DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

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 : DSFRA/MP/SS
Website : www.dsfire.gov.uk

Date : 23 August 2016
Please ask for : Sam Sharman
Email : ssharman@dsfire.gov.uk

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

RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

Thursday 1 September 2016

A meeting of the Resources Committee is to be held on the above date, **commencing at 10.00 hours in Committee Room B in Somerset House, Service Headquarters, Exeter** 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 previous meeting held on 17 May 2016** attached **(Pages 1 - 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 **Treasury Management Performance Report 2016-17: Quarter 1** **(Pages 5 - 12)**

Report of the Treasurer (RC/16/9) attached.

5 **Four Year Funding Allocations and Efficiency Plan** **(Pages 13 - 32)**

Report of the Treasurer (RC/16/10) attached.

6 **Financial Performance Report 2016-17: Quarter 1.** **(Pages 33 - 42)**

Report of the Treasurer (RC/16/11) attached.

PART 2 - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PRESS OR PUBLIC

7 **Red One Ltd Performance Report 2016-17: Quarter 1.** **(Pages 43 - 46)**

Report of the Treasurer (RC/16/12) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Dyke (Chair), Burridge-Clayton, Chugg, Greenslade, Hendy, Thomas and Yeomans (Vice-Chair)

NOTES	
1.	**Access to Information** Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the “Please ask for” section at the top of this agenda.
2.	**Reporting of Meetings** Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority. Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	**Disclosable Pecuniary Interests (Authority Members only)** 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.
4.	**Part 2 Reports** 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.
5.	**Substitute Members (Committee Meetings only)** 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.

This page is intentionally left blank

RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

17 May 2016

Present:-

Councillors Dyke (Chair), Burridge-Clayton, Chugg, Greenslade, Singh, Thomas and Yeomans (Vice-Chair)

RC/16 **Minutes of the previous meeting held on 10 February 2016***

RESOLVED that the Minutes of the meeting held on 10 February 2016 be signed as a correct record.

RC/17 **Draft Financial Outturn 2015/16**

The Committee considered a report of the Treasurer to the Authority (RC/16/6) that set out details of the Authority's financial performance during 2015/16 as compared with the approved financial targets. The report also provided a draft outturn spending position against the 2015-16 revenue budget with explanations of the major variations.

The Treasurer highlighted that net spending was £72.833m at the year-end in 2015/16 which was £1.878m less than the approved revenue budget of £74.710m. The saving of £1.878m was equivalent to 2.51% of the total budget. It was proposed that this underspend be utilised to fund the following transfer of funds to Earmarked Reserves:

- A transfer of £0.557m to an Earmarked Reserves to be utilised to fund Essential Spending Pressures not included within the 2016-17 base budget;
- The transfer of the remaining £1.321m to the Capital Funding reserve.

The Treasurer reported that the underspend figure of £1.878m was after:

- The transfer of £0.420m to the Grants Unapplied Reserve, as required under the International Financial reporting Standards relating to grants received during the financial year but not utilised (paragraph 12.5(a) of the report circulated);
- A transfer of £0.091m to Earmarked Reserves for 2015-16 budget carry forward to fund planned projects not completed by 31 March 2016 (paragraph 12.5(c) of the report circulated);
- A transfer of £1.677m to the Reserve for Capital Funding (paragraph 12.5(e) of the report circulated); and,
- Additional provision relating to pension liabilities of £0.066m (paragraph 12.5(g) of the report circulated).

Reference was made to the Prudential Indicators and the point that external borrowing was £25.817m in Quarter 4 of 2015/16 which was well within the £29.477m set by the Authority (as the absolute maximum that was agreed as being affordable). This figure was lower than the previous quarter (£26.864m) due to further principal repayments during the quarter. No further external borrowing was planned in the immediate future and the proposals above made provision for the transfer of some of the underspend into the Capital Funding Reserve. It was noted that the debt ratio was 3.76% of the revenue budget which was well within the 5% limit set by the Authority.

The Treasurer advised the Committee that spending against the 2015-16 capital programme was £6.171m against a revised programme of £8.202m. The slippage of £1.627m was attributable largely to several projects, including a delay in delivery of six Light Rescue Pumps.

Reference was made at this point to the amount of £1.6m that had previously been set aside in a ring-fenced provision to fund future pension liabilities, including the liability from the Part Time Workers (Prevention of Less Favourable Treatment) Employment Tribunal. All employees eligible for the backdated pension were notified and – if they submitted an expression of interest – were supplied with an estimate of their pension. In terms of funding, the Treasurer advised that it was anticipated that the Department for Communities and Local Government would make provision for any future liabilities through increased employer's pension contributions to be recovered over a longer period rather than being repaid as a lump sum.

The Committee expressed thanks to both operational officers and budget holders for the laudable position that had been achieved on the outturn at the year end, whereupon it was:

RESOLVED

(a) That the Fire and Rescue Authority, at its meeting on the 26 May 2016, be recommended to approve:

(i) That the provisional underspend against the 2015-16 revenue budget of £1.878m be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 12.5 of report RC/16/6:

A. the transfer of £0.557m to an Earmarked Reserve to be utilised to fund Essential Spending Pressures not included in the 2016-17 base budget (paragraph 12.5(b) of report RC/16/6 refers);

B. the transfer of the remaining £1.321m to the Capital Funding Reserve (paragraph 12.5(f) of report RC/16/6 refers);

(ii) That following a review of Earmarked Reserve requirements, an amount of £0.011m be transferred from Earmarked Reserves to General Reserve (paragraph 12.5(d) refers)

(b) That, subject to (a) above, the following be noted:

(i) The draft position in respect of the 2015-16 Revenue and Capital Outturn position, as indicated in report RC/16/6.

(ii) That the underspend figure of £1.878m was after:

A. A transfer of £0.420m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards relating to grants received during the financial year but not utilised (paragraph12.5(a) of report RC/16/6 refers);

B. A transfer of £0.091m to Earmarked Reserves for 2015-16 Budget Carry Forwards to fund planned projects not completed by 31 March 2016 (paragraph 12.5(c) of report RC/16/6 refers));

C. A transfer of £1.677m to the Reserve for Capital funding (paragraph 12.5(e) of report RC/16/6 refers);

D. Additional provisions relating to pension liabilities of £0.066m*.* (paragraph 12.5(g) of report RC/16/6 refers).

NB. Minute RC/18 below also refers.

RC/18 Revision to Capital Programme 2016/17 to 2018/19

The Committee considered a report of the Chief Fire Officer and Treasurer (RC/16/7) that set out proposed revisions to the approved Capital programme to take account of:

a) A variance to budget in 2015/16 of £1.307m more than had been anticipated when setting the original programme for 2016-17 to 2018-19, as outlined in the draft Financial Performance Report (RC/16/6), There was additional saving of £0.203m and budget unspent in 2015/16 of £1.104m. This budget was still required (carried forward to 2016-17) and reflected only a change to the timing of spend rather than an increase to funding requirements.

b) An increase of £0.140m in 2016-17 to cover the cost of an additional capital scheme to be funded from earmarked reserves as outlined in the Financial Performance Report 2015-16 (RC/16/6);.

c) An increase of £0.031m to cover the purchase of a fire engine which had been leased previously to be funded from the 2016-17 revenue budget.

RESOLVED that it be recommended to the Devon & Somerset Fire & Rescue Authority that the revised capital programme and associated prudential indicators for 2016-17 to 2018-19 as set out within report RC/16/7 be approved.

NB. Minute RC/17 above also refers.

RC/19 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 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial or business affairs of a particular person, including the Authority.

RC/20 **Red One Performance Report for 2015/16***

(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 received for information a report of the Treasurer (RC/16/9) that set out the draft financial outturn position for 2015-16 for the Authority's trading company, Red One Ltd.

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

The meeting started at 10:00hours and finished at 11.15hours

REPORT REFERENCE NO.	**RC/16/9**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**1 SEPTEMBER 2016**
SUBJECT OF REPORT	**TREASURY MANAGEMENT PERFORMANCE 2016-2017 – QUARTER 1**
LEAD OFFICER	**TREASURER**
RECOMMENDATIONS	***That the performance in relation to the treasury management activities of the Authority for 2016-17 (to June 2016) be noted.***
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of Practice for Treasury Management. The Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's Code of Practice.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Investments held as at 30 June 2016.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) Report DSFRA/16/3 – as approved at the meeting of the DSFRA meeting held on the 19 February 2016.

