Rescue Authority be recommended:

- (i) to approve a revenue contribution of £1.566m 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 report RC/14/6; 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.

*** DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 14:00hours and finished at

DEVON & SOMERSET FIRE & RESCUE AUTHORITY



REPORT REFERENCE NO.	RC/14/8
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 MAY 2014
SUBJECT OF REPORT	FINANCIAL PERFORMANCE REPORT 2013-2014 – Quarter 4
LEAD OFFICER	Treasurer to the Authority
RECOMMENDATIONS	<p>(a) That the Fire and Rescue Authority, at its meeting on the 29 May 2014, be recommended to approve:</p> <p>(i) That the provisional underspend against the 2013-14 revenue budget of £2.651m be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 13.1 of this report:</p> <p>A. That an amount of £0.300m be transferred to an Earmarked Reserve to be utilised to fund Essential Spending Pressures not included in the 2014-15 base budget;</p> <p>B. That the remaining figure of £2.351m be transferred to the existing Earmarked Reserve for Direct Revenue Funding to Capital;</p> <p>(b) That, subject to (a) above, the following be noted:</p> <p>(i) The draft position in respect of the 2013-14 Revenue and Capital Outturn position, as indicated in this report.</p> <p>(ii) That the underspend figure of £2.651m is after;</p> <p>A. A transfer of £0.148m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised.</p> <p>B. A transfer of £0.405m to an Earmarked Reserve to fund Community Safety Prevention activities, as previously agreed in-year by the Committee.</p> <p>C. A transfer of £0.937m to an Earmarked Reserve for 2013-14 Budget Carry Forwards to fund planned projects not completed by 31 March 2014.</p>

	<p><i>D. An increase of £0.776m in the amount set aside in Provision balances as outlined in paragraph 13.3 of this report.</i></p> <p><i>(c) That the performance against agreed financial targets be noted.</i></p>
EXECUTIVE SUMMARY	<p>This report provides the Committee with the fourth quarter performance draft outturn position (to March 2014) against agreed financial targets for the previous financial year. In particular, it provides detail of spending against the 2013-2014 revenue budget with explanations of the major variations. The provisional revenue outturn position is that net spending was £2.651m less than budget, equivalent to 3.45% of the total budget.</p> <p>This saving is largely attributable to the early implementation of our strategy to reduce non-operational support functions, 41 posts deleted during the year, and the instruction given by the Chief Fire Officer to budget managers across the Service to deliver in-year savings from discretionary budget heads.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Summary of Prudential Indicators 2013-2014.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

- 1.1 Members will be well aware of the difficult financial climate that local authorities are currently operating under as a result of cuts in government funding. In setting the 2014-15 revenue budget for the Authority, in February 2014, consideration of the Medium Term Financial Plan (MTFP), recognised that further recurring savings will be required over the next three years to 2017-18, over above the savings already agreed by the Corporate Plan proposals in July 2013. Further details of our savings requirements forecast within the MTFP targets are included in paragraph 14 to this report.
- 1.2 Mindful of this difficult outlook the strategy adopted during the last financial year 2013-14 was to secure as much in-year savings as possible with a view to adding to Authority Reserve balances. Members of the Resources Committee will recognise from budget monitoring reports considered during the financial year that the adoption of this strategy was anticipated to deliver savings against the 2013-14 budget (previous forecast at Quarter 3 was for a saving of £1.932m). The provisional outturn figure for 2013-14, now included in this report, is for an underspend of £2.651m, equivalent to 3.45% of total budget.
- 1.3 This is, of course, a welcome result and provides the opportunity to transfer this amount into Reserve balances to be utilised in the best possible way to assist future budget setting. However it is, of course, a one-off saving and can therefore only be used once, and is therefore not a sustainable solution to our forecast budget shortfalls. This report includes proposals for the utilisation of the £2.651m underspend.

2. FINANCIAL PERFORMANCE 2013-14

- 2.1 Included within this report is the fourth quarterly financial monitoring report for the previous financial year, based upon the position as at the end of March 2014. As well as providing detail of spending against the 2013-2014 revenue and capital budget, the report also includes performance against other financial performance indicators, including the prudential and treasury management indicators.
- 2.2 Table 1 below provides a summary of performance against the key financial targets.

TABLE 1 –PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2013-2014

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 4	Previous Quarter	Quarter 4 %	Previous Quarter %
Revenue Targets						
1	Spending within agreed revenue budget	£76.784m	£74.133m	£74.852m	(3.45)%	(2.52)%
2	General Reserve Balance as %age of total budget (minimum)	5.00%	6.76%	6.76%	(1.76)bp	(1.76)bp
Capital Targets						
3	Spending within agreed capital budget	£6.798m	£3.853m	£4.976m	(43.32)%	(26.30)%
4	External Borrowing within Prudential Indicator limit	£24.382m <i>revised</i>	£26.214m	£26.214m	6.98%	0.91%
5	Debt Ratio (debt charges over total revenue budget)	3.85%	3.75%	3.85%	0.10bp	0.00bp

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

- **SECTION A** – Revenue Budget 2013-14.
- **SECTION B** – Capital Budget and Prudential Indicators 2013-14.
- **SECTION C** – Other Financial Indicators.

