

DEVON & SOMERSET FIRE & RESCUE AUTHORITY
(Budget Meeting)

20 February 2015

Present:-

Councillors Healey (Chair), Ball, Bown, Brooksbank, Burrige-Clayton, Chugg, Dyke, Edmunds, Ellery, Greenslade, Horsfall, Leaves, Owen, Prior-Sankey, Radford, Randall Johnson, Singh, J Smith, Way and Woodman.

Apologies:-

Councillors Mrs. Bowyer, Colthorpe, Eastman, Knight and Yeomans.

DSFRA/41. Minutes

RESOLVED that the Minutes of the meeting held on 17 December 2014 be signed as a correct record.

DSFRA/42. Addresses by Fire Brigades Union

The Authority received an address from the Fire Brigades Union on:

- the ongoing industrial dispute between the government and the Union on proposed reforms to firefighters pensions. The FBU commented that, despite comments made in Parliament by the Fire Minister, Penny Mordaunt MP, it did not consider that the issue relating to ill-health retirements to have been satisfactorily resolved and hence would be holding a further period of industrial action on 25 February 2015. The FBU urged the Authority to write to the government to seek a speedy resolution to this issue;
- the need to seek to protect front-line services as far as was practicable and to this end encouraging the Authority to support a 1.99% Council Tax increase when considering its budget for 2015-16.

RESOLVED

- (a) that the Chair be asked to write to the government on behalf of the Authority requesting a speedy resolution to the dispute with the Fire Brigades Union over firefighter pension reforms, the letter to be copied to the Prime Minister, the Deputy Prime Minister, the Secretary of State and local Members of Parliament;
- (b) that, subject to (a) above, the address be noted.

(SEE ALSO MINUTE DSFRA/44 BELOW)

DSFRA/43. Minutes of Committees

(a) Commercial Services Committee

The Chair of the Committee, Councillor Healey, **MOVED** the minutes of the meeting held on 15 January 2015 which had considered, amongst other things:

- an update report on appointment of directors to the Board of Red One Ltd.;
- an update on commercial leads and opportunities being progressed;
- a financial update; and

- a proposed, revised trading company contract between the Authority and Red One Ltd.

RESOLVED

- that the recommendation at Minute CSC/24 (Trading Company Contract between Authority and Red One Ltd.) be considered in conjunction with the item elsewhere on the agenda for this meeting;
- that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

(SEE ALSO MINUTE DSFRA/52 BELOW)

(b) Audit & Performance Review Committee

The Chair of the Committee, Councillor Radford, **MOVED** the minutes of the meeting held on 6 February 2015 which had considered, amongst other things:

- a revised Authority policy in relation the Regulation of Investigatory Powers Act (RIPA) 2000;
- an update report on work being progressed by the external auditor, Grant Thornton, on behalf of the Authority;
- a report on internal audit work undertaken to the third quarter of the current (2014-15) financial year; and
- a report on performance to the third quarter of the current (2014-15) financial year as against those measures in the current (2013-14 to 2015-16) Corporate Plan.

RESOLVED that, in accordance with Standing Orders, the Minutes be adopted.

(c) Resources Committee (Budget Meeting)

The Chair of the Committee, Councillor Dyke, **MOVED** the minutes of the meeting held on 10 February 2015 which had considered, amongst other things:

- a report on treasury management performance to the third quarter of the current (2014-15) financial year;
- a report on the proposed Capital Programme 2015-16 to 2017-18;
- a report on the 2015-16 Revenue Budget and Council Tax levels;
- a report on financial performance to the third quarter of the current (2014-15) financial year against the approved revenue budget and capital programme and other financial targets approved for that year; and
- a report on reductions in central government grant to fund the Urban Search and Rescue (USAR) capability.

RESOLVED

- that the recommendation at Minute RC/15 (2015-16 Revenue Budget and Council Tax Levels) be amended to read "...**£78.42**, as outlined in Option B of report RC/14/7...";
- that the recommendations at Minute RC/14 (Capital Programme 2015-16 to 2017-18) and Minute RC/15 (2015-16 Revenue Budget and Council Tax Levels) (amended as indicated at (i) above) be considered in conjunction with the items elsewhere on the agenda for this meeting;

- (iii) that the recommendation at Minute RC/16 (Financial Performance 2014-15: Quarter 3), relating to those proposed budget virements identified in Appendix A to these Minutes, be approved;
- (iv) that, subject to (i) and (ii) above and in accordance with Standing Orders, the Minutes be adopted.