1. INTRODUCTION

1.1 The Treasury Management Strategy for Devon and Somerset FRA has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in Public Services Code of Practice (the Code) and the CIPFA Prudential Code. The Code recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Authority is implementing best practice in accordance with the Code and includes:

- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Authority's treasury management activities.

- The creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives.

- The receipt by the full Authority of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.

- The delegation by the authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.2 Treasury management in this context is defined as:

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

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

2. ECONOMIC BACKGROUND

Economic performance

2.1 United Kingdom Gross Domestic Product (GDP) growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country. However, the 2015 growth rate finally came in at a disappointing 1.8% which shows that growth had slowed down, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back again to +0.4% (2.0% year on year) in quarter 1 of 2016.

2.2 During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme and uncertainty created by the Brexit referendum. However, since the peak in November 2015, sterling has fallen against the Euro by 14% which will help to make British goods and services much more competitive and will increase the value of overseas earnings by multinational companies based in the UK. In addition, the Chancellor has announced that the target of achieving a budget surplus in 2020 will have to be eased in order to help the economy recover from the expected slowing of growth during the second half of 2016.

2.3 The Bank of England May Inflation Report included a forecast for growth for 2016 of 2.0% and 2.3% for 2017 on the assumption that the referendum result was a vote to remain. The Governor of the Bank of England, Mark Carney, warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. In his 30 June and 1 July speeches, Carney indicated that the Monetary Policy Committee (MPC), would be likely to cut Bank Rate and would consider doing further quantitative easing purchasing of gilts, in order to support growth. However, he did also warn that the Bank cannot do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation).

2.4 The May Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, the falls in the price of oil and food twelve months ago will be falling out of the calculation of Consumer Prices Index (CPI) during 2016 and in addition, the recent 10% fall in the value of sterling is likely to result in a 3% increase in CPI over a time period of 3-4 years. There is therefore likely to be an acceleration in the pace of increase in inflation which could make life interesting for an MPC which wants to help promote growth in the economy by keeping Bank Rate low.

2.5 The American economy had a patchy 2015 – quarter 1 0.6% (annualised), 3.9% in quarter 2, 2.0% in quarter 3 and 1.4% in quarter 4, leaving growth in 2015 as a whole at 2.4%. Quarter 1 of 2016 came in at +1.1% but forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed embarked on its long anticipated first increase in rates at its December meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, has caused a re-emergence of caution over the timing and pace of further increases. It is likely there will now be only one more increase in 2016.

2.6 In the Eurozone, the European Central Bank (ECB) commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected Eurozone countries at a rate of €60bn per month; this was intended to run initially to September 2016. In response to a continuation of weak growth, at the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn.

2.7 This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) and is expected to continue growing but at only a modest pace. The ECB is also struggling to get inflation up from near zero towards its target of 2%.

Interest Rate Forecasts

2.8 The Authority's treasury advisor, Capita Asset Services, has provided the following forecast:

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	1.00%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.30%	1.30%
10yr PWLB rate	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%	1.90%
25yr PWLB rate	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%
50yr PWLB rate	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%

2.9 Capita Asset Services undertook a review of its interest rate forecasts on 4 July after letting markets settle down somewhat after the Brexit result of the referendum on 23 June. It is generally agreed that this outcome will result in a slowing in growth in the second half of 2016 at a time when the Bank of England has only limited ammunition in its armoury to promote growth by using monetary policy.

2.10 We therefore expect that Bank Rate will be cut by 0.25%, probably at the 14 July MPC meeting but possibly at its quarterly Inflation Report meeting on 4 August when it has a greater opportunity to report in depth on its research and findings. Bank Rate could even be cut to 0% or 0.10% over this period. Thereafter, we do not expect the MPC to take any further action on Bank Rate in 2016 or 2017 as we expect the pace of recovery of growth to be weak during a period of great uncertainty as to the final agreement between the UK and the EU on arrangements after Brexit.

2.11 However, the MPC may also consider renewing a programme of quantitative easing; the prospect of further purchases of gilts in this way has already resulted in 10 year gilt yields falling below 1% for the first time ever. We do not expect Bank Rate to start rising until quarter 2 2018 and for further increases then to be at a slower pace than before. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and for some consumers, who have had no increases in pay, could be non-existent (other than through some falls in prices).

3. TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY

3.1 The Authority's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement (TMSS) was approved by the Authority on the 19th February 2016. It outlines the Authority's investment priorities as follows:

- Security of Capital
- Liquidity
- Yield

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

3.3 A full list of investments held as at 30 June 2016 are shown in Appendix A.

3.4 The average level of funds available for investment purposes during the quarter was £29.532m (£34.400m in previous quarter). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Benchmark	Benchmark Return	Authority Performance	Investment interest to quarter 1
3 Month LIBID	0.46%	0.52%	£22,200.

3.5 As illustrated, the authority outperformed the 3 month LIBID benchmark by 0.06bp. It is also forecast that the Authority's budgeted investment target for 2016-2017 of £0.154m will be achieved.

BORROWING STRATEGY

Prudential Indicators:

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

3.7 A full list of the approved limits (as amended) are included in the Financial Performance Report 2016-2017, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to June 2016 and that there are no concerns that they will be breached during the financial year.

Current external borrowing

3.8 External borrowing as at 30 June 2016 was £25.817m, same figure as previous quarter. All of this debt was at fixed rate with the remaining principal having an average rate/life of 4.231%/30.09 years.

Loan Rescheduling

3.9 No debt rescheduling was undertaken during the quarter. The Authority will continue to work closely with our treasury advisors to explore any opportunities to repay existing loans, however current Public Works Loan Board (PWLB) early repayment rates mean there is no financial benefit in undertaking premature loan repayment at this time.

New Borrowing

3.10 As depicted in the graph(s) below, there has been significant volatility in PWLB rates during quarter 1 culminating in a progressive fall in rates during the first three weeks in June as confidence rose that the polls were indicating an 'IN' result for the referendum, followed by a sharp rise in the run up to the referendum day as the polls swung the other way, followed by a sharp fall to the end of the month in anticipation that there is likely to be further quantitative easing purchases of gilts in the coming months.

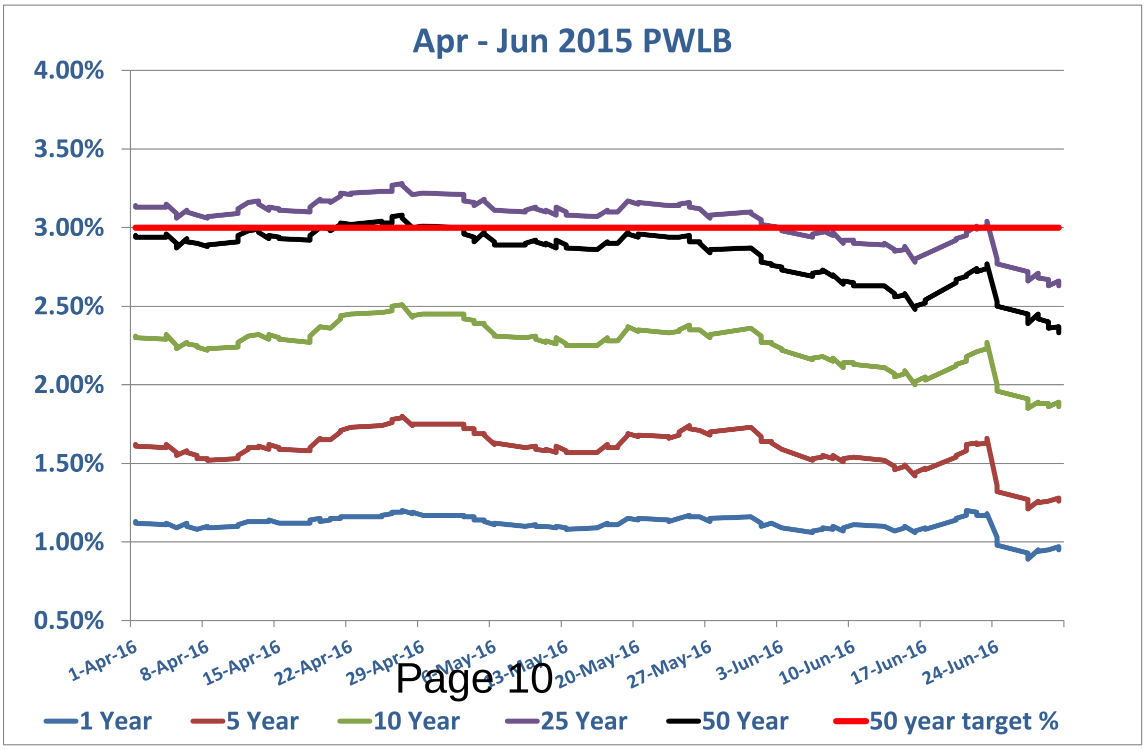
3.11 During the quarter ended 30 June 2016, the 50 year PWLB target (certainty) rate for new long term borrowing remained at 3%. *(However, the target rate was cut to 2.20% on 4 July 2016 due to the sharp fall in gilt yields after the referendum.)*