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

3. SECTION A - REVENUE BUDGET 2013-2014

3.1 Table 2 overleaf provides a summary of the draft outturn spending against all agreed subjective budget heads, e.g. employee costs, transport costs etc. This table shows that spending in 2013-14 was £74.133m compared with an agreed budget figure of £76.784m, representing a saving of £2.651m, equivalent to 3.45% of the total budget.

TABLE 2 – PROVISIONAL REVENUE OUTTURN STATEMENT 2013-2014

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY		2013/14 Budget	Projected Outturn	Projected Variance over/ (under) £000 (5)
Line No		£000 (1)	£000 (4)	
	SPENDING			
	EMPLOYEE COSTS			
1	Wholetime uniform staff	31,999	31,495	(504)
2	Retained firefighters	11,768	11,362	(406)
3	Control room staff	1,637	1,506	(131)
4	Non uniformed staff	10,974	9,977	(997)
5	Training expenses	1,386	1,022	(364)
6	Fire Service Pensions recharge	2,058	2,923	865
		59,822	58,285	(1,537)
	PREMISES RELATED COSTS			
7	Repair and maintenance	1,151	997	(154)
8	Energy costs	618	589	(29)
9	Cleaning costs	444	406	(38)
10	Rent and rates	1,494	1,565	71
		3,707	3,556	(151)
	TRANSPORT RELATED COSTS			
11	Repair and maintenance	634	594	(40)
12	Running costs and insurances	1,408	1,418	10
13	Travel and subsistence	1,683	1,530	(153)
		3,725	3,542	(183)
	SUPPLIES AND SERVICES			
14	Equipment and furniture	2,612	2,299	(313)
15	Supplies Internal Recharges	0	17	17
16	Hydrants-installation and maintenance	111	113	2
17	Communications	2,013	1,953	(60)
18	Uniforms	1,283	549	(734)
19	Catering	139	174	35
20	External Fees and Services	331	208	(123)
21	Partnerships & regional collaborative projects	125	124	(1)
		6,614	5,437	(1,177)
	ESTABLISHMENT COSTS			
22	Printing, stationery and office expenses	397	314	(83)
23	Advertising	46	14	(32)
24	Insurances	366	368	2
		809	696	(113)
	PAYMENTS TO OTHER AUTHORITIES			
25	Support service contracts	561	1,018	457
		561	1,018	457
	CAPITAL FINANCING COSTS			
26	Capital charges	4,563	4,232	(331)
27	Revenue Contribution to Capital spending	167	146	(21)
		4,730	4,378	(352)
28	TOTAL SPENDING	79,968	76,912	(3,056)
	INCOME			
29	Treasury management investment income	(100)	(173)	(73)
30	Grants and Reimbursements	(1,981)	(2,989)	(1,008)
31	Other income	(940)	(966)	(26)
32	Internal Recharges	(163)	(141)	22
33	TOTAL INCOME	(3,184)	(4,269)	(1,085)
34	NET SPENDING	76,784	72,643	(4,141)
	TRANSFERS TO EARMARKED RESERVES			
35	Community Safety Prevention	-	405	405
36	Carry Forwards to 2014-15	-	937	937
37	Grants Unapplied	-	148	148
		-	1,490	1,490
36	NET SPENDING	76,784	74,133	(2,651)

- 3.2 These figures are based upon the spending position at the end of March 2014 and whilst they provide a provisional financial performance for the year, are subject to final accounting adjustments and audit scrutiny for the year end.
- 3.3 As part of the discussions around the approval of the Corporate Plan in July 2013, the Service strategy to deliver further on-going savings of £6.8m by 2015-16 includes a savings target of £1.5m to come from non-operational support functions. It should be noted that this £1.5m is in addition to the £2.2m already removed from non-operational support function budgets since 2010-11. Report DSFRA/13/16 “Non-operational Savings” considered at the Devon and Somerset Fire and Rescue Authority (DSFRA) meeting on the 10 July 2013 (Minute DSFRA/19 refers) identified how this figure of £1.5m can be achieved including the deletion of approximately 40 posts by the end of this financial year.
- 3.4 Management have taken decisions to delete support staff post and at the year-end had reached 41 posts against a target of 40, contributing £0.997m of in-year savings. Voluntary redundancy arrangements have been used and will continue to be used to speed up the reduction of posts as agreed by the Fire Authority.
- 3.5 These in-year savings form a significant contribution to the £2.651m underspend against the current year revenue budget. Savings against other budget heads e.g. Uniformed staffing costs, Training Expenses and Capital Financing Costs are also reported. Explanations of the more significant variations from budget (over £50k variance) are explained below in paragraphs 4 to 11.
- 3.6 All budget managers had been tasked by the Chief Fire Officer and Executive Board to reduce spending ‘in year’ and managers have responded accordingly.

4. EMPLOYEE COSTS

Wholetime Staff

- 4.1 Spending on wholetime pay was £0.504k under budget, equivalent to 1.58% of the total wholetime pay budget. This is primarily as a result of the implementation of the Corporate Plan proposals in-year to reduce the number of wholetime posts, as agreed at the Fire Authority meeting held in July 2013, and the management of vacancies during the year.

Retained Pay Costs

- 4.2 Spending on retained staffing was £0.406m below budget. 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.

Non Uniformed Pay

- 4.3 Management action already taken this year has resulted in the deletion of significant number of support staff posts. At the end of the financial year, 41 posts had been removed from the establishment, resulting in savings of £0.997m against a budget of £10.974m. This figure is net of redundancy payments for non-uniformed staff.