(SEE ALSO MINUTES DSFRA/44(a) and (b) BELOW).

DSFRA/44. Revenue and Capital Budgets

(a) 2015-16 Revenue Budget and Council Tax Levels

(NOTE: this item was considered in conjunction with the item at Minute DSFRA/44(b) below – Capital Programme 2015-16 to 2017-18).

The Authority considered a joint report of the Treasurer and the Chief Fire Officer (DSFRA/15/1) on the proposed revenue budget and council tax levels for the Authority in 2015-16.

The final local government finance settlement for 2015-16 – the Settlement Funding Assessment (SFA) – had been announced by central government on 4 February 2015 as £29.422m and remained unchanged to the provisional settlement announced in December 2014. This represented an 8.9% reduction on the SFA for 2014-15 (£32.283m) but was in line with the figure already included in the Authority's medium term financial plans. In total, grant funding for the Authority had been reduced by £8.7m (22.8%) since 2012-13, meaning that the Authority had suffered the third worst settlement of all fire and rescue authorities over the period. Representations made on behalf of the Authority to the provisional settlement had proven unsuccessful and the settlement was for one year only.

At the same time as announcing the final SFA for 2015-16, the government had also announced, as part of the provisions introduced by the Localism Act 2011, the threshold beyond which any proposed increase in council tax would trigger the requirement to hold a referendum. The limit had been announced at 2% for 2015-16. For this Authority (having fifteen billing authorities), the costs associated with holding a referendum – estimated in the region of £2.3m – were considered prohibitive. For this reason, this Authority had made representations to the government to apply a cash increase limit rather than percentage increase but to date these representations had not proven successful.

The report set out two options in relation to the council tax and budget requirement in 2014-15:

Option A – freeze council tax at the 2014-15 level (£76.89 for a Band D property); and

Option B – increase council tax by 1.99% above 2014-15 (to £78.42 for a Band D property).

The government had again expressed its expectation that authorities should freeze council tax in 2015-16 and in support of this had announced a further council tax freeze reward grant – equivalent to a 1% increase (£0.489m, subject to confirmation of the 2015-15 council tax base) for this Authority – for those authorities either freezing or reducing council tax in 2015-16. Additionally, government had confirmed that this reward grant would be included in baseline funding for future years. While this marked an improvement on previous freeze grant announcements, it would be unusual for a government to make commitments on behalf of future administrations.

The amount of precept income and business rates to be received from billing authorities in forthcoming financial year would be £1m more than originally forecast, largely as a result of the increase in council tax base across the area of Devon and Somerset, linked to property increases e.g. the new Cranbrook development in East Devon. Additionally, since consideration of the draft 2015-16 budget and council tax levels by the Resources Committee, confirmation had been received from billing authorities that the Authority would receive an additional £0.434m relating to surplus/deficit on collection funds. This would, however, be a one-off amount and consequently it was intended to transfer it into a new "Business Rates Safety Net" Earmarked Reserve for use in smoothing out year-on-year fluctuations in business rate income.

Even allowing for the above increases, however, both Options A and B would result in a reduction of revenue funding for the Authority in 2015-16. Budget savings of £2.287m were identified in the report. Option B, however, would result in a smaller reduction in spending of £1.084m (compared to £1.456m for Option A) and the amount available (£0.869m) from the 1.99% increase in council tax would be built into future years funding levels.

A budget book compiled for each option accompanied the report, detailing a net revenue budget requirement for expenditure in areas such as employee costs, premises costs, supplies and services etc. Option A would result in a net revenue budget requirement of £74.329m, with Option B £74.710m. Option B would also enable a further £0.381m of precept raised to be used to increase the revenue contribution to the capital programme in 2014-15, from £1.7m to £2.1m which, in turn, would alleviate the Authority's reliance on borrowing to fund its future capital requirements.

The Chancellor's Autumn Statement in December 2014 confirmed that austerity measures to reduce the structural deficit would need to continue until at least 2017-18. The medium term financial plan modelling tool assessment indicated, for this Authority, a "base case" assessment of securing additional cumulative savings in the region of £6.8m by 2018-19. The report identified that each 1% increase in council tax resulted in additional precept of just under £0.4m. A further 1% increase in council tax in 2016-17 (which was not for decision at this meeting) would reduce the savings target required for 2018-19 by £1.0m.