3.12 No new borrowing was undertaken during the quarter and none is planned during 2016-17. It is anticipated that use of internal borrowing will avoid the need to borrow from the PWLB in year.

PWLB rates quarter ended 30 June 2016

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.89%	1.21%	1.85%	2.63%	2.33%
Date	27/6/16	27/6/16	27/6/16	29/6/16	30/6/16
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/4/16	27/4/16	27/4/16	27/4/16	27/4/16
Average	1.11%	1.59%	2.25%	3.05%	2.83%

3.13 Borrowing rates for this quarter are shown below.



Borrowing in Advance of Need

3.14 The Authority has not borrowed in advance of need during this quarter.

4. SUMMARY AND RECOMMENDATION

4.1 In compliance with the requirements of the CIPFA Code of Practice of Treasury Management, this report provides members with the first quarter report of the treasury management activities for 2016-2017 to June 2016 As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns are still low as a consequence of the fall in interest rates, the Authority is anticipating that investment returns will meet the budgeted target.

KEVIN WOODWARD
Treasurer

Investments as at 30 June 2016					
Counterparty	**Maximum to be invested**	**Total amount invested**	**Call or Term**	**Period invested**	**Interest rate(s)**
	£m	**£m**			
Bank of Scotland	5.000	2.100	T	1 yr	1.000%
		1.400	T	1 yr	1.000%
		1.500	T	1 yr	1.020%
Barclays	8.000	2.000	T	6 mths	0.690%
		4.000	T	6 mths	0.660%
Santander UK PLC	5.000	1.000	T	6 mths	0.660%
		2.000	T	6 mths	0.670%
		2.000	T	6 mths	0.530%
Leeds Building Society	2.000	1.000	T	6 mths	0.670%
Coventry Building Society	2.000	2.000	T	6 mths	0.600%
Nationwide Building Society	2.000	2.000	T	6 mths	0.660%
Qatar National Bank	2.000	1.000	T	1 yr	1.000%
Black Rock Money Market Fund	5.000	1.143	C	Instant Access	Variable
Ignis Sterling Liquidity Money Market Fund	6.000	5.298	C	Instant Access	Variable
Total invested as at 30 June 2016		**£28.441M**			

REPORT REFERENCE NO.	**RC/16/10**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**1 SEPTEMBER 2016**
SUBJECT OF REPORT	**FOUR-YEAR FUNDING ALLOCATIONS AND EFFICIENCY PLAN**
LEAD OFFICER	**TREASURER**
RECOMMENDATIONS	***That it be recommended to the Devon & Somerset Fire & Rescue Authority at its next meeting on 30 September 2016, that:*** ***(a) the Authority applies for the government offer of a four-year funding settlement, and;*** ***(b) it approves the draft Efficiency Plan 2016-2020 as set out at Appendix A of this report.***
EXECUTIVE SUMMARY	The 2016-17 Local Government Finance Settlement included the offer of a four-year funding settlement to cover the years 2016-17 to 2019-2020. The Fire Minister has subsequently written to all single purpose Fire and Rescue Authorities to confirm that firm funding allocations to 2019-20 are being offered in return for the submission of robust and transparent efficiency plans. On the basis that this offer will provide funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners, it is recommended that the Authority applies for the offer. A draft efficiency plan for the Authority is included at Appendix A.
RESOURCE IMPLICATIONS	None
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Draft Efficiency Plan 2016-2020.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 In the latest Local Government Finance Settlement, announced in December 2015, the government included an offer to local authorities for four-year funding allocations to cover the years 2016-17 to 2019-20, in return for the submission of an efficiency plan. At that time, guidance on the requirements for the submission of the plan was very light with further guidance expected during the early part of 2016.

1.2 In May 2016, the Fire Minister wrote to the Chairs of fire and rescue authorities (FRAs) to confirm that the offer would apply to single purpose FRAs, and provided more detail on the requirements associated with the completion and submission of the efficiency plan.

1.3 In August 2016 the Home Office wrote to Chairs of fire and rescue authorities to provide a template to be used for efficiency plan submissions. The template is intended to provide high-level indicative figures of how the certainty afforded by the four year settlement will allow for a forecast balanced net position over the four year period.

1.4 Those FRAs that choose not to accept the offer will be subject to the existing yearly process for determining the local government finance settlement. Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit. Such FRAs will, however, still be required to complete the template, albeit that financial plans may not be sufficiently robust to provide full financial information over the whole four years.

1.5 Given that acceptance of the four-year offer will provide funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners, it is a recommendation of this report that the Authority applies for the offer.

1.6 This report provides more information on the requirements for completion of efficiency plans. The deadline for the submission of the plan is 14 October 2016. A draft plan for the Authority is included in the report and the Committee is asked to consider this plan with a view to recommending to the next meeting of the Fire and Rescue Authority, to be held on the 30th September, that the Plan be approved.

2. COMPLETION OF EFFICIENCY PLANS

2.1 A letter from the Fire Minister to the Chairs of FRAs in May 2016 provided more detail in terms what should be included in efficiency plans. That letter offers some flexibility to FRAS on the format of efficiency plans, but emphasises that it is important that plans should be locally-owned and published in a way which allows for transparency and progress to be scrutinised by local people. To achieve this it is expected that the plan should:

- be published and easily accessible to the public on the fire and rescue authority's website, clearly stating what it contains;
- include the full 4 year period to 2019-20, and be open and transparent about the benefits the plan will bring to both the fire and rescue authority and the local community;
- demonstrate the level of cashable and non-cashable savings you expect to achieve through the Spending Review period, the timetable for delivery, and key risks and mitigation strategies;
- include the approach to increasing collaboration, including with the police and local public sector partners and in relation to procurement;

- demonstrate how more flexible working practices will be achieved, including more effective utilisation of retained firefighters;
- include a commitment to the publication of transparent performance information;
- include a clear strategy for the use of reserves; and
- include a commitment to publishing annual reports on the progress of the efficiency plan alongside the fire and rescue authority's statutory assurance statement, enabling local people to scrutinise progress.

2.2 It is also emphasised that the plan need not be a separate document and could be combined with the Medium Term Financial Plan.

2.3 Interest in accepting the offer will only be considered if a link to a published efficiency plan is received by the Home Office at 5pm Friday 14th October. The Home Office will provide confirmation of the offer shortly after the deadline.

2.4 A draft efficiency plan for the Authority is provided at Appendix A. The process for the completion of the plan has been to utilise the template provided by the Home Office and populate with figures already included within the Authority Medium Term Financial Plan and the Change and Improvement Plan. Further commentary is provided to expand on our approach to the delivery of savings over the four-year period to deliver a balanced budget position.

3. OFFER OF FOUR-YEAR FUNDING ALLOCATIONS

3.1 Members will be aware that since the introduction of the government austerity measures from 2010 and the resultant reductions in government funding the Authority's financial planning has taken a longer term focus to ensure that it can demonstrate a balanced budget over at least a five year period.