Training Expenses

- 4.4 Gross spending on Training Expenses is £0.659m under budget, primarily due to the significant reduction in headcount throughout the service and planned changes to the training and development system.

- 4.5 The reported underspend against this budget head (Table 2 Line 5) is however offset by an amount of £0.295m relating to the need to set aside in a Provision an amount to provide funding towards an identified shortfall on the Equalisation Fund set up as part of the overall PFI funding of the Severn Park Training Centre at Avonmouth. Paragraph 13.3 of this report provides further detail on Provision balances.

Pension Costs

- 4.6 Of the total overspend on Pension Costs of £0.865m an amount of £0.384m relates to additional ill-health retirement costs which are required to be charged to the DSFRS Revenue Account.
- 4.7 The remaining £0.481m relates to an additional amount set aside in Provision balances to provide some funding against future Pension liabilities, required as a result of changes during the year. See paragraph 13.3 of this report for more details of Provision balances.

5. PREMISES RELATED COSTS

Repair and Maintenance

- 5.1 Savings against budget of £0.154m for Repair and Maintenance are primarily due to slippage in schemes, efficiencies within the planned maintenance programmes, and a reduction to the volume of repairs which are completed by external contractors.

Rent and Rates

- 5.2 The over spend of £0.071m on Rent and Rates is primarily due to Business Rates costs at the airport site of £0.050m not budgeted.

6. TRANSPORT RELATED COSTS

Travel and Subsistence

- 6.1 Savings of £0.153m have been realised from Travel expenses, specifically £0.090m on Contract Car Hire Vehicle leases and £0.050m in relation to travel expenses which had been set aside to meet additional travel costs from the combination of control rooms.

7. SUPPLIES AND SERVICES

Equipment and Furniture

- 7.1 Savings of £0.313m on equipment and furniture are primarily as a result of the adoption of planned procurement and spending strategies on ICT equipment.
- 7.2 It should be noted that this figure is net of a charge of £0.114m against this budget line relating to aborted capital charges. This action is necessary following a supplier, Browns Coachworks, going into Administration, leaving the Service with part built vehicles to which we have no title.
- 7.3 During 2012 the Service identified a need for replacement Incident Command Units and a mini-competition was undertaken using a national framework contract managed by The Consortium. As a result, a contract dated 10 December 2012 was awarded to Browns Coachworks Ltd.
- 7.4 Three stage payments totalling £0.114m were made between June and August 2013. In October 2013, the Service was made aware that Browns Coachworks Ltd had been placed into administration. Subsequent conversations with the Administrators identified that there was doubt over the title of the three vehicles and legal advice confirmed that title had not passed to the Service when the payments were made. Stage payments are usual practice in complex operational vehicle production but this particular framework contract specified other payment arrangements.

- 7.5 Negotiations were entered into with the Administrators in an attempt to agree a price to secure the vehicles for the Service in order to minimise the loss but, unfortunately, these negotiations proved unsuccessful. The discrepancies in the way the contract arrangements were managed are subject to internal investigation and legal advice and, consequently, further details cannot be made available in the public domain.
- 7.6 Funding for this project, totalling £0.420m, had been included within the 2013-14 Capital Programme and the spend-to-date of £0.114m (27%) had originally been charged against this programme. However, given the current position and the fact that there is no longer any asset value attributable to these vehicles, accounting rules require this cost to be charged to the revenue account as aborted fees. These fees have therefore been funded from within the 2013-14 revenue outturn position.

Communications

- 7.7 Spending on Communications equipment is £0.060m less than budget as a result of the delays in the roll-out of National Fire Control project which will not go live until later this year.

Uniforms

- 7.8 The under spend of £0.734m on uniforms is due to reduced staff numbers and a delay in the planned refreshment of Personal Protective Equipment (PPE), which is now planned to go ahead in 2014-15.

External Fees and Services

- 7.9 Due to the strategic reduction in the number of external contractors used, expenditure on External fees and services is underspent by £0.123m.

8. ESTABLISHMENT COSTS

Printing, stationery and office expenses

- 8.1 Savings of £0.083m have been made against printing and stationery budgets due to improved procurement practice. In particular savings have been realised as a result of a new contract for photocopiers.

9. PAYMENTS TO OTHER AUTHORITIES

Support Service Contracts

- 9.1 The significant over spend of £0.457m is predominantly due to mutual aid provided by other Fire and Rescue Services in the Somerset levels flooding incident. All of this cost is offset by grant income (Table 2 Line 30) to be recovered from the central government recovery scheme.
- 9.2 Total costs associated with the Somerset levels incident are £0.643m of which an amount of £0.430m relates to mutual aid costs from other Fire and Rescue Services. The remaining cost of £0.213m relates to additional costs incurred by DSFRS in supporting the incident. The Service has already lodged a claim with the government to recover costs under the emergency Bellwin scheme. However under the scheme the Authority is only able to claim above a government set threshold equivalent to 2% of total revenue budget i.e. £0.153m. Representations are being made to the government to ask that the £0.153m is also recoverable but at this time there is no indication to suggest that this will be paid.

10. **CAPITAL FINANCING COSTS**

Capital charges

- 10.1 The spending on Capital Charges is £4.232m, a saving of £0.331m against budget. This is primarily due to a reduction in debt charges because of the significant slippage in capital spending and the resultant reduction in the need for external borrowing.

