

DEVON & SOMERSET FIRE & RESCUE AUTHORITY

(Ordinary Meeting)

28 May 2015

Present:-

Councillors Healey (Chair), Ball, Bown, Burridge-Clayton, Colthorpe, Dyke, Eastman, Edmunds, Ellery, Greenslade, Horsfall, Knight, Leaves, Radford, Randall Johnson, Redman, Singh, Way, Wheeler, Woodman and Yeomans

Apologies:-

Councillors Chugg and Hill.

DSFRA/8. Minutes of Committees

(a) Commercial Services Committee

The Committee Chair, Councillor Healey, **MOVED** the Minutes of the meeting held on 18 March 2015 which had considered, amongst other things:

- an update on commercial leads and opportunities being progressed as at February 2015;
- an update on the financial performance of commercial activities for the current (2014-15) financial year; and
- a proposed commercial business plan for the 2015-16 financial year.

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

(b) Audit & Performance Review Committee

The Committee Chair, Councillor Radford, **MOVED** the Minutes of the meeting held on 12 May 2015 which had considered, amongst other things:

- an update from the Authority's external auditors (Grant Thornton);
- a report of the Treasurer on materiality and the preparation of group accounts specifically with regard to Red One Ltd.;
- a year-end report on internal audit work undertaken during 2014-15;
- a report on the proposed approach to audit and internal audit plan for 2015-16;
- a year-end report of performance by the Devon & Somerset Fire & Rescue Service during 2014-15 against measures contained in the approved Corporate Plan 2013-14 to 2014-15; and
- a verbal report by the Director of Operations on the evolving culture of performance management within the organisation

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

(c) Resources Committee

The Committee Chair, Councillor Dyke, **MOVED** the Minutes of the meeting held on 14 May 2015 which had considered a report on the provisional financial outturn for the 2014-15 financial year.

RESOLVED

- (i) that the recommendation at Minute RC/19 (Draft Financial Outturn 2014-15) be considered in conjunction with the 2014-15 provisional financial outturn item elsewhere on the agenda for this meeting;
- (ii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

(SEE ALSO MINUTE DSFRA/9 BELOW)

DSFRA/9. Provisional Financial Outturn 2014-15

The Authority considered a report of the Treasurer (DSFRA/15/12) on the provisional financial outturn provision (subject to audit) for revenue and capital expenditure as against the approved budgets for 2014-15.

An underspend of £2.051m (2.71%) against the approved revenue budget was anticipated (based on the spending figures at the end of March 2015). This significant saving was largely attributable to continued implementation of Corporate Plan changes approved by the Authority in July 2013 together with a strategy for budget holders to identify in-year savings wherever possible. Some £2.3m had been removed from the base budget when setting the 2015-16 revenue budget to reflect on-going budget savings. The report detailed variations in excess of £50,000 against individual budget lines together with the reasons for those variations.

The report also identified the requirement for an accounting adjustment in relation to the provision of £1.525m established to meet pension liability costs arising from the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000. The Department for Communities and Local Government had indicated that funding for accrued liabilities would be met from employers' contributions using valuations in future years rather than needing to be repaid as a lump-sum as originally anticipated. Consequently, in these circumstances, the £1.525m provision established to cover accrued liabilities would no longer be required and it was proposed that this sum should instead be used to establish an earmarked reserve to fund future pension liabilities. To facilitate this, however, it was necessary to reverse the initial transfer from the revenue budget used to establish the provision.

Government grant funding to the Authority had reduced by £8.7m over the three years to 2015-16, with the Chancellor's Autumn Statement in December 2014 confirming that austerity measures to reduce the structural deficit would continue until at least 2017-18. The Authority had secured cumulative, recurring revenue savings of £9.6m since 2011 but, in light of the Chancellor's Autumn Statement, the Authority's Medium Term Financial Plan indicated further savings of £5.8m per annum would be required by 2018-19.

Capital spending during 2014-15 was £2.797m against a revised, approved programme of £7.614m. The report identified the main reasons for the "slippage" of £4.817m in 2014-15 (linked to the appliance replacement programme and delays in chassis delivery arising from safety regulation changes). No prudential indicators had been breached.

An earlier version of the provisional outturn report had been considered by the Resources Committee at its meeting held on 14 May 2015 which had resolved to make a number of recommendations to the Authority in relation to utilisation of the £2.051m underspend against the approved 2014-15 revenue budget.