3.2 This approach, supported by the Medium Term Financial Plan, has resulted in the delivery of over £9m of recurring savings since 2010, largely underpinned by the Authority decisions in 2013 to approve the eleven proposals contained within the 2013 Corporate Plan, delivering annual savings of £6.8m. The strategic approach adopted has been to target savings against the three broad headings of:

- **Reducing our costs** (reductions against budget lines);
- **Reduce Support Costs** (staffing budget lines); and
- **Reduce Operational Costs** (staffing budget lines).

3.3 Looking ahead to the next four years, the final Local Government Finance Settlement was announced on 8 February 2016, which provided local authorities with individual Settlement Funding Assessment (SFA) figures for 2016-17 and an offer of a four-year settlement to 2019-20 for those authorities that wish to take it.

3.4 The SFA figures for this Authority results in a reduction in 2016-17 of 8.6% over 2015-16 and should the Authority accept the four-year settlement a total reduction of 24.9% by 2019-20:

TABLE 1 – SETTLEMENT FUNDING ASSESSMENT			
	SFA	**SFA Reduction**	
	£m	**£m**	**%**
2015-16	29.413		
2016-17	26.873	(2.540)	**-8.6%**
2017-18	23.872	(3.001)	**-11.2%**
2018-19	22.599	(1.273)	**-5.3%**
2019-20	22.080	(0.519)	**-2.3%**
Reduction over 2015-16		**(7.333)**	**-24.9%**

3.5 The impact of these reductions was reflected in the revised Medium Term Financial Plan considered at the budget meeting in February 2016. This plan has forecast the need for further savings over the next four-year period, the latest forecast is that a further £9m will be required by 2019-20.

3.6 Since February plans for the delivery of this magnitude of savings have been further developed by the senior management team and areas for savings captured within the Change and Improvement Programme. This programme has identified a number of individual proposals for savings each of which has an assigned programme lead officer responsible for reporting progress through the Programme Board.

3.7 This planned approach provides sufficient confidence that the Service can respond to the impact of the four-year settlement and provide balanced budgets in each of the four years to 2019-20. It should also be noted that the Authority has prudently set aside an amount of £5m into an Earmarked Reserve specifically to be utilised to smooth out the impact of the government funding reductions, particularly as the largest reduction (11.2%) is in the next financial year i.e. 2017-18. As originally intended, it will be necessary to utilise the Comprehensive Spending Review reserve to smooth peaks and troughs in the efficiency plan over the four year period.

4. SUMMARY AND RECOMMENDATIONS

4.1 The Medium Term Financial Plan, previously considered by the Authority at the budget meeting in February 2016, had already identified the need for the delivery of further savings over the next four year period in order that a balanced budget could be set in each year. Our plans are well underway to deliver these forecast savings primarily captured within the five year Change and Improvement Plan.

4.2 The government offer of a four-year allocation provides funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners, and it is for this reason that it is recommended that the Authority makes application for the offer of a four-year settlement.

4.3. A draft efficiency plan for the Authority is included as Appendix A and the Committee is asked to consider this plan with a view to making a recommendation to the next meeting of the Fire and Rescue Authority, to be held on the 30th September 2016, that this plan be submitted to the Home Office by the deadline of 14 October 2016.

KEVIN WOODWARD
TREASURER

This page is intentionally left blank

APPENDIX A TO REPORT RC/16/10

DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

Efficiency Plan 2016-2020

Table of Contents

About the Plan
The Efficiency Plan sets out how the Authority plans to improve the service it provides whilst managing with reduced real-terms funding levels. This document contains links to other relevant documents and websites and should be read in conjunction with those.

Four Year Plan
The Authority's strategy for the provision of fire and rescue services for the next four years is underpinned by the approved document: Creating Safer Communities, Our Plan 2016-2021. This plan sets out how we are going to make the people who live, work and visit Devon and Somerset safer whilst reducing costs. All public services have to operate with less money and we are no exception. Significant financial pressures require us to review each and every aspect of our organisation all the while ensuring we keep you safe.

The future of our service needs to reflect both the type of risk we are presented with and the savings we need to make. We also want to improve how we work with our communities to understand how we can provide the best advice, support and response to ensure you live a safer life.

Our Priorities:
• Public safety
• Staff safety
• Effectiveness and efficiency

You can find a copy of 'Creating Safer Communities, Our Plan 2016 – 2021' below.

Creating Safer Communities, Our Plan 2016 – 2021

The key benefits that the plan brings to the local community are:

- A flexible approach to how we prevent emergencies, protect life, properties and the environment and also respond when called upon
- Improve the services and value that we deliver to the public

The Creating Safer Communities, Our Plan is supported by the Medium Term Financial Plan (MTFP), which sets out how the Authority will fund the plan. The MTFP is based on a number of assumptions, which are detailed within this Efficiency Plan.

Page 22

Funding Assumptions

The following table sets out the assumptions the Authority is making about funding up to 2019-20. The Government has offered authorities a guaranteed four year funding settlement in order to provide increased certainty and to aid planning. However, this only guarantees the minimum amount of revenue support grant (RSG) receivable. Business rates receivable are not guaranteed and are subject to volatility depending on factors such as the level of growth and appeals against valuations.

(i) Funding Assumptions	2015-16	2016-17	2017-18	2018-19	2019-20
Settlement Funding Assesment					
Baseline Funding - Business Rates / Top Up	14,458,317	14,578,803	14,865,544	15,304,089	15,793,235
RSG	14,963,885	12,294,179	9,006,780	7,294,992	6,286,477
Settlement Funding Assessment Total	29,422,202	26,872,982	23,872,324	22,599,080	22,079,712
Adjustment for Local Business Rate share (NNDR1) to DCLG Figure	-9,450	-186,192	-186,192	-186,192	-186,192
Council Tax Forecast					
Band D Council Tax (£)	78.42	79.98	81.57	83.19	84.85
Actual / Assumed Council Tax base increase on previous year (£)	745,510	875,969	377,971	388,562	249,678
Yearly Council Tax Precept Increase (£)	869,438	903,572	928,316	953,398	981,823
Collection Fund (council tax & business rates) (£)	734,573	964,394	867,954	781,159	781,159
Estimated Total Council Tax Income	45,297,556	47,289,831	48,492,311	49,739,908	50,966,525
Council Tax Band D Precept Increase (%)	1.99%	1.99%	1.99%	1.99%	1.99%
Growth in Council Tax Base Yield to Previous Year (%)	3.73%	3.95%	2.80%	2.80%	2.51%
TOTAL	74,710,308	73,976,621	72,178,443	72,152,797	72,860,045

The level of RSG the Authority receives will decrease by 58% between 2015-16 and 2019-20. This represents a significant shift in Government policy, who now expect local authorities to increase council tax to support their activities. The Authority's Medium Term Financial Plan currently expects to increase council tax by 1.99% (the current maximum without requiring a referendum) in each of the subsequent years.

Budget Assumptions

The following table sets out the expected costs pressures facing the Authority alongside other income it expects to receive.

(ii) Budget Assumptions	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Employee Cost Pressures (£'000)					
Pay Award		533	532	530	535
Unfunded pensions inflationary increase		0	58	58	59
Increase to employer pension contrs. As a result of actuarial valuation				690	
Apprenticeship Levy			267		
Total Employee Costs	57,332	57,864	58,721	59,999	60,593
Cost Pressures (£'000)					
Price inflation		16	319	368	378
National Insurance cessation contracted out scheme		854			
Capital charges and revenue contributions		1,757	20	-64	32
Removal one off provisions and other commitments		-503	413	74	668
Total Non Pay Bill Costs	21,488	23,611	24,364	24,742	25,819
Revenue Expenditure Funded from Capital Receipts	0	0	0	0	0
INCOME					
Section 31 Grants					
Small Business Rates Relief Grant		-37	246	-9	
Rural Services Delivery grant		-421	81	78	-78
Transition Grant		-149	-39	188	
Other Service Income					
From trading co.		99	50	50	
Investment yields		-37			
Transformation funding 15-16		379			
Total Income	-4,109	-4,276	-3,937	-3,630	-3,709
Budget Requirement	74,710	77,199	79,147	81,110	82,703
Financial Challenge Before Efficiencies (cumulative)		-3,222	-6,969	-8,957	-9,843
Financial Challenge Before Efficiencies (annual)		**-3,222**	**-3,747**	**-1,989**	**-886**

Within employee costs there are a number of cost pressures that are outside of the Authority's control, primarily related to pension valuations and legislative changes. These increase the level of savings that the Authority is required to find between now and 2019-20. As well as cost pressures relating to general inflation, the Authority also faces increasing costs as it seeks to broaden the range of services it is able to offer to the public. There is also an increased focus on prevention work.