In accordance with Section 65 of the Local Government Finance Act 1992, non-domestic ratepayers had been consulted on the proposals for expenditure as contained in the report. Additionally, limited public consultation (in the form of face-to-face surveys in Exeter, Taunton, Torquay and Plymouth) had been undertaken in line with the Authority decision on 17 December 2014 (Minute DSFRA/34 refers).

The report outlined the methodology used for the consultations for which the results indicated:

- that, of those surveyed, 53% of the business community, 79% of the public (face-to-face survey) and 76% of the public (online survey) felt it reasonable to increase in council tax in 2015-16 to lessen the impact of funding cuts; and
- that, of those agreeing that an increase would be reasonable, the majority favoured a 2% increase (61% business community; 67% public [face-to-face]; and 72% public [online survey].

By virtue of Section 25 of the Local Government Act 2003, the Authority was obliged to receive from its Chief Finance Officer a statement on the robustness of the budget estimates and the adequacy of the levels of reserves and balances. This was appended to the report.

The Resources Committee, at its meeting on 10 February 2015, had considered budget options and associated council tax levels for the Authority in 2015-16 and had resolved (Minute RC/15 refers):

“that it be recommended to the Devon & Somerset Fire & Rescue Authority that the level of council tax in 2015-16 for a Band D property be set at £78.42, as outlined in Option B....representing a 1.99% increase over 2014-15.”

Following a debate on the issue, Councillor Prior-Sankey **MOVED**, with Councillor Chugg seconding:

“that the recommendations from the meeting of the Resources Committee held on 10 February 2015 relating to the revenue budget and associated council tax levels for 2015-16 and the Capital Programme 2015-16 to 2017-18 be approved.”

Councillor Owen proposed, with Councillor Smith seconding, that the above motion be **AMENDED** by the addition of the following:

“that the Resources Committee be asked to identify future potential savings as soon as possible, including Authority costs, which will not impact on front-line services”

The amendment was debated, during which the majority view expressed was that the identification of future savings was already part of the ongoing remit both of the Authority and Service budget managers. The amendment was subsequently put to the vote and declared **LOST** by 11 votes against to 9 votes for.

The substantive Motion as proposed by Councillor Prior-Sankey was then put to the vote and declared **CARRIED** by 18 votes for, with 2 abstentions, whereupon it was

RESOLVED

- (i) that, as recommended by the Resources Committee at its meeting on 10 February 2015 (Minute RC/15 refers), the level of council tax in 2015-16 for a Band D property be set at £78.42, as outlined in Option B in report DSFRA/15/1, representing a 1.99% increase over 2014-15;
- (ii) that, accordingly, a Net Revenue Budget Requirement for 2015-16 of £74,710,300 be approved;
- (iii) that, as a consequence of (i) and (ii) above:
 - (A) the tax base for payment purposes and the precept required from each billing authority for payment of a total precept of £44,562,981 as detailed on page 2 of the relevant budget book (circulated separately with the agenda for the meeting) and summarised overleaf be approved:

Billing Authority	Tax Base used for Collection £ p	Surplus/ (Deficit) for 2014-15 £ p	Precepts due 2015-16 £ p	Total due 2015-16 £ p
East Devon	55,289.00	49,853	4,335,763	4,385,616
Exeter	34,750.00	39,358	2,725,095	2,764,453
Mendip	38,049.87	124,026	2,983,871	3,107,897
Mid Devon	27,289.76	15,147	2,140,063	2,155,210
North Devon	31,715.01	27,834	2,487,091	2,514,925
Plymouth City	68,460.00	24,798	5,368,633	5,393,433
Sedgemoor	37,399.86	95,848	2,932,897	3,028,745
South Hams	36,606.88	40,000	2,870,712	2,910,712
South Somerset	57,143.68	56,603	4,481,207	4,537,810
Taunton Deane	38,348.60	66,560	3,007,297	3,073,857
Teignbridge	45,746.00	48,568	3,587,401	3,635,969
Torbay	42,370.75	60,792	3,322,714	3,383,506
Torridge	22,219.21	40,027	1,742,430	1,782,457
West Devon	19,457.00	18,119	1,525,818	1,543,937
West Somerset	13,414.80	27,040	1,051,989	1,079,029
	568,260.42	734,573	44,562,981	45,297,554

- (B) the council tax for each property bands A to H associated with the total precept of £44,562,981, as detailed on page 2 of the relevant budget book (circulated separately with the agenda for the meeting) and summarised below be approved; and

Valuation Band	Government Multiplier		Council Tax £ p
	Ratio	%	
A	6/9	0.667	52.28
B	7/9	0.778	60.99
C	8/9	0.889	69.71
D	1	1.000	78.42
E	11/9	1.222	95.85
F	13/9	1.444	113.27
G	15/9	1.667	130.70
H	18/9	2.000	156.84

- (iv) that the Treasurer's 'Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserve Balances', as set out at Appendix E to report DSFRA/15/1, be endorsed.

