

RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

16 May 2014

Present:-

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

***RC/23. Minutes**

RESOLVED that the Minutes of the meeting held on 21 February 2014 be signed as a correct record.

RC/24. Financial Performance Report 2013-14 - Quarter 4

The Committee considered a report of the Treasurer to the Authority (RC/14/8) that set out details of the Authority's financial performance during the fourth quarter of 2013/14 as compared with the approved financial targets. The report also provided details of spending against the 2013-14 revenue budget with explanations of the major variations.

The Treasurer highlighted that net spending was £74.133 million at the year-end in 2013/14 which was £2.651million less than the approved revenue budget of £76.784million, equivalent to 3.45% of the total budget. The report set out proposals for the utilisation of this underspend, which had been calculated following the transfer of funds of £1.490million to Earmarked Reserves as set out within paragraph 12.1 of report RC/14/8. He added that this was a much better result than had been anticipated but a lot of effort had been made with budget holders to get to this position in accordance with the strategy that had been adopted to achieve in year savings wherever possible.

The Treasurer outlined the proposals for the utilisation of the underspend which it was anticipated would fund two further transfers into Earmarked Reserves as follows:

- Essential Spending Pressures (£0.300million);
- Capital Funding Reserve (£2.351million).

It was noted that the establishment of an Earmarked Reserve for Direct Revenue Funding to Capital was essential. It was envisaged that the debt ratio target of 5% for the Authority may be breached by 2017/18 based on current spending forecasts with the level of external debt rising beyond the current £26 million to £36 million by 2020. This was to meet the Authority's ongoing capital investment backlog together with the phased roll out of the Light Rescue Pumps (LRPs). This would not be affordable for the Authority, particularly against a backdrop of further funding reductions in future years. It was considered, therefore, that the transfer of revenue to capital funds was a prudent approach at this stage.

Attention was drawn in particular to the contributions that had to be made to provisions balances. The Authority was required to review the adequacy of its provisions balances at the end of each financial year and to consider any changes during the year to determine whether any additional amounts should be set aside. As a result of the most recent review, it had been determined that £0.776 million should be set aside which related to the following matters:

- Future Pensions Liabilities (£0.481million);
- Private Finance Initiative (PFI) Equalisation Fund (£0.295million).

The Chief Fire Officer indicated that budget managers were driving out efficiencies and reducing spend wherever possible in light of the need to secure in year savings and to reduce the likelihood of further post reductions in the future. He highlighted that 75 operational and 41 non-operational posts had been removed from the Service in year and work was progressing towards reducing further as required by the implementation of the Corporate Plan for 2013/14 to 2015/16.

Councillor Greenslade expressed his thanks to both operational officers and budget holders on behalf of the Committee for the laudable position that had been achieved on the outturn at the year end. He asked for a progress report on planned expenditure on the earmarked community safety grant funding to be brought to a future meeting of the resources Committee. The Director of Operations replied that this matter would normally be reported back via the Community Safety and Corporate Planning Committee but that the same report could be submitted to the Resources Committee additionally for information.

RESOLVED that the Fire and Rescue Authority, at its meeting on the 29 May 2014, be recommended to approve:

- (a) That the provisional underspend against the 2013-14 revenue budget of £2.651m be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 13.1 of report RC/14/8:
 - (i) That an amount of £0.300m be transferred to an Earmarked Reserve to be utilised to fund Essential Spending Pressures not included in the 2014-15 base budget;
 - A. That the remaining figure of £2.351m be transferred to the existing Earmarked Reserve for Direct Revenue Funding to Capital;
 - B. That, subject to (a) above, the following be noted:
- (b) The draft position in respect of the 2013-14 Revenue and Capital Outturn position, as indicated in this report.
 - (i) That the underspend figure of £2.651m is after;
 - (ii) A transfer of £0.148m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised.
 - A. A transfer of £0.405m to an Earmarked Reserve to fund Community Safety Prevention activities, as previously agreed in-year by the Committee.
 - B. A transfer of £0.937m to an Earmarked Reserve for 2013-14 Budget Carry Forwards to fund planned projects not completed by 31 March 2014.
 - C. An increase of £0.776m in the amount set aside in Provision balances as outlined in paragraph 13.3 of this report.
- (c) That the performance against agreed financial targets be noted.

***RC/25. Annual Grant to the Service Ceremonial Unit 2014/15**

The Committee considered a report of the Chief Fire Officer (RC/14/9) on the making of a grant to the Service Ceremonial Unit by way of contribution to events scheduled for the forthcoming financial year and to assist towards the costs of replacement of certain consumables as identified in the report. The approved 2014-15 revenue budget contained provision to make grants. Financial Regulations required the level of grant sought by the Unit to be approved by the Committee.

The Chief Fire Officer stated that the Service was mindful of the financial position and therefore was looking already at supporting the Ceremonial Unit to secure alternative funding sources given that the ability to make grants of this magnitude in the future would be increasingly difficult.

The Committee was very supportive of the Ceremonial Unit and the functions that it undertook and was also sympathetic to the requirement for grant funding from the Service to undertake these. In addition, the Committee agreed that the Ceremonial Unit might benefit from seeking alternative, independent sources of finance (e.g. fund raising events, sponsorship, lottery funding), with support and assistance from the Service in doing so.

RESOLVED that a grant of £7000.00 be made to the Ceremonial Unit for the 2014-15 financial year as a contribution towards those costs highlighted in paragraphs 3.1 to 3.3 of Report RC/14/9.

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

The meeting started at 14:00hours and finished at 15.17hours