Cashable and Non-Cashable Savings

The four year plan shown in the previous section contains a number of cashable savings. Many of the projects will also deliver non-cashable savings to the Authority and other local public sector partners.

In order to meet the financial challenge detailed above a number of efficiency savings need to be found. The savings planned for the current and future years are detailed in the table below. Of the projects listed below, some are in planning and scoping stage so will potentially change and may be subject to staff and public consultation as well as Authority approval.

(iii) Efficiency Savings Assumptions (£'000)	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Implementation of wholetime staffing reductions linked to IRMP		1,421	900		
Retained budget response model, efficiencies and activity levels		302	100	200	300
Support staff efficiencies		511		961	961
Change & Improvement funding		323			
Non-pay savings (procurement/rationalisation)		665	300	300	165
Middle management restructure			325		250
Emergency Services Mobile Communications Programme					40
Catering review			110		
Strategic Fire Control - Economies of scale from NFCSP				320	
Wholetime staffing reductions linked to Flexible Working Duty System			283	510	434
Automated Fire Alarm Response model				75	75
Flexi Duty System review				100	
Co-responding cost recovery model			50		
Personal Protective Equipment and Workwear Savings				228	
Electronic Payslips			40		
Implementation of Asset Management Tracking system				100	
Vehicle Lease Charges			200	50	
Estates department structure and function			40		
Estates Property management strategy			50	50	
Estates commercialisation				10	10
Total		**3,222**	**2,398**	**2,904**	**2,235**
Forecast Net Position (surplus / deficit) after efficiency savings	0	0	-1,349	915	1,349

The projects to deliver the savings target of £3.222m in 2016-17 have now been fully implemented and are very low risk however the proposals to deliver savings targets for 2017-18 and beyond include an element of estimation and assumptions in order that the savings are fully delivered in time.

It is currently forecast that the projects included within the five year Change and Improvement Plan will deliver the overall savings requirement by 2019-20. However, due to timings in the delivery of some project savings an expected amount of £1.349m will be required to be drawn down from Earmarked Reserves in 2017-18. However it is forecast that this amount can be replenished back to Reserve balances by 2019-20.

The risks and mitigation strategies in relation to the major efficiency savings required is shown in the table below.

Efficiency Savings Assumptions	Risks	Mitigation
Implementation of wholetime staffing reductions linked to IRMP	Activity dependent on natural turnover – no compulsory redundancies being made	Workforce planning and retirement forecasting
Retained budget response model, efficiencies and activity levels	Damage to employee/employer relations Failure to maintain balance between Service priorities i.e. public/staff safety vs efficiency and effectiveness	Clear communication and engagement plan with staff Clear parameters articulated within the scope of the project
Support staff efficiencies	Loss of skills	Retention of skilled personnel Development of existing staff to accommodate skills required
Change & Improvement funding	Reduced capacity to deliver change and improvement activity	Prioritisation of activity Workforce/workload forecasting for project managers
Non-pay savings (procurement/rationalisation)	Unforeseen commitments against non-pay budget Dependencies on procurement savings and headcount reductions	Regular review of MTFP in consultation with other Fire sector finance professionals Commercial, category management approach to procurement. Budget analysis to ensure that savings can be taken in line with establishment
Middle management restructure	Over rationalisation of posts leading to reduced capability	Partial retention of budget to enable re-establishment of posts if necessary

Emergency Services Mobile Communications Programme	Delayed implementation Technical complications including provision of 4G and mobile phone coverage	Early engagement with Regional Implementation Manager and Central Government ESMCP team
Catering review **Sue Pollard**	Predicted outsourcing costs increase	Outsourcing provision kept under review – early policy changes to be instigated if necessary
Strategic Fire Control - Economies of scale from NFCSP	Failure to reduce Fire Control staffing levels due to ICT system inefficiencies	Strict implementation of contractual obligations between supplier and the partners of NFCSP
Wholetime staffing reductions linked to Flexible Working Duty System	Damage to employee/employer relations Delayed implementation due to extended negotiations	Clear communication and engagement plan with staff Strict observation of negotiation timetables
Automated Fire Alarm Response model	Failure to implement agreed and consulted proposals	Ensure mobilising arrangements in NFCSP are correctly implemented
Flexi Duty System review	Damage to employee/employer relations Delayed implementation due to extended negotiations	Clear communication and engagement plan with staff Strict observation of negotiation timetables
Co-responding cost recovery model	Performance targets not met so costs are born by the Authority Reduced co-responding activity	Focus on performance and contract review Reimbursement is directly aligned to activity so less activity would also reduce costs
Personal Protective Equipment and Workwear Savings	Lack of defined requirements lead to increased costs	Full user specification requirements to be developed in collaboration with staff and representative bodies
Electronic Payslips	Arrangement will require addition to contract with existing supplier – unknown cost at present	Business case to identify options and full costs/benefits analysis
Implementation of Asset Management Tracking system	Unidentified costs of new system Quality of existing data	Full procurement process Software cleansing solution or manual input of data anew
Vehicle Lease Charges	Increased demand for leased vehicles	Current strategy to purchase vehicles reduced demand on revenue lease costs, fleet

	Increased lease contract charges	department reviews and approves all leased vehicles as part of organisation wide approach Commercial, category management approach to procurement of leased vehicles
Estates department structure and function	Staff turnover leading to loss of resilience	Use of external contractors as required
Estates Property management strategy	Insufficient investment leading to operational failure	Review and assess critical systems to ensure appropriate investment is made
Estates commercialisation	External market for rental becomes weak leading to a low return	Continual market awareness aligned to regular reviews

Capital Expenditure

As well as ensuring that the revenue budget is affordable over the medium term, the Authority also needs to ensure money is available to purchase new assets (e.g. buildings, vehicles, equipment). The planned capital programme is shown in the table below.

(iv) Capital	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Estimated Capital Expenditure (£'000)					
Capital Expenditure	6,171	4,403	6,093	4,495	4,055
Capital Expenditure Financing					
Capital Receipts					
Reserves	602	321	507	0	0
Government grants & other contributions					
Direct Revenue Contributions	572	2,090	3,673	2,656	2,172
Unsupported / Prudential Borrowing	4,997	1,992	1,913	1,839	1,883

The majority of capital expenditure planned over the next four years relates to the fleet replacement programme, including the new innovative strategy to replace traditional large type fire appliance with a smaller Light Rescue Pump. This not only delivers savings in terms of capital cost but also revenue savings in terms of running costs fuel, maintenance etc. Non-cashable savings can also be attributed to this strategy in terms of improved emergency response times and lower carbon emissions. The next phase of this strategy is to pilot even smaller Rapid Intervention Vehicles. It should be noted that as Devon and Somerset FRA covers the largest geographical area in England its fleet size is second only to London which means it is essential that it looks at innovative ways of reducing its fleet capital investment needs in the future.

In relation to planned capital spending on Estates the current programme includes no new major projects with only a minimal amount for minor improvements and structural maintenance. A strategic review of our Estates (see below) is being undertaken during 2016 with a view of minimising future capital demands and identifying any potential capital receipts.

As a result of historical reliance on external borrowing to fund capital spending and the recent removal of direct government grants towards capital (replaced with transformational bids) the Authority has prudently positioned itself to fund future capital spending from revenue. This means that it will avoid placing unaffordable debt on future budgets which would only add additional revenue costs to those figures included within this plan.

Our Estate Assets

We have been successfully engaging with other partners to seek opportunities to share our Estate assets, with 13 of our 85 properties now having shared use and a further 17 under active review and this will be maximised where possible in our ongoing Estate strategy.