(SEE ALSO MINUTES DSFRA/42 AND DSFRA/43(c) ABOVE AND MINUTE DSFRA/44(b) BELOW).

(b) Capital Programme 2015-16 to 2017-18

(NOTE: this item was considered in conjunction with the item at Minute DSFRA/ above – 2015-16 Revenue Budget and Council Tax Levels).

The Authority considered a report of the Chief Fire Officer and Treasurer (DSFRA/15/2) on proposals for a three year (2015-16 to 2017-18) Capital Programme with associated Prudential Indicators for the Authority. The report outlined the difficulties in meeting in full the capital requirement given the size covered by the Authority and the number of fire stations and appliances.

No major estates works were proposed in the programme and the provision for minor improvements and structural maintenance had been reduced. The Capital Programme Working Party would, however, during the course of 2016-17 be considering a range of options for estate support which would be reported to future meetings as appropriate.

The report outlined the proposed vehicle and equipment programme, based around the Service "tiered response" strategy to match resources to risk. This would feature the introduction of Light Rescue Pumps (LRP) and a pilot for the possible introduction of a new type of vehicle, the Rapid Intervention Vehicle (RIV). The programme also provided for harmonisation of breathing apparatus (BA) equipment.

The report also set out an indicative programme and associated prudential indicators for the financial years 2018-19 to 2020-21. While the programme proposed for 2015-16 to 2017-18 had been constructed with a view to maintaining the Authority's self-imposed Prudential Indicator of debt charges accruing from external borrowing remaining within 5% of the approved revenue budget, progression of the programme from 2018-19 onwards carried some degree of risk that this indicator could be breached in the event that alternative funding streams were not identified.

The Resources Committee, at its budget meeting on 10 February 2015, had considered the proposed capital programme and resolved to commend it to the Authority for approval, together with a proposed revenue contribution of £2.118m associated with approval of Option B in relation to the revenue budget and council tax levels (a 1.99% increase in 2015-16 on the council tax for a Band D property) (Minute RC/14 refers).

The report was debated by the Authority in conjunction with the report on the 2015-16 revenue budget and council tax levels after which it was

RESOLVED

- (i) that, in accordance with the recommendations made by the Resources Committee at its meeting on 10 February 2015 (Minute RC/14 refers):
 - (A) the draft Capital Programme 2015-16 to 2017-18 as detailed in report DSFRA/15/2 and summarised at Appendix B to these Minutes be approved;
 - (B) a revenue contribution of £2.118m be made from the 2015-16 revenue budget towards financing the capital programme 2015-16 to 2017-18;
 - (C) that the associated Prudential Indicators as detailed in the report and summarised at Appendix C to these Minutes be approved.
- (ii) that the forecast impact of the proposed Capital Programme (from 2018-19 onwards) on the 5% debt ratio Prudential Indicator, as indicated in this report, be noted.

(SEE ALSO MINUTES DSFRA/43(c) and DSFRA/44(a) ABOVE).

(c) Treasury Management Strategy (Including Prudential and Treasury Indicators Report 2015-16 to 2017-18)

The Authority considered a report of the Treasurer (DSFRA/15/3) setting out, amongst other things:

- a treasury management and investment strategy for 2015-16, with associated indicators; and

- a Minimum Revenue Provision statement for 2015-16.

The Local Government Act 2003 and supporting regulations required the Authority:

- to ensure that its capital investment plans were affordable, prudent and sustainable; and
- to establish a treasury management strategy setting out its policies for borrowing and managing its investments, giving priority to the security and liquidity of those investments.

In doing so, the Authority was required to “have regard to” the Prudential and Treasury Management Codes produced by the Chartered Institute for Public Finance Accountancy (CIPFA). The strategy and prudential indicators as set out in the report were compliant with the latest iterations of the CIPFA Codes.

The report identified a proposed revision to the Treasury Management and Annual Investment Strategies (and consequently to the Treasury Management Policy) to provide for investment to be made with maturity beyond 364 days.