11. **INCOME**

Treasury Management Income

- 11.1 Due to better than expected yields on Investment activities in 13-14, Treasury Management income was £0.073m better than budget.

Grants and Reimbursements

- 11.2 Income from Grants and Reimbursements was £1.008m more than budgeted. However, the majority of funds are matched by additional spending items in year (reflected on expense lines) resulting in no net savings. In particular there is £0.490m of income included as the expected recovery amount from central government's Bellwin scheme reference the Somerset Levels Flooding incident. This figure also includes an amount of £0.148m relating to grants received during the year but not been applied to spending. Under International Financial Reporting Standards (IFRS) these grants are required to be identified to the Authority at year-end and transferred to an Earmarked Reserve for application in future years when spending is actually incurred. An analysis of these grants is shown in paragraph 12.1.

12. **CONTRIBUTION TO EARMARKED RESERVES**

- 12.1 The 2013-14 outturn figures in Table 2 includes three transfers to Earmarked Reserves, as follows:
- **Community Safety Prevention Initiatives (£0.405m)** - Members will recall that one of the eleven proposals, agreed as part of the Corporate Plan, was for an amount of £0.450m to be set aside and used to enhance our targeted approach to towards prevention activity in its widest sense. At the meeting of the Fire and Rescue Authority meeting, held on the 19 December 2013, it was approved that an amount of £0.450m be transferred to an Earmarked Reserve from the 2013-14 revenue outturn budget to fund this spending. It is intended that this activity will be spread over a number of years in support of the delivery of the Corporate Plan proposals. The actual transfer amount of £0.405m is net of £0.045m spend in 2013-14.
 - **2013-14 Budget Carry Forwards (£0.937m)** – a number of committed projects planned to be delivered by the end of March 2014 have not been completed or delivered on time, and budget carry forwards are therefore required to enable the completion of those projects in 2014-15. These projects relate to;
 - Replacement Work wear for operational staff (£0.450m). Spending against this Reserve will be subject to further reports to the Authority once an alternative issue has been identified and a roll out programme considered.
 - Replacement Breathing Apparatus kit (£0.135m).
 - Property Maintenance Projects (£0.059m).
 - Change and Improvement Projects (£0.228m) – delays in implementation of projects relating to Training Records, Information Assurance, Stores Review, Accident Reporting and training requirements.

- Mobile Data Upgrades for fire appliances (£0.065m).
- **Grants Unapplied (£0.148m)** – as is outlined in paragraph 11.2 of this report, under the new IFRS accounting arrangements, any unused grants at the year-end, which are not subject to repayment are to be identified and carried forward to 2014-15. An analysis of such grants is shown in Table 3 below.

TABLE 3 – UNSPENT GRANTS TO BE CARRIED FORWARD TO 2014-2015

Grant Received From	£m	Purpose of Grant
Department of Communities and Local Government (CLG)	0.110	Allocation to DSFRS in March 2014 from unused Capitalisation Funding.
Department of Communities and Local Government (CLG)	0.038	To fund Urban Search and Rescue (USAR) activities.
TOTAL	0.148	

13. PROPOSALS FOR UTILISATION OF THE UNDERSPEND

13.1 It is recommended that the underspend figure of £2.651m be used to fund two further transfers into Earmarked Reserves, as follows:

- a. **Essential Spending Pressures 2014-15 (£0.300m)** – Since setting the 2014-15 revenue budget in February 2014 two essential spending items totalling £0.300m have been identified by the Service Leadership Team for which no budget provision has been made. Since each of these items are one-off in nature it is proposed that funds be made available from the 2013-14 underspend by way of a transfer to Earmarked Reserves. The requested spending items relate to;
 - Enhancement of Home Fire Safety Visit programme (£0.100m).
 - Works relating to compliance with water regulations at a limited number of stations (£0.200m).
- b. **Capital Funding Reserve (£2.351m)** – Members will be aware that the capital programme for 2014-15 to 2016-17 has been constructed on the basis that the debt ratio (debt charges expressed as a percentage of the total revenue budget) is kept within an agreed target of 5%. Whilst this position will help to keep the authority's exposure to external debt to more affordable levels, it is doubtful that this position can be sustained indefinitely if the identified capital investment backlog, including the phased roll out of the Light Rescue Pumps (LRPs), is to be addressed.

At the budget meeting in February 2014 the Treasurer reported (Report DSFRA/14/12 Capital Programme 2014-15 to 2016-17) that based on current spending forecasts there is a risk that the 5% limit will be breached in the year 2017-18, and even more concerning, that levels of external debt will increase from current levels of £26m to £36m by the year 2020. It is the Treasurers view that this level of debt will not be affordable; particularly at a time of a reducing revenue base as a consequence of further funding reductions. It is therefore important that the Authority considers alternative forms of funding capital spending other than borrowing. The underspend position in 2013-14 provides an opportunity to set aside a one-off amount to be used to provide direct revenue funding towards future capital spending therefore reducing forecast debt requirements. It is therefore recommended that the remaining balance of the underspend of £2.351m be transferred to the Earmarked Reserve for Direct Revenue Funding to Capital. Approval of this recommendation would deliver on-going savings on future debt charges of £0.245m from 2015-16 onwards, therefore contributing to our forecast savings targets required over the next three years.

