

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

28 January 2011

### Present:-

Councillors Gordon (Chair), Dyke (vice Horsfall), Hughes OBE, Smith, Mrs Turner, Woodman and Yeomans

### Apologies:-

Councillor Horsfall

### In attendance:-

Councillors Gribble and Healey.

### **\*RC/19. Minutes**

**RESOLVED** that the Minutes of the meeting held on 29 November 2010 be signed as a correct record.

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

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

No interests were declared.

### **\*RC/21. Financial Performance Report 2010/11**

The Committee considered a report of the Treasurer to the Authority (RC/11/1) that set out the indicative projected outturn position against the approved 2010/11 Revenue Budget based upon the spending position up to the end of December 2010, together with details of the Authority's performance against the financial targets set.

The Treasurer advised that spending was projected to be £1.363million less than had been predicted, equivalent to 1.81% of the total revenue budget. It was emphasised that that this projection was net of the transfer of £0.726million to be set aside in an earmarked reserve to provide financial contingency towards budget setting in future years. This approach was being undertaken to assist the Authority in managing the impact of the reductions in government grant (Comprehensive Spending Review) over the next four years. The Committee was advised that there had not been any recommendation made as to how this projected underspend should be utilised at this stage in view of emerging issues such as the cessation of the Regional Control Centre project and the associated implications of this for Devon and Somerset.

The Committee noted that the main reason for the projected underspend against the revenue budget was as a result of efficiency savings that had been generated by the officer led Service Improvement Group (SIG), which involved all budget managers across the organisation scrutinising their budgets to identify savings of at least 10% from non-pay budget heads. The Chairman commended officers and budget managers on this achievement. Additionally, the forecast underspend had been made as a result of the impact of a zero pay increase from July 2010 for wholetime and retained staff, although it was anticipated that the retained staffing costs may still be impacted upon by the result of negotiations between the national Joint Council and fire and rescue authorities relating to rules on the Part Time Workers (Less than Favourable Working Conditions) Regulations as effected in 2010..

**RESOLVED**

- (a) That the budget monitoring position in relation to projected spending against the 2010/2011 revenue and capital budgets be noted.
- (b) That the performance against the 2010/2011 financial targets, be noted.

**RC/22. 2011/12 Revenue Budget and Council Tax Level**

The Committee considered a report of the Treasurer and Chief Fire Officer (RC/11/2) that set out the necessary financial background in order that the Committee could give due consideration to an appropriate level of Revenue Budget and Council Tax for 2011/12 and to make a recommendation to the Fire and Rescue Authority accordingly.

The Treasurer made reference to the following information in presenting the report:

- details of the local government finance settlement for 2011/12 and 2012/13 , together with the position in respect of the Comprehensive Spending Review (CSR 2010) and capping;
- proposals for the level of Council Tax in 2011/12 based on two options, namely:
  - i. Option A – to increase council tax for a Band D property in 2011/12 by 2.5% over 2010/11
  - ii. Option B – to freeze council tax for a Band D property in 2011/12 at the same level as in 2010/11
- details of the core revenue budget requirements for 2011/12, together with details of existing inescapable commitments and proposed invest to save and essential spending needs;
- details of the Medium Term Financial Plan and associated plans to achieve the required budget reductions for 2011/12 to 2014/15;
- the precept consultation for 20011/12;
- the levels of reserves and balances.

The Treasurer advised that the impact of the CSR had not been as acute for the fire and rescue service as had been anticipated and although savings of 25% had to be achieved by 2014/15, this was back-loaded to years 3 and 4. He referred to the grant settlement figures set out at Table 1 of report RC/11/2 and stated that the final settlement figures were expected by the end of January 2011, although it was not envisaged that this would fundamentally change the position. Any change made as a result of the announcement of the final Local Government Finance Settlement would be reflected within the recommendations made to the Fire and Rescue Authority. He drew attention to an amendment to the net budget requirement as published within report RC/11/2 which was now £76,241,000 as opposed to the £76,235,000 as set out, which was as a result of a change in the figures provided by the billing authorities.

In terms of the two options presented for consideration in respect of the proposed level of council tax for 2011/12, the Treasurer advised that both of these resulted in the same level of revenue budget for 2011/12. Option B was based on the Authority being entitled to receive council tax freeze reward grant equivalent to the amount of precept that would have been generated by an increase in council tax by 2.5%, this being £1.098million (to be paid for each of the four years covered by the CSR) for Devon and Somerset FRA.

Following a discussion, the Committee indicated its support for Option B in terms of the level of council tax for 2011/12 as outlined in report RC/11/2, whereupon it was:

**RESOLVED** that it be recommended to the budget setting meeting of the Fire and Rescue Authority, to be held on the 14 February 2011, that;

- (a) the level of council tax in 2011-12 for a Band D property be frozen at the 2010-11 level of £71.77, as outlined as Option B in paragraph 4.2 of this report;
- (b) a Net Budget Requirement of £76,241,000 for 2011/2012 be set.

**NB. MINUTE RC/23 BELOW ALSO REFERS.**

**RC/23. Capital Programme 2010/11 to 2012/13**

The Committee considered a report of the Director of Service Support and Treasurer (RC/11/3) that set out details of the revised Capital Programme for 2011/12 to 2013/14 and associated Prudential Indicators, together with proposals to make a contribution of £1.5million from the revenue budget to part fund the proposed enhancement to the training facilities at Exeter Airport.

The Treasurer reported that one of the primary considerations in respect of the Capital Programme was its affordability and reference was made to the point that a guiding principle was that debt repayments should be kept to within 5% of the total revenue budget. He advised the Committee that, as a result of forecasts for the existing Capital Programme, it was envisaged that this 5% ceiling would be breached as a result of future revenue budgets being lower than had been anticipated originally and as a result, the proposals had been reviewed to bring the Authority back within its limits.

The Committee noted that as part of this, further consideration had been given to the affordability of the Programme overall, projects that had slipped and any potential projects that may require capital financing. With this in mind, it was proposed that a contribution from revenue was sought in the sum of £1.5million over a 2 year period (2011/12 and 2012/13) to part fund a project to improve the facilities for enhanced training at Exeter Airport. Combined with the slippage on other projects within the Programme, the proposed revised Capital Programme for 2011/12 to 2013/14 (as set out at Appendix A to report RC/11/3) would bring the debt ratio back within the 5% ceiling.

**RESOLVED** that the Devon and Somerset Fire and Rescue Authority at its budget meeting on the 14th February 2011 be asked to:

- (a) Approve, in accordance with Financial Regulations, a contribution of £1.5million from the Revenue Budget to part fund the proposed enhancement to the training facilities at Exeter Airport; and,
- (b) Subject to (a) above, approves the revised Capital Programme 2011/12 to 2013/14 and the associated prudential indicators as set out in this report.

**NB. MINUTE RC/22 ABOVE ALSO REFERS**

**\*RC/24. Treasury Management Performance 2010/11**

(Adam Burleton [SECTOR] in attendance for this item).

The Committee received for information a report of the Treasurer (RC/11/4)) providing a summary – in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management – of the treasury management activities on behalf of the Authority for the third quarter of 2010/11 (to December 2010).

The report indicated that none of the Prudential Indicators had been breached and that a prudent approach had been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. While investment returns had reduced when compared to the previous year, as a consequence of the fall in interest rates, the Authority was still achieving returns above the LIBID 7 day rate, which was the benchmark return for that type of short-term investment.

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

The meeting started at 10.00hours and finished at 12.10hours