RESOLVED

- (i) the Treasury Management and Annual Investment Strategy for 2015-16 (including a new provision to allow investments to be made with maturity beyond 364 days) as detailed in report DSFRA/15/3 be approved;
- (ii) that the Authority Treasury Management Policy be amended to reflect inclusion of the new provision as identified at (i) above;
- (iii) that the Treasury Management Prudential and other Indicators as detailed in the report and set out in the table at Appendix C to these Minutes be approved;
- (iv) that the Minimum Revenue Provision (MRP) statement for 2015-16, as set out in the report and attached to these Minutes as Appendix D, be approved;
- (v) that the Treasurer be delegated authority to effect movements between the separately agreed prudential limits for borrowing;
- (vi) that the statement at paragraph 4.4 of the report that borrowing limits and the debt management strategy have been set to ensure that in the medium term the gross borrowing will return to below the capital financing requirement for 2015-16 to 2017-18, in line with the requirements of the CIPFA Prudential Code, be noted.

DSFRA/45. Strategic Plan 2015 - 2020

The Authority considered a report of the Chief Fire Officer (DSFRA/15/4) on “Our Plan 2015 to 2020”, which articulated the strategic direction for the Service over the period in question and which aligned to the medium term financial plan to address anticipated funding requirements.

The Plan incorporate the requirements of the Integrated Risk Management Plan (IRMP) and outlined the Service’s approach to delivering its prevention, protection and response services by aligning resources to risk. The Plan had been subject to public consultation, the outcome of which was detailed in the report.

RESOLVED

- (a) that the outcome of public consultation on “Our Plan 2015 to 2020”, as identified in report DSFRA/15/4, be noted;

- (b) that “Our Plan 2015 to 2020”, as appended to report DSFRA/15/4, be approved.

DSFRA/46. Establishment of Local Pension Board for Firefighters' Pensions Schemes

The Authority considered a report of the Clerk to the Authority (DSFRA/15/5) on a new statutory requirement for the Authority to establish, by 1 April 2015, a Local Pensions Board to assist the Authority (as Scheme Administrator) in the effective and efficient governance and administration of the firefighters' pensions schemes, in compliance with relevant regulations and any requirements imposed by the Pensions Regulator.

RESOLVED

- (a) that, with effect from 1 April 2015 (and subject to the Regulations coming into force from that date), a local pension board (“the Firefighters Pensions Scheme Local Pension Board”) – comprising a total of four members - be established as set out in Section 4 of report DSFRA/15/5 to secure compliance with the requirements of the Firefighters' Pension Scheme (Amendment)(Governance) Regulations
- (b) that, specifically in relation to (a) above:
 - (i) the Clerk (and Monitoring Officer) and Treasurer (as proper financial officer) be appointed as the two employer representatives on the Board;
 - (ii) the Director of People and Commercial Services be delegated authority to undertake an appropriate process to determine and subsequently appoint two employee (scheme member) representatives to the Board;
 - (iii) the Director of People and Commercial Services be delegated authority to arrange appropriate training for both employer and employee (scheme member) appointees to the Board to facilitate the effective and efficient discharge of the role of Board member;
 - (iv) that the arrangements for Board meetings including application of relevant Authority Standing Orders, as identified in paragraphs 4.10 to 4.12 inclusive of this report, be approved; and
- (c) that any arrangements for establishment of a local pension board in accordance with (a) and (b) above be subject to review and amendment as necessary following approval of the final Regulations and any associated guidance on local pension boards.
- (d) that, with effect from 1 April 2015 and in accordance with Regulation 5 of the Firefighters Pension Scheme (England) Regulations 2015, responsibility for the day-to-day management and administration of firefighters pensions schemes functions be delegated to the Director of People and Commercial Services;
- (e) that the Clerk be authorised to make consequential amendments to the Authority's approved Scheme of Delegations to reflect those matters delegated to the Director of People and Commercial Services as indicated in the report and identified in (b)(ii) and (iii) and (d) above.

DSFRA/47. Confirmation of Scheme of Members' Allowances 2015-16

The Authority considered a report of the Clerk to the Authority (DSFRA/15/6) on the approved Scheme of Members' Allowances to operate for the forthcoming (2015-16) financial year. Relevant regulations required the Authority to confirm its Scheme of Allowances and publish details of the Scheme so confirmed in one or more local newspapers circulating in the area of the Authority.