- 13.2 A summary position of Reserves and Provisions, including the recommendations included in this report, is included as Table 4 overleaf.

TABLE 4 – SUMMARY OF RESERVE AND PROVISION BALANCES AS AT 31 MARCH 2014

RESERVES AND PROVISIONS				
	Balance as at 1 April 2013 £000	Proposed Transfers £000	Projected Spend 2013- 14 £000	Projected Balance as at 31 March 2014 £000
RESERVES				
Earmarked reserves				
Grants unapplied in 2010-11	(2,251)	-	300	(1,951)
Grants unapplied in 2011-12	(139)	-	80	(59)
Grants unapplied in 2013-14	-	(148)	-	(148)
Change & improvement programme	(511)	(228)	-	(739)
Commercial Services	(252)	-	41	(211)
Direct Funding to Capital	(3,877)	(2,351)	2,078	(4,150)
CSR 2010	(3,389) *	-	-	(3,389)
2012-13 Budget Carry Forwards	(150)	-	48	(102)
2013-14 Budget Carry Forwards	-	(709)	-	(709)
Essential Spending Pressures	(103)	(300)	-	(403)
Community Safety Investment	-	(405)	-	(405)
Total earmarked reserves	(10,672)	(4,141)	2,548	(12,265)
General reserve				
General fund balance	(5,191)			(5,191)
Percentage of general reserve compared to net budget				-6.76%
TOTAL RESERVE BALANCES	(15,863)			(17,456)
PROVISIONS				
Fire fighters pension schemes	(1,624)	(481)	22	(2,083)
PFI Equalisation	0	(295)	-	(295)
TOTAL PROVISIONS	(1,624)	(776)	22	(2,378)

* The CSR 2010 Reserve has been established to provide additional financial contingency during the period of austerity, which is now anticipated to go beyond the current CSR 2010 period until at least 2017-18. Given that the proposals within the Corporate Plan are to be implemented with no compulsory redundancies this Reserve will be utilised over the period of austerity measures to fund staffing costs, including voluntary redundancy costs, where required. It also provides further contingency in the event that government grant reductions are larger than included in the Authority Medium Term Financial Plan.

Provisions

13.3 Included in Table 4 is a summary of the Provision balances as at 31 March 2014. As part of the year-end process the Authority is required to review the adequacy of Provision balances and consider whether any changes during the year require additional amounts to be set aside. As a result of the most recent review it has been assessed that an additional charge of £0.776m should be set aside in Provisions therefore increasing the total balance as at 31 March 2014 to £2.378m. The additional £0.776m relates to two items:

Future Pensions Liability (£0.481m) – Legislative changes affecting the Firefighter Pension Schemes has resulted in the need to set further sums aside to fund future pension liabilities. The latest assessment of forecast liabilities has resulted in the need to increase this Provision by an amount of £0.481m, increasing the total Provision as at 31 March 2014 to £2.083m.

In particular, Members will be aware of the impending financial liability relating to the Employment Tribunal which ruled that, under the Part-Time Workers (less than favourable working conditions) Regulations, retained firefighters should have had the same access to pension benefits as their full-time colleagues. Whilst from 2006 retained staff have had such access, this was not the case prior to 2006. The ruling has meant that individual retained firefighters, both existing and retired, can now access the Firefighter Pension Scheme for the period from the year 2000 (the year the employment Tribunal was lodged) until 2006.

In March 2014 the government published its response following last year's consultation from the Department for Communities and Local Government, and the enabling legislation has now come into force from 1 April 2014.

This legislation requires each fire and rescue authority to adopt the following options timetable to identify the interest in the scheme.

- a. FRAs are required to use reasonable endeavours to notify all persons eligible to join the modified scheme **within 2 months** of the enabling legislation coming into force.
- b. Eligible persons will then be required to indicate their interest in joining the scheme, and to submit information (where possible) to confirm their eligibility, details of service during the limited period, levels of historic pay and brigade location etc, **within 2 months** of receiving notification from the fire and rescue authority. For these cases, if an interest is not declared within 2 months of receiving the notification from the fire and rescue authority the opportunity to join the scheme will be lost for that individual.
- c. Eligible members who have not been notified of their entitlement to join the modified scheme by the relevant fire and rescue authority will have **4 months from the date that the legislation comes into force** to declare their initial interest in joining the scheme, and to submit information (where possible) to confirm their eligibility, details of service during the limited period, levels of historic pay and brigade location etc. For these cases, if an interest is not declared within the 4 month period then the opportunity to join the scheme will be lost for that individual.

- d. FRAs are required to write to each eligible person who indicated an initial interest in joining the modified scheme, **within 6 months** of the date of receiving their notification, setting out the amount of special service that they have entitlement to purchase during the limited period and the associated costs of purchasing that past service rights.
- e. The eligible person will then be required to confirm to the appropriate fire and rescue authority, **within 6 months** of receiving this information, that they wish to take up membership of the scheme and pay the required historic contributions – they will also be required to elect the date that they wish their special service to begin (the ‘mandatory special period’) and, if they wish to, to elect to transfer in any 1992 scheme benefits into their special membership at this time.

In terms of the funding implications of the Settlement the Government has reiterated its policy that pensions for unfunded public service pension schemes should be paid by employers and employees, and handled through periodic scheme valuations. The Department has therefore concluded that any costs in relation to the Settlement do not constitute a ‘new burden’ as set out in the Department’s New Burden’s doctrine.