As part of our strategic review of our Estate we have commenced a major Estate Development Review to identify any latent value in the property portfolio presently held and to assess the capital demand both for our existing portfolio and any new operational requirements in expanding population areas and new towns (such as Cranbrook and Sherford). This is being undertaken with a view to minimising the revenue and capital demands from the required asset base and to generate capital receipts where possible to assist the forward capital investment programme. This work is advanced and will advise and support the Service Delivery strategic plan and IRMP providing a modern and efficient property portfolio that is located appropriately to meet all our corporate objectives and risks identified.

A re-arrangement of the procurement of our planned maintenance of Building Services has generated a planned annual saving of at least £100k per annum from 2016/17. A review and improvement of the structure, management and resources in our Estate Management department has identified a reduction of 15% in permanent posts from our 2014 establishment position with the completion of this reduction plan due to be complete by the end of 2016. After previous investment by the Authority in new asset management software and completion of a major condition survey of our capital assets our Estates team has commenced an investment review to assess a new programme of planned works across the property portfolio that is anticipated will achieve a saving of £100k per annum in addition to the £100k removed from the 2016/17 financial year.

Collaboration

The government has stated that it is committed to ensuring that emergency services continue to deliver for the public and believes greater collaboration across all three services is fundamental to this ambition.

In response to this DSFRS has embarked upon an ambitious transformation programme of support services that will deliver

a) a clear strategy on how each support function is to be delivered (outsourced, collaborate with partners, in-house but with service improvement)

b) a clear future vision (blueprint) for each of the support services

c) improved ways of working within the support functions

d) financial savings

In addition the Service has taken the lead in establishing the South West Emergency Services Forum that has brought together Chief Fire Officers, Chief Constables, Fire Authority Chairs, Police and Crime Commissioners and Ambulance Service Chief Executives on a regular basis to discuss and implement collaborative working. An early example of this is the Fire and Rescue Services supporting demand reduction for the Police and Ambulance in the responding to concerns for the safety of persons locked in buildings. A full memorandum of understanding between the regional services is currently being drafted.

Flexible Duty Systems
The Service is seeking to provide a more flexible operational workforce in order to support the Service priorities and the identified risks in the integrated risk management plan (IRMP). We are currently piloting a number of On Call availability systems that are designed to provide value for money whilst maximising the availability of appliances across Devon and Somerset. As the largest employer of On Call staff in the country we are committed to leading on better use of this resource as identified by Sir Ken Knight in his 'Facing the Future' report.

Our wholetime staff numbers have been reduced by 28.6% over the past 3 years. We are currently negotiating a flexible duty system with the Fire Brigades Union that will enable our personnel to have more control over when and where they work whilst maintaining the correct crewing levels for appliances identified through our IRMP. This will support our drive to reduce costs incurred through pre-arranged overtime and travel.

We are also seeking to improve the arrangements of our Flexible Duty Officers by reviewing our operational and managerial requirements. This will enable a reduction in the number of officers without compromising public and staff safety.

Performance Information
The Authority commits to publication of transparent performance information. This includes but is not limited to:

- Budget monitoring reports (revenue, capital and treasury)
- Statement of Accounts
- Annual Governance Statement
- Statement of Assurance
- Information required by the prevailing Local Government Transparency Code
- Quarterly Performance Reports (corporate measures and sickness absence)

Use of Reserves

Reserves are an essential part of good financial management. They allow authorities to manage unpredictable financial pressures and plan for their future spending. The level, purpose and planned use of reserves are important factors for Members to consider in developing medium-term financial plans (MTFP) and setting annual budgets. Reserves are held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves
- a means of building up funds (often referred to as earmarked reserves) to meet known or predicted requirements e.g. Capital Investment.

Within the existing statutory and regulatory framework, it is the responsibility of the Chief Finance Officer to advise the Authority about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use. The current balance on the general reserve of £5.282m is equivalent to 7% of the revenue budget, which exceeds the Authority "in principle" decision to hold a minimum of 5%. Should there be a call on this reserve due to unforeseen circumstances, the result of which would be to take the balance below the 5% threshold, then consideration would need to be given as to how the general reserve can be replenished back to the minimum posiiton.

The projected balance of reserves for the period is shown in the following table.

(v) Estimated Financial Reserves Levels (£'000)	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund Balance	5,282	5,282	5,282	5,282	5,282
Earmarked General Fund Reserves	24,529	23,196	20,070	20,345	21,054
Expected Use of Earmarked Reserves		-1,333	-3,126	275	709

The expected use of reserves in 2017-18 includes an expectation that an amount of £1.349m will be required from the Comprehensive Spending Review Reserve to ensure that a balanced budget position can be achieved. Other expected use of Reserves over the period relate to funding for planned investment, such as firefighting PPE and capital expenditure.

Progress of the Efficiency Plan

The Authority commits to publishing an annual report on the progress of the Efficiency Plan. This will be published alongside our annual Statement of Assurance on our website.

This page is intentionally left blank

REPORT REFERENCE NO.	**RC/16/11**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**1 SEPTEMBER 2016**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2016-17 – QUARTER 1**
LEAD OFFICER	**Treasurer to the Authority**
RECOMMENDATIONS	***(a) That the monitoring position in relation to projected spending against the 2016-17 revenue and capital budgets be noted;*** ***(b) That the performance against the 2016-17 financial targets be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the first quarter performance (to June 2016) against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2016-17 revenue budget with explanations of the major variations. At this early stage in the financial year it is forecast that spending will be £1.298m less than budget, equivalent to 1.75% of the total budget. This saving is largely attributable to the ongoing crewing changes as a result of the last Corporate Plan together with a strategy to hold vacancies when staff leave the organisation. At this stage no recommendations are made in relation to how this forecast saving is to be utilised.
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 2016-17.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 This report provides the first quarterly financial monitoring report for the current financial year, based upon the position as at the end of June 2016. As well as providing projections of spending against the 2016-17 revenue and capital budget, the report also includes forecast performance against other financial performance indicators, including the prudential and treasury management indicators.

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

TABLE 1 –PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2016-17

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 1	Previous Quarter	Quarter 1 %	Previous Quarter %
	Revenue Targets					
1	Spending within agreed revenue budget	£73.977m	£72.679m	N/A	(1.75%)	N/A
2	General Reserve Balance as %age of total budget (minimum)	5.00%	7.14%	N/A	(2.14)bp*	N/A
	Capital Targets					
3	Spending within agreed capital budget (*revised*)	£6.417m	£4.403m	N/A	(31.39%)	N/A
4	External Borrowing within Prudential Indicator limit (*revised)*	£28.101m	£27.098m	N/A	(3.57%)	N/A
5	Debt Ratio (debt charges over total revenue budget)	4.18%	4.17%	N/A	(0.01)bp*	N/A

**bp = base points*

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

- SECTION A – Revenue Budget 2016-17.
- SECTION B – Capital Budget and Prudential Indicators 2016-17.
- SECTION C – Other Financial Indicators.

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

2. SECTION A - REVENUE BUDGET 2016-17

2.1 Table 2 overleaf provides a summary of the forecast spending against all agreed subjective budget heads, e.g. employee costs, transport costs etc. This table indicates that spending by the year end will be £72.679m compared with an agreed budget figure of £73.977m, representing a saving of £1.298m, equivalent to 1.75% of the total budget.