RESOLVED

- (a) that the rates payable for Basic and Special Responsibility Allowances, and for the reimbursement of travel and subsistence expenditure, under the Authority's approved Scheme of Members' Allowances to operate for the forthcoming (2015-16) financial year be as set out at paragraphs 2.3 and 2.4 of report DSFRA/15/6;
- (b) that the Clerk be authorised to publicise the above details of the Scheme in one or more local newspapers circulating in the area served by the Authority;
- (c) that the Authority authorises the Clerk to arrange for an independent, major review of the Authority's allowances scheme, the review to report in sufficient time to inform the 2016-17 budget setting process.

(NOTE: In accordance with Standing Order 24(3), Councillor Prior-Sankey asked that her vote against the Authority Scheme of Allowances to operate for the forthcoming [2015-16] financial year be recorded).

DSFRA/48. Localism Act 2011 - Pay Policy Statement 2015-16

The Authority considered a report of the Clerk to the Authority (DSFRA/15/7) to which was attached the proposed Pay Policy Statement to operate for the Authority for the forthcoming (2015-16) financial year. The Localism Act required such a statement, setting out the Authority's policy towards a range of issues relating to the pay of its workforce (particularly senior staff and the lowest paid employees), to be approved prior to the commencement of each financial year and published, as a minimum, on the Authority's website.

RESOLVED that the Authority Pay Policy Statement to operate for the forthcoming (2015-16) financial year, as appended to report DSFRA/15/7, be approved and published in accordance with the requirements of the Localism Act 2011.

DSFRA/49. Chairman's Announcements

The Authority received, for information, a list of activities undertaken by the Chair on behalf of the Authority since its last meeting.

DSFRA/50. Chief Fire Officer's Announcements

The Chief Fire Officer reported, for information, on:

- a further period of industrial action to be taken by the Fire Brigades Union, on Wednesday 25 February 2015, as part of its ongoing dispute with central government over reforms to the firefighters' pensions schemes. Service contingency arrangements would be operative during the period of the industrial action and a media release had been issued urging the communities to take extra care during this period;

- short-listing of the Authority Chair, Councillor Healey, in the Innovation Achievement of the Year category as part of the Councillor Achievement Awards administered by the Local Government Information Unit, in relation to his work in promoting the Service-developed Firemark programme to assist landlords in fire safety matters through a short, interactive training and advice session. The annual awards ceremony would be held on Monday 2 March 2015 in the Mayor's Parlour, Westminster City Hall.

DSFRA/51. 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 involves 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 and business affairs of the Authority and other companies.

DSFRA/52. Trading Company Contract between Authority and Red One Ltd.

(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 Authority considered a report of the Clerk to the Authority (DSFRA/15/8) to which was annexed a proposed, revised contract between the Authority and Red One Ltd. defining the relationship in respect of commercial trading activities. The initial contract, which ran for a three-year period, had been approved by the Authority at its meeting on 20 February 2013 (Minute DSFRA/74(b) refers).

The revised trading contract had been considered by the Commercial Services Committee at its meeting on 15 January 2015 which had resolved to commend it (subject to incorporation of clarifying amendments indicated at the meeting), together with associated amendments to the Committee Terms of Reference and the Authority's approved Scheme of Delegations, for approval (Minute CSC/24 refers).

The proposed revised contract appended to report DSFRA/15/8 had been amended to incorporate the clarifying amendments as required by the Commercial Services Committee.

RESOLVED

- (a) that the revised trading company contract between the Authority and Red One Ltd., as annexed to report CSC/15/3 (initially considered by the Commercial Services Committee and appended to report DSFRA/15/8) and revised to reflect the amendments required by the Commercial Services Committee, be approved;
- (b) that the revisions to the Terms of Reference of the Commercial Services Committee and to the Authority's approved Scheme of Delegations, as set out in paragraphs 3.7 and 4.2 of report CSC/15/3, be approved;
- (c) that the revised Trading Company Contract be subject to further review as may be required to protect the interests of the Authority.

(SEE ALSO MINUTE DSFRA/43(a) ABOVE).

The meeting started at 10.00hours and finished at 12.18hours.