This means that the Authority needs to make an assessment of the likely costs to fall on the revenue account as a result of the Settlement and ensure adequate funding is provided in its year-end accounts. Given that it will take up to twelve months to complete the options process, it is not possible at this time to give a precise figure in terms of the liability to fall on the Authority. The Authority has prudently however set up a Provision from previous years underspends.

Clearly there is a risk that the revised balance on this Provision of £2.084m will prove not to be sufficient to meet the actual pension liabilities when incurred. In such circumstance the Authority will need to consider how any shortfall is to be funded but in any event ensure that sufficient overall reserve balances are available.

PFI Equalisation Fund (£0.295m) – Under a joint PFI venture, Gloucestershire County Council (25%), Avon Fire & Rescue Service (50%) and Devon & Somerset Fire & Rescue Service (25%) receive a significant element of their training from Babcock International Group PLC, a Ltd company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates under the PFI contract.

Under the financing arrangements each Authority pays an annual sum into what is called the Equalisation Fund which is managed by Gloucestershire County Council. Periodic reviews of the Fund are made to ensure that the annual sums made by each party will be sufficient to meet total liabilities to the end of the contract in 2028. The most recent review had identified a forecast potential shortfall on the Fund of £1.180m, representing a forecast liability to DSFRS (25%) of £0.295m. This shortfall has been caused by the economic downturn since 2008 and the detrimental impact on investment returns. An external audit report carried out in 2013 raised concerns that the three parties had not adequately addressed this forecast shortfall within its accounts and that each party should consider a planned action to address this issue.

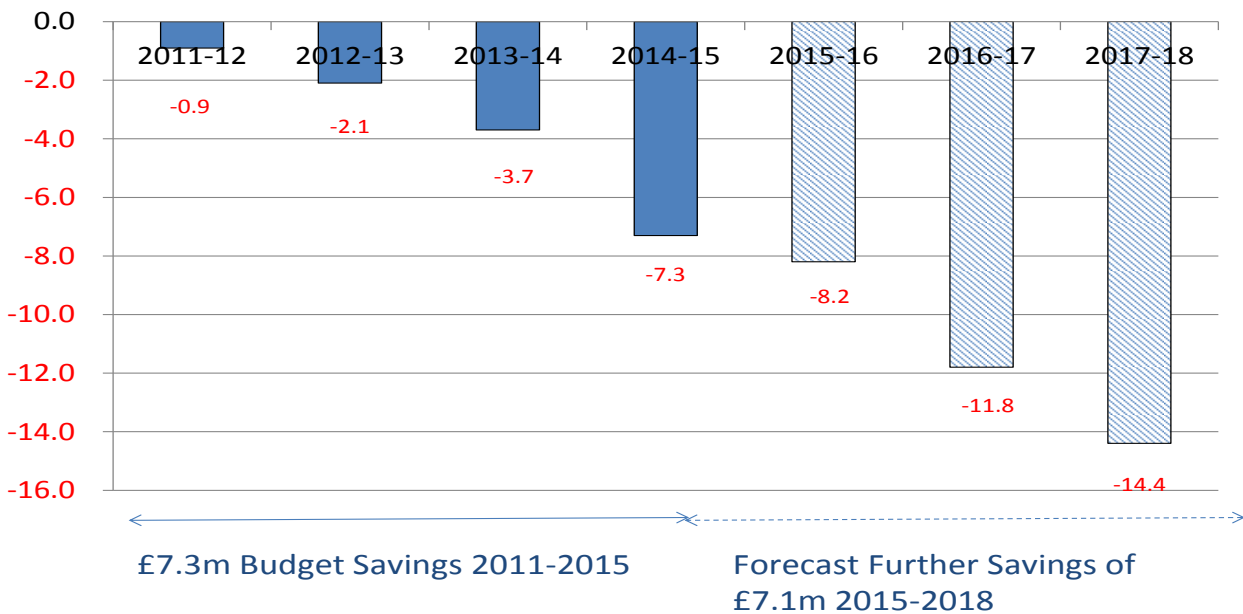
A Provision of £0.295m has therefore been set aside to meet this forecast shortfall. This Provision will be subject to an annual review to consider its adequacy in light of future reviews of the Fund.

14. IMPACT TO MEDIUM TERM FINANCIAL PLANNING

14.1 Members will be well aware of the difficult financial climate currently being faced by local authorities as a result of significant reductions in government funding. The most recent Local Government Grant Settlement in December 2013 confirmed that DSFRA funding would reduce by £2.7m in 2014-15, and 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 over the 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.

14.2 So far, the Authority has responded well, since 2011 a total of £7.3m of recurring efficiency savings have been identified and used to enable balanced budgets to have been set, including an amount of £3.6m in setting the budget for 2014-15 in February 2014. However the MTFP forecasts that a further £7.1m of on-going savings will be required over the next three years to 2017-18. Chart 1 below provides a summary of savings delivered to date (2014-15) and forecast savings required over the next three years to 2015-16 to 2017-18.