TABLE 2 – REVENUE MONITORING STATEMENT 2016-17

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY
Revenue Budget Monitoring Report 2016/17

Line No		2016/17 Budget £000	Year To Date Budget £000	Spending to Month 3 £000	Projected Outturn £000	Projected Variance over/ (under) £000
	SPENDING					
	EMPLOYEE COSTS					
1	Wholetime uniform staff	28,462	7,080	6,733	27,624	(838)
2	Retained firefighters	12,340	2,768	2,369	12,278	(62)
3	Control room staff	1,564	381	388	1,613	50
4	Non uniformed staff	10,141	2,528	2,510	9,717	(424)
5	Training expenses	961	240	413	970	10
6	Fire Service Pensions recharge	2,786	918	4,877	3,109	323
		56,253	**13,915**	**17,291**	**55,312**	**(941)**
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,193	298	653	1,194	1
8	Energy costs	612	105	31	608	(4)
9	Cleaning costs	450	113	336	444	(6)
10	Rent and rates	1,687	492	532	1,658	(29)
		3,942	**1,007**	**1,551**	**3,904**	**(38)**
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	630	157	150	616	(14)
12	Running costs and insurances	1,372	684	474	1,371	(1)
13	Travel and subsistence	1,402	266	338	1,327	(75)
		3,403	**1,107**	**962**	**3,313**	**(90)**
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,313	578	589	2,279	(34)
16	Hydrants-installation and maintenance	175	44	22	175	0
17	Communications	2,002	500	424	2,001	(1)
18	Uniforms	588	147	116	552	(36)
19	Catering	171	43	26	143	(28)
20	External Fees and Services	59	15	60	94	35
21	Partnerships & regional collaborative projects	150	38	44	141	(9)
		5,458	**1,364**	**1,280**	**5,385**	**(73)**
	ESTABLISHMENT COSTS					
22	Printing, stationery and office expenses	370	130	87	337	(33)
23	Advertising	31	8	9	33	2
24	Insurances	329	299	176	329	0
		730	**437**	**272**	**699**	**(31)**
	PAYMENTS TO OTHER AUTHORITIES					
25	Support service contracts	716	145	241	721	5
		716	**145**	**241**	**721**	**5**
	CAPITAL FINANCING COSTS					
26	Capital charges	3,615	59	213	3,566	(49)
27	Revenue Contribution to Capital spending	3,159	-	-	2,090	(1,069)
		6,773	**59**	**213**	**5,656**	**(1,118)**
28	**TOTAL SPENDING**	**77,275**	**18,035**	**21,811**	**74,990**	**(2,285)**
	INCOME					
29	Investment income	(154)	(38)	11	(154)	0
30	Grants and Reimbursements	(3,150)	(787)	(884)	(3,161)	(11)
31	Other income	(590)	(148)	(51)	(660)	(70)
32	Internal Recharges	(30)	(8)	(1)	(30)	0
33	**TOTAL INCOME**	**(3,923)**	**(981)**	**(925)**	**(4,004)**	**(81)**
34	**NET SPENDING**	**73,352**	**17,054**	**20,886**	**70,986**	**(2,366)**
	TRANSFERS TO EARMARKED RESERVES					
35	Transfer to Earmarked Reserve	625	156	625	625	0
37	Capital Funding	0		0	1,069	1,069
						0
		625	**156**	**625**	**1,693**	1,069
38	**NET SPENDING**	**73,977**	**17,210**	**21,511**	**72,679**	**(1,298)**

2.2 These forecasts are based upon the spending position at the end of June 2016, historical trends, and information from budget managers on known commitments. It should be noted that whilst every effort is made for projections to be as accurate as possible, some budget lines are susceptible to volatility in spending patterns during the year e.g. retained pay costs which are linked to activity levels, and it is inevitable therefore that final spending figures for the financial year will differ than those projected in this report.

2.3 This projection for an underspend of £1.298m is largely attributable to savings on staffing costs primarily as a result of in year leavers and retirees not being replaced per the Corporate Plan implementation. Members will recall that when fully implemented these proposals will deliver on-going savings of £6.8m, there has now been sufficient natural turnover so that the number of staff is at establishment.

2.4 In addition all budget managers have been tasked by the Chief Fire Officer and Executive Board to reduce spending ‘in year’ and managers are responding accordingly.

2.5 Explanations of the more significant variations from budget (over £50k variance) are explained below in paragraphs 3 to 6.

3. EMPLOYEE COSTS

Wholetime Staff

3.1 At this stage it is projected that spending on wholetime pay costs will be £838k less than budget largely as a result of more staff retirements and leavers during the year than had been budgeted, reducing staffing levels towards those required post Corporate Plan crewing changes. This projection includes the impact of the agreed 1% pay award from July 2016.

Retained Pay Costs

3.2 At this stage in the financial year spending is forecast to be under budget by £0.62k. In making this projection an assumption has been made that activity levels in the remainder of the financial year are consistent with the average for the same period for the last three financial years. It should be emphasised that by its very nature retained pay costs can be subject to significant variations e.g. volatility to spending caused from spate weather conditions.

Control Room Staff

3.3 It is forecast that the Control Room will be £50k over spent on its staffing budget. This is due to the extension of several fixed term contracts to cover sickness and ongoing training requirements on the National Fire Control Project.

Non Uniformed Pay

3.4 It is forecast that savings of £424k will be achieved against non-uniformed pay costs primarily as a result of staffing vacancies and management action to challenge whether vacancies are filled, as per the agreed strategy.

Pensions Recharge

3.5 It is forecast that expenditure will exceed budget by £323k relating to Firefighters Pensions recharges due to the projected number of Ill Health retirees in 2016-17. This figure may be subject to change as given the long term nature of these retirement cases, the leaving date may slip into future financial years. The over spend equates to an additional three expected Ill Health retirees since the budget was set.

4. TRANSPORT RELATED COSTS

Travel and subsistence

4.1 Forecast savings on Travel and Subsistence of £75k are mostly due to anticipated savings on lease car contributions.

5. CAPITAL FINANCING COSTS

Revenue Contribution to Capital Spending

5.1 Due to reduced in year capital expenditure, as reported in Section B of this report, it is forecast that £1.069m of the Revenue Contribution to Capital will not be utilised in 2016-17. The final amount of unutilised budget at year end will be transferred to the Capital funding reserve for use in future years.

6. INCOME

Other Income

6.1 It is anticipated that there will be a £70k surplus against a budget of £0.590m due to additional co-responding income from the ambulance service.

7. RESERVES AND PROVISIONS

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

Reserves

7.2 There two types of Reserves held by the Authority:

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

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

Provisions

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

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

7.4 A summary of predicted balances on Reserves and Provisions is shown in Table 3 overleaf. These figures exclude any potential in-year transfers to/from the revenue budget in the current financial year.

TABLE 3 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2017

RESERVES	Balance as at 1 April 2016 £000	Approved Transfers £000	Spending to P3 £000	Projected Spend 2016-17 £000	Proposed Balance as at 31 March 2017 £000	
Earmarked reserves						
Grants unapplied from previous years	(983)	-	163	408	(575)	
Change & improvement programme	(1,112)	-	249	969	(143)	
Budget Carry Forwards	(696)	-	22	323	(373)	
Commercial Services	(192)	-	-	-	(192)	
Direct Funding to Capital	(12,911)	(625)	-	321	(13,215)	
Comprehensive Spending Review*	(4,957)	-	-	107	(4,850)	
Community Safety Investment	(173)	-	8	21	(152)	
PPE & Uniform Refresh	(996)	-	342	342	(654)	
Pension Liability reserve	(1,525)	-	-	-	(1,525)	
National Procurement Project	(372)	-	27	-	(372)	
NNDR Smoothing Reserve	(612)	-	-	-	(612)	
Total earmarked reserves	**(24,529)**	**(625)**	**810**	**2,491**	**(22,663)**	
General reserve						
General fund balance	**(5,282)**		**-**	**-**	**(5,282)**	
Percentage of general reserve compared to net budget						7.14%
TOTAL RESERVE BALANCES	**(29,812)**				**(27,946)**	
PROVISIONS						
Fire fighters pension schemes	(694)		0	62	(693)	
PFI Equalisation	(295)		-	-	(295)	
TOTAL PROVISIONS	**(989)**		**0**	**62**	**(988)**	

** * The CSR Reserve has been established to provide additional financial contingency during the period of austerity, which is now confirmed by the CSR 2015 to run until at least 2019-20. It provides contingency in the event that transfers from reserves are required to meet government grant reductions and spending pressures in the Authority's Medium Term Financial Plan.*

8. SUMMARY OF REVENUE SPENDING

8.1 At this stage it is forecast that spending will be £1.298m less than the agreed budget figure for 2016-17, which aligns with the strategy adopted to deliver in-year savings where possible to be available to enhance Reserve balances and prepare the Authority for future austerity measures.

8.2 Given that we are at an early stage in the financial year and the figures will inevitably be subject to change, this report does not make any recommendation as to how this forecast saving is to be utilised. Future decisions to be made by the Committee on utilisation of in-year savings will be influenced by other factors e.g. the need to support capital spending plans therefore reducing debt exposure, and also the need to maintain sufficient Reserve balances during the period of austerity.

9. SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2016-17

Monitoring of Capital Spending in 2016-17

9.1 At the Resources Committee on 17 May 2016 (report RC/16/7 refers) amendments were made to the 2016-17 Capital Programme as a result of changes to 2015-16 outturn and planned expenditure, since the budget was set in February 2016. As was reported at that meeting, whilst this amendment has resulted in an increase to the 2016-17 Capital Programme from £5.062m to £6.417m, this does not result in any additional funding requirement as it only reflects changes in the timing of capital spending between years.

9.2 Table 4 below provides a summary of anticipated expenditure for this financial year and demonstrates the funding requirements.

TABLE 4 – FORECAST CAPITAL EXPENDITURE 2016-17

PROJECT	2016/17 £000 Revised Budget	2016/17 £000 Outturn	2016/17 £000 Forecast Slippage	2016/17 £000 Over/ (under) spend
Estate Development				
Minor improvements & structural maintenance	2,095	1,844	(250)	(1)
Estates Sub Total	**2,095**	**1,844**	**(250)**	**(1)**
Fleet & Equipment				
Appliance replacement	1,854	1,764	(90)	0
Community Fire Safety	0	0	0	0
Specialist Operational Vehicles	265	265	0	0
Equipment	1,377	454	(20)	(903)
ICT Department	800	50	(750)	0
Water Rescue Boats	26	26	0	0
Fleet & Equipment Sub Total	**4,322**	**2,559**	**(860)**	**(903)**
Overall Capital Totals	**6,417**	**4,403**	**(1,110)**	**(904)**
Programme funding				
Earmarked Reserves:	**1,266**	**321**	**(945)**	**0**
Revenue funds:	**3,159**	**2,090**	**(165)**	**(904)**
Application of exisitng borrowing	1,992	1,992	0	0
Total Funding	**6,417**	**4,403**	**(1,110)**	**(904)**

9.3 Forecast Capital expenditure for the year is £4.403m against a revised budget of £6.417m. £1.110m of the movements against budget represent timing differences whereby the budget for those projects will be spent in future years. Additionally £0.904m of budget has been returned as a result of strategic decisions as outlined in Para. 9.5.

9.4 The majority of the slippage figure of £1.110m is due to delays to the purchase of new Mobile Data Terminals (MDTs) in fire appliances (£750k). There is uncertainty over this project due to the planned change of carrier for communications in 2019 (was Airwave) under the Emergency Services Mobile Communications Project. Analysis is underway to assess whether MDTs can be purchased which are compatible with both systems and offer good value for money for the transitional period whilst alternatives such as using second hand items from another service are also being explored.

9.5 Two projects for investment in equipment have been deferred by management on the basis that they are not required at this time, releasing £0.904m of Capital funding back to the Earmarked Reserve for Capital expenditure.

9.6 In 2014-15, £895k of funding was originally allocated to the harmonisation of Breathing Apparatus (BA) sets across Devon & Somerset at which time operations were considering investment in a completely new BA set including telemetry. Due to a recurrent fault in the type of BA set used in Somerset, £161k Capital was spent in 2015-16 to purchase new sets for the county, of the same type used in Devon. Sets are now harmonised across the Service which improves operational efficiency and qualitative feedback from other Services is that telemetry on BA sets is still in development; the resulting decision is to maintain the current BA set provision and therefore the remaining £734k funding is no longer required in the medium term. BA provision is subject to ongoing review which will bring together the priority of Staff safety with requirements of the new communications network and seek to take advantage of new technology in this area.

9.7 A further £169k of funding which was allocated to retrofit auxiliary batteries in a number of fire appliances will now be released, because the cost per unit was considerably lower than estimated.

9.8 None of these changes require any increase in the external borrowing requirement.

Prudential Indicators (including Treasury Management)

9.9 Total external borrowing with the Public Works Loan Board (PWLB) as at 30 June 2016 stands at £25.817m (no change from balance as at 31 March), and forecast to reduce to £25.724m as at 31 March 2017. This level of borrowing is well within the Authorised Limit for external debt of £28.101m (the absolute maximum the Authority has agreed as affordable). No further external borrowing is planned in this financial year.

9.10 Investment returns in the quarter yielded an average return of 0.52% which outperforms the LIBID 3 Month return (industry benchmark) of 0.46%. It is forecast that investment returns from short-term deposits is anticipated to exceed the budgeted figure of £0.154m by 31 March 2017.

9.11 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2016-2017, which illustrates that there was no breach of any of these indicators.

10. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

10.1 Total debtor invoices outstanding as at Quarter 1 were £24,658 (previous quarter £813,413). Table 5 overleaf provides a summary of all debt outstanding as at 30 June.

10.2 Of this figure an amount of £4,023 (£494 as at 31 March 2016) was due from debtors relating to invoices that are more than 85 days old, equating to 16.32% (0.06% as at 30 March 2016) of the total debt outstanding.

TABLE 5 – OUTSTANDING DEBT AS AT 30 JUNE 2016

	Total Value £	**%**
Current (allowed 28 days in which to pay invoice)	1,884	7.64%
1 to 28 days overdue	9,579	38.85%
29-56 days overdue	1,356	5.50%
57-84 days overdue	7,815	31.69%
Over 85 days overdue	4,023	16.32%
Total Debt Outstanding as at 30 June 2016	**24,658**	**100.00%**

10.3 Table 6 below provides further analysis of those debts in excess of 85 days old.

TABLE 6 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	**Total Value**	**Action Taken**
Individual Debts less than £1,000	2	£465	Each debt being pursued by the Risk and Insurance Officer.
Devon & Cornwall Police	1	£3,529	Invoice relates to facilities charges at Axminster station and is currently under dispute. Regular contact is being made by our Estates team to facilitate a resolution.

Payment of Supplier Invoices within 30 days

10.4 There is a statutory requirement from April 2015 for the Authority to pay all undisputed invoices within 30 days. The performance was 98.5% for 2015-16. So far this financial year, there has been an issue with the finance system which has prevented the data being accessible for this performance measure. Officers recognise the importance of this measure to ensure that suppliers are being paid promptly and have therefore reported the issue to the system supplier who are looking for a solution.

The statutory requirement is to publish performance data on supplier performance on an annual basis and therefore there is not a current risk of breach. Information will be passed on to members on year to date performance when this becomes available.

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/16/11

PRUDENTIAL INDICATORS 2016-17

Prudential Indicators and Treasury Management Indicators	Forecast Outturn £m	Target £m	Variance (favourable) /adverse £m
Capital Expenditure	**4.403**	**6.417**	**(£2.014)**
External Borrowing vs Capital Financing Requirement (CFR) - Total	**27.098**	**27.098**	**£0.000**
- Borrowing - Other long term liabilities	25.724 1.374	25.724 1.374	
External borrowing vs Authorised limit for external debt - Total	**27.098**	**28.101**	**(£1.003)**
- Borrowing - Other long term liabilities	25.724 1.374	26.824 1.278	
Debt Ratio (debt charges as a %age of total revenue budget	**4.17%**	**4.18%**	**(0.01)bp**
Cost of Borrowing – Total	**1.092**	**1.092**	**(£0.000)**
- Interest on existing debt as at 31-3-16 - Interest on proposed new debt in 2016-17	1.092 0.000	1.092 0.000	
Investment Income – full year	**0.154**	**0.154**	**(£0.000)**
	Actual (30 June 2016) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**0.52%**	**0.46%**	**(0.06)bp**

Prudential Indicators and Treasury Management Indicators	Forecast (30 March 2016) %	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	0.36%	30.00%	0.00%	(29.51%)
12 months to 2 years	0.36%	30.00%	0.00%	(29.14%)
2 years to 5 years	3.03%	50.00%	0.00%	(48.92%)
5 years to 10 years	6.34%	75.00%	0.00%	(66.78%)
10 years and above	**89.91%**	**100.00%**	**50.00%**	**(10.14%)**
- 10 years to 20 years	17.34%			
- 20 years to 30 years	16.33%			
- 30 years to 40 years	20.21%			
- 40 years to 50 years	36.03%			

Document is Restricted

This page is intentionally left blank