**APPENDIX A TO THE MINUTES OF THE AUTHORITY BUDGET MEETING HELD ON 20
FEBRUARY 2015**

**MINUTE DSFRA/43(c)(iii) BUDGET VIREMENTS REQUESTED BY RESOURCES COMMITTEE
AND SUBSEQUENTLY APPROVED**

Budget Line	From £m	To £m	Reason
<p>Wholetime Uniform Staffing Costs (Table 2 Line 1)</p> <p>Non-Uniformed Staffing Costs (Table 2 Line 4)</p> <p>Transfer to Earmarked Reserves (Table 2 Line 37)</p>	<p>(1.000)</p> <p>(0.500)</p>	<p>1.500</p>	<p>This virement reflects the decision made at the meeting of the Resources Committee on the 20 November 2014 (Minute RC/10) to transfer an amount of £1.5m from the current year underspend to Earmarked Reserves to provide direct revenue funding towards future capital spending. It is now proposed that the £1.5m be funded from budget virements from wholetime and non-uniformed staffing budget heads.</p>
<p>Equipment and Furniture (Table 2 Line 14)</p> <p>Revenue Contribution to Capital Spending (Table 2 Line 27)</p>	<p>(0.350)</p>	<p>0.350</p>	<p>This virement reflects the decision made at the meeting of the full Fire Authority (Minute DSFRA/27) on the 17 December 2014 to pursue an asset acquisition in Plymouth to be funded from the current year underspend. It is now proposed that the total cost of £0.350m (including associated fees) be funded from a budget virement from savings against Equipment and Furniture.</p>
<p>Uniforms (Table 2 Line 18)</p> <p>Communications (Table 2 Line 27)</p> <p>Transfer to Earmarked Reserves (Table 2 Line 35)</p>	<p>(0.546)</p> <p>(0.070)</p>	<p>0.616</p>	<p>The 2014-15 budget includes provision of £0.546m to fund a refresh of Personal Protective Equipment (PPE). It is now confirmed that due to specification and procurement timescales this will now be delayed into 2015-16. A budget virement for this amount is therefore proposed from the Uniforms budget head to Earmarked Reserves to enable the funding to be carried forward into 2015-16..</p> <p>Similarly provision of £0.070m had been made in 2014-15 for a required upgrade to the Service telephony system, however this will not now be delivered until 2015-16. A budget virement for this amount is therefore proposed from the Communications budget head to Earmarked Reserves.</p>
TOTALS	(2.466)	2.466	

**APPENDIX B TO THE MINUTES OF THE AUTHORITY BUDGET MEETING HELD ON 20
FEBRUARY 2015**

2014/15 £000		2014/15 £000		Item	PROJECT	2015/16 £000			2016/17 £000			2017/18 £000			2018/19 £000			2019/20 £000			2020/21 £000		
Opening budget	Revised Budget	Opening budget	Revised Budget			Budget	Budget	Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget
Capital Programme 2015/16 to 2020/21																							
Estate Development																							
420	91	1	Major Projects			329	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2,965	1,679	2	Minor improvements & structural maintenance			1,616	2,640	2,040	1,750	1,750	1,500	1,750	1,750	1,500	1,750	1,750	1,500	1,750	1,750	1,500	1,750	1,500	
3,386	1,770	Estates Sub Total				1,945	2,640	2,040	1,750	1,750	1,500	1,750	1,750	1,500	1,750	1,750	1,500	1,750	1,750	1,500	1,750	1,500	
Fleet & Equipment																							
3,640	1,984	3	Appliance replacement			4,089	2,837	2,557	1,438	2,119	2,119	1,438	2,119	2,119	1,438	2,119	2,119	1,438	2,119	2,119	1,438	2,119	
36	100	4	Community Fire Safety			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
50	104	5	Specialist Operational Vehicles			480	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1,619	481	6	Equipment			1,391	320	320	380	200	200	380	200	200	380	200	200	380	200	200	380	200	
250	0	7	ICT Department			250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
100	7	8	Water Rescue Boats			93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5,695	2,676	Fleet & Equipment Sub Total				6,302	3,557	3,277	1,818	2,319	2,319	1,818	2,319	2,319	1,818	2,319	2,319	1,818	2,319	2,319	1,818	2,319	
9,081	4,446	Overall Capital Totals				8,247	6,197	5,317	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	3,819	
Programme funding - no council tax increase																							
368	236	9	Earmarked Reserves			471	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4,467	2,812	10	Revenue funds			3,175	3,362	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2,848	0	11	Borrowing			4,601	2,835	5,317	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	3,819	
1,398	1,398	12	Grants																				
9,081	4,446	Total Funding				8,247	6,197	5,317	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	3,819	
Programme funding - council tax increase of 1.99%																							
368	236	13	Earmarked Reserves			471	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4,467	2,812	14	Revenue funds			3,175	3,362	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0	15	Additional revenue funds			381	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2,848	0	16	Borrowing			4,220	2,835	5,317	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	3,819	
1,398	1,398	17	Grants																				
9,081	4,446	Total Funding				8,247	6,197	5,317	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	4,069	3,819	3,568	3,819	