CHART 1 – SUMMARY OF SAVINGS (CUMULATIVE) 2011 TO 2018 - £MILLIONS



- 14.3 The Corporate Plan for 2013-14 to 2014-15 was approved by the Authority at its meeting on 10 July 2013. The Plan includes a range of proposals which when fully implemented will deliver total on-going savings of £6.8m. Of this an amount of £3.6m has been already utilised in setting the 2014-15 budget, leaving a further £3.2m of Corporate Plan proposals to contribute to further savings targets beyond 2014-15.
- 14.4 The underspend of £2.651m achieved in the previous financial year 2013-14 is of course most welcome and is as a result of our strategy to deliver in year savings to be available to increase Reserve balances. However it is, of course, a one-off saving and therefore can only be used once, so is not able to provide a sustainable solution to the forecast budget shortfall. The recommendation in this report, however, to provide a one-off contribution to capital spending of £2.351m, will reduce future debt charges by £0.245m each year and therefore contribute to our savings targets.

15. SUMMARY OF REVENUE SPENDING

- 15.1 Members will be well aware from budget monitoring reports considered during the financial year of the strategy adopted to seek in-year savings wherever possible which can be transferred at year end to the Authority Reserve balances. It is pleasing therefore that this strategy has resulted in a final underspend position of £2.651m requiring a Member decision as to how this one-off amount is to be best utilised.
- 15.2 This report makes proposals as to how this underspend can be utilised. Members of Resources Committee are asked to consider these proposals, as outlined in paragraph 12 of this report, with a view to making a recommendation to the meeting of the Fire and Rescue Authority to be held on the 29 May 2014.

16. SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2013-14

Monitoring of Capital Spending in 2013-14

- 16.1 Table 5 overleaf provides a draft outturn position against the 2013-2014 capital programme. Against a final capital programme of £6.798m, capital spending in year was £3.853m, with £2.822m of slippage in to 2014-15 and net savings of £0.123m.
- 16.2 It should be noted that the Capital Programme has been enhanced by £0.046m from the previously reported figure. This increase is to fund three small improvement schemes to fire stations, each of which has been funded from revenue contributions therefore requiring no increase in the Authority borrowing requirement.

TABLE 5 – CAPITAL OUTTURN 2013-14

Capital Programme 2013/14			
Item PROJECT	2013/14 £000 Budget	2013/14 £000 Outturn	2013/14 £000 Variation to budget
Estate Development			
1 SHQ major building works	79	21	(58)
2 Major Projects - Training Facility at Exeter Airport	1,544	1,247	(297)
3 Minor improvements & structural maintenance	300	33	(267)
4 USAR works	255	187	(68)
5 Minor Works slippage from earlier years	988	552	(436)
6 Projects funded from Revenue	108	96	(12)
Estates Sub Total	3,274	2,136	(1,138)
Fleet & Equipment			
7 Appliance Replacement - Slippage from 12/13	337	127	(210)
8 Specialist Ops Vehicles - Slippage from 12/13	1,531	717	(814)
9 Equipment - Slippage from 12/13	181	113	(68)
10 Vehicles funded from Revenue	60	60	-
11 Appliance Replacement	1,015	613	(402)
12 Equipment	300	87	(213)
13 USAR Vehicles	100	-	(100)
Fleet & Equipment Sub Total	3,524	1,717	(1,807)
Overall Capital Totals	6,798	3,853	(2,945)
Programme funding			
Main programme	1,596		(1,596)
Revenue funds	3,407	2,225	(1,182)
Earmarked Reserves	355	188	(167)
Grants	1,440	1,440	-
	6,798	3,853	(2,945)

Prudential Indicators (including Treasury Management)

- 16.3 Table 5 also illustrates how the forecast spending of £3.853m is to be financed. Because of the significant slippage in spending there is no increase in the requirement to borrow in 2013-14 to finance capital expenditure.

- 16.4 Total external borrowing with the Public Works Loan Board (PWLB) as at 31 March 2014 stands at £26.214m. This level of borrowing is well within the Authorised Limit for external debt of £32.770m (the absolute maximum the Authority has agreed as affordable).
- 16.5 Income from the investment of working balances into short-term deposits exceeded the target figure of £0.100m by 31 March 2014 by £0.073m. This is due investment returns yielding an average return of 0.61% which outperforms the LIBID 3 Month return (industry benchmark) of 0.39% for the quarter and increased cash investment due to slippage on the Capital programme.
- 16.6 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2013-2014, which illustrates that there was no breach of any of these indicators.

17. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

- 17.1 Total debtor invoices outstanding as at 31 March 2014 were £1,056,629. Whilst this represents a large increase on the previously reported figure of £261,209 at 31 December 2013 the majority is current debt due to processing of year end invoices and as such is not cause for concern. As at 30 April 2014 this figure had reduced to £509,998.
- 17.2 Of this figure an amount of £68,058 (£79,613 as at 31 December 2013) was due from debtors relating to invoices that are more than 85 days old, equating to 6.44% (30.48% as at 31 December 2013) of the total debt outstanding. Table 6 below provides a summary of all debt outstanding as at 31 March 2014.

TABLE 6 – OUTSTANDING DEBT AS AT 31 March 2014

	Total Value £	%
Current (allowed 28 days in which to pay invoice)	648,847	61.40%
1 to 28 days overdue	339,724	32.16%
29-56 days overdue	-	-
57-84 days overdue	-	-
Over 85 days overdue	68,058	6.44%
Total Debt Outstanding as at 31 March 2014	1,056,629	100.00%

- 17.3 Table 7 overleaf provides further analysis of those debts in excess of 85 days old.

TABLE 7 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	Total Value	Action Taken
Individual Debts less than £1,000	7	£2,690	Each debt being pursued by the Risk and Insurance Officer.
L Davies	1	£2,681	This relates to an overpayment to a former employee and payment by instalments has been negotiated.
Georgia Group	1	£62,687	This is a claim that relates to a breach of contract and refunds due to the Authority in relation to training courses not delivered. As previously reported to this Committee this debt is subject to legal proceedings.

Payment of Supplier Invoices within 30 days

- 17.4 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). Actual performance to the end of March 2014 was 96.08% against the previous reported figure of 91.95% as at 31 December 2013. There has been a marked performance improvement over the year and the Finance Team are continuing to work with administrative staff across the Service with a view to identify changes to current processes which will improve performance.

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/14/8

PRUDENTIAL INDICATORS 2013-2014

Prudential Indicators and Treasury Management Indicators	Outturn £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	3.853	6.798	(£2.945m)
External Borrowing vs Capital Financing Requirement (CFR) - Total	27.746	25.914	£1.832m
- Borrowing	26.214	24.382	
- Other long term liabilities	1.532	1.532	
External borrowing vs Authorised limit for external debt - Total	27.746	34.290	(£6.544m)
- Borrowing	26.214	32.770	
- Other long term liabilities	1.532	1.520	
Debt Ratio (debt charges as a %age of total revenue budget)	3.75%	3.85%	(0.10)bp
Cost of Borrowing – Total	1.132	1.132	(£0.000m)
- Interest on existing debt as at 31-3-13	1.132	1.132	
- Interest on proposed new debt in 2013-14	0.000	0.000	
Investment Income – full year	0.173	0.100	(£0.073m)
	Actual (31 Mar 2014) %	Target for quarter %	Variance (favourable) /adverse
Investment Return	0.61%	0.39%	(0.22)bp

Prudential Indicators and Treasury Management Indicators	Forecast (31 March 2014) %	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%)
- 10 years to 20 years	16.59%			
- 20 years to 30 years	13.62%			
- 30 years to 40 years	24.66%			
- 40 years to 50 years	34.45%			



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	RC/14/9
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 MAY 2014
SUBJECT OF REPORT	ANNUAL GRANT TO SERVICE CEREMONIAL UNIT 2014/15
LEAD OFFICER	Chief Fire Officer
RECOMMENDATIONS	<i>That a grant of £7000.00 be made to the Ceremonial Unit for the 2014-15 financial year as a contribution towards those costs highlighted in paragraphs 3.1 to 3.3 below</i>
EXECUTIVE SUMMARY	<p>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.</p> <p>This paper now seeks approval, in accordance with Financial Regulations, to the making of a grant to the Unit for the 2014/15 financial year.</p>
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 & 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 2013-14

- 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 will provide for an increase of no less than the rate of inflation measured over the preceding 12 months.
- 2.2 For the previous financial year, this Committee made a grant totalling £8,000 to the Unit – in the main to cover attendance at Ypres and the Firefighters Memorial Trust ceremony on London (£6,500) but also to cover costs associated with the replacement of music titles, repair and refurbishment of drum kit, purchase of additional banners and replenishment of uniform and a contribution to advertising and publication costs incurred during the year (Minute *RC/22 of the meeting held on 16 May 2013 refers).

3. FUNDING IN 2014-15

- 3.1 As previously indicated, the primary purpose of the grant funding is to support expenses incurred by attendance at the Ypres Remembrance Ceremony. The Unit has costed attendance at this event in 2014 at £5,000. This relates to travel only – other costs associated with attendance are borne by the individuals in the Unit attending the event.
- 3.2 For 2014, the Unit will not be leading the annual Firefighters Memorial Trust ceremony in London and as such has indicated it will not require any associated funding assistance.
- 3.3 For the forthcoming financial year, the Concert Band has indicated that it is seeking funding of £1,350 for the forthcoming financial year as follows:

Item	Cost £
Replenishment of Music (note: titles need to be refreshed annually)	600.00
Replenishment of uniform incl. red ties and epaulets with Service logo	450.00
Ancillary costs for advertising and publicity materials	300.00
TOTAL	1,350.00

- 3.4 While there is an ongoing annual need to replenish music titles and uniform and meet publicity costs, the Concert Band is nonetheless cognisant of the difficult financial climate the Service is operating in and as such is seeking total funding of £1,350 for the forthcoming financial year as against the £1,500 awarded in the previous year.
- 3.5 In view of the above, it is suggested that the Committee may wish to award a grant of £7,000 in the current financial year towards the costs identified in paragraphs 3.1 to 3.3 above and leave a small surplus by way of a contribution to the costs of other events.
- 3.6 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 £11,200 for the making of grants to outside organisations in 2014-15. Historically, the Service has supported both the Ceremonial Unit and the Fire Service Sports and Athletics Association (FSSAA) from this provision, albeit that the FSSAA has not requested a grant for the last two financial years.

4. CONCLUSION

- 4.1 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.
- 4.2 As such, the Committee is asked to approve – in accordance with Financial Regulations – the making of a grant to the Unit of £7,000 to support its activities in the current financial year and particularly attendance at the Ypres Remembrance Ceremony.

LEE HOWELL
Chief Fire Officer