**APPENDIX C TO THE MINUTES OF THE AUTHORITY BUDGET MEETING HELD ON 20
FEBRUARY 2015**

PRUDENTIAL INDICATORS	INDICATIVE INDICATORS 2017/18 to 2019/20					
	2015/16 £m estimate	2016/17 £m estimate	2017/18 £m estimate	2018/19 £m estimate	2019/20 £m estimate	2020/21 £m estimate
Capital Expenditure						
Non - HRA	8,247	6,197	5,317	3,568	4,069	3,819
HRA (applies only to housing authorities)						
Total	8,247	6,197	5,317	3,568	4,069	3,819
Ratio of financing costs to net revenue stream						
Non - HRA	3.79%	4.24%	4.35%	4.91%	5.33%	5.67%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Requirement as at 31 March	£000	£000	£000	£000	£000	£000
Non - HRA	25,041	25,932	29,351	30,731	32,389	33,633
HRA (applies only to housing authorities)	0	0	0	0	0	0
Other long term liabilities	1,443	1,374	1,299	1,209	1,112	1,010
Total	26,484	27,306	30,650	31,940	33,501	34,643
Annual change in Capital Financing Requirement	£000	£000	£000	£000	£000	£000
Non - HRA	2,393	822	3,344	1,290	1,561	1,142
HRA (applies only to housing authorities)	0	0	0	0	0	0
Total	2,393	822	3,344	1,290	1,561	1,142
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p	£ p
Increase/(decrease) in council tax (band D) per annum	-£0.19	-£0.23	-£0.20	N/A	N/A	N/A
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT						
Authorised Limit for external debt	£000	£000	£000	£000	£000	£000
Borrowing	30,603	32,028	33,857	35,170	36,564	38,021
Other long term liabilities	1,371	1,278	1,177	1,070	963	842
Total	31,974	33,306	35,034	36,240	37,527	38,863
Operational Boundary for external debt	£000	£000	£000	£000	£000	£000
Borrowing	29,351	30,731	32,389	33,633	34,945	36,339
Other long term liabilities	1,299	1,209	1,112	1,010	907	791
Total	30,650	31,940	33,501	34,643	35,852	37,130
Maximum Principal Sums Invested over 364 Days						
Principal Sums invested > 364 Days	5,000	5,000	5,000	5,000	5,000	5,000

TREASURY MANAGEMENT INDICATOR	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2015/16		
Under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	50%

**APPENDIX D TO THE MINUTES OF THE AUTHORITY BUDGET MEETING HELD ON 20
FEBRUARY 2015**

MINIMUM REVENUE STATEMENT (MRP) 2015-16

Supported Borrowing

The MRP will be calculated using the regulatory method (option 1). MRP will therefore be calculated using the formulae in the old regulations, since future entitlement to RSG in support of this borrowing will continue to be calculated on this basis.

Un-Supported Borrowing (including un-supported borrowing prior to 1 April 2008)

The MRP in respect of unsupported borrowing under the prudential system will be calculated using the asset life method (option 3). The MRP will therefore be calculated to repay the borrowing in equal annual instalments over the life of the class of assets which it is funding. The repayment period of all such borrowing will be calculated when it takes place and will be based on the finite life of the class of asset at that time and will not be changed.

Finance Lease and PFI

In the case of Finance Leases and on balance sheet PFI schemes, the MRP requirement is regarded as met by a charge equal to the element of the annual charge that goes to write down the balance sheet liability. Where a lease of PFI scheme is brought, having previously been accounted for off-balance sheet, the MRP requirement is regarded as having been met by the inclusion of the charge, for the year in which the restatement occurs, of an amount equal to the write-down for the year plus retrospective writing down of the balance sheet liability that arises from the restatement. This approach produces an MRP charge that is comparable to that of the Option 3 approach in that it will run over the life of the lease or PFI scheme and will have a profile similar to that of the annuity method.

MRP will normally commence in the financial year following the one in which the expenditure was incurred. However, when borrowing to construct an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. It may accordingly postpone the beginning to make MRP until that year. Investment properties will be regarded as becoming operational when they begin to generate revenues.