RESOLVED that, as recommended by the Resources Committee, the following be approved:

- (a) that the provisional underspend of £2.051m against the 2014-15 revenue budget be used to fund the following transfers to Earmarked Reserves, as outlined in paragraph 10.1 of report DSFRA/15/12:
 - (i) transfer of £0.506m to an Earmarked Reserve to fund Essential Spending Pressures not included in the 2015-16 base budget (Para 10.1(d));
 - (ii) transfer of the remaining £1.545m to the Comprehensive Spending Review (CSR) Reserve (Para 10.1(f));
- (b) that the £1.525m from the Provision originally set aside to fund the potential liability for Retained Pension Costs emanating from the Employment Tribunal relating to Part-Time Workers be reversed and a sum of this amount transferred from the 2014-15 revenue budget to a new Earmarked Reserve for Retained Pension Liability (Para 10.1(h));
- (c) that, following a review of Earmarked Reserve requirements, an amount of £0.079m be transferred from Earmarked Reserves to General Reserve (Para. 10.1i)
- (d) that, as set out in Section 17 of the report, the following capital determinations in relation to funding of the 2014-15 capital programme be approved:
 - (i) that an amount of £1.398m is capitalised and funded from external grant; and
 - (ii) that an amount of £1.399m is capitalised and funded from revenue contributions to capital spending, either directly from the 2014-15 revenue budget or from balances in Earmarked Reserves;
- (e) That, subject to (a) and (d) above, the following be noted:
 - (i) the draft position in respect of the 2014-15 Revenue and Capital Outturn position, as indicated in this report; and
 - (ii) That the underspend figure of £2.051m is after:
 - (A) a transfer of £0.202m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised (Para.10.1a);
 - (B) a transfer of £0.500m to Earmarked Reserves for 2014-15 Budget Carry Forwards to fund planned projects not completed by 31 March 2015 (Para. 10.1b and 10.1c);
 - (C) a transfer of £1.088m revenue underspend on Capital to Earmarked Reserve (Para. 10.1e); and
 - (D) additional provisions relating to pensions liabilities of £0.228m (Para 10.1j).

(SEE ALSO MINUTE DSFRA/8(c) ABOVE).

DSFRA/10. Annual Treasury Management Report 2014-15

(Adam Burleton, Capita, in attendance for this item).

The Authority received for information Report of the Treasurer (DSFRA/15/13) summarising Authority treasury management activities during 2014-15 in accordance with the requirements of the CIPFA Code of Practice on Treasury Management.

A prudent approach had been taken to investment decisions during the year with priority being given to liquidity and security over yield. Against a backdrop of continued uncertainty in the aftermath of the 2008 financial crisis, a cautious approach had been followed whereby investments were determined by risk considerations resulting in relatively low returns compared to the borrowing rates. Despite this, however, the Authority still secured returns on investment above the London Inter-Bank Bid Rate (LIBID) 3 month rate (the bench mark return for short-term investments) and no Prudential Indicator had been breached.

DSFRA/11. Chair'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/12. Chief Fire Officer's Announcements

The Chief Fire Officer reported for information on:

- discussions initiated with the Treasury to explore the potential for joint working with the health sector on prevention initiatives (e.g. "slips, trips and falls" guidance). A business case was being developed with a view to progressing this initiative;
- the opportunity for the Service to secure, at no cost, a museum that could also assist in promoting community fire safety messages;
- an incident in Plymouth on 9 May where, thanks to the professionalism, skill and dedication of the Service three lives had been saved.

DSFRA/13. Principal Officer Pay Review 2015

(John Gay [Hay Group] in attendance for this item).

The Committee considered a report of the Clerk to the Authority (DSFRA/15/14) on the outcome of a review of Principal Officer's pay. The Authority's approved Pay Policy Statement indicated how the review would be undertaken. To assist in this, a small Working Group comprising the Authority Chair and Vice-Chair together with each of the Committee Chairs had been established.

This Working Group had met on two occasions. At its first meeting the Working Party had considered initial benchmarking data and in light of this felt it would be prudent to commission the Hay Group to:

- evaluate the Chief Fire Officer's role using the Hay Group Method of Evaluation;
- undertake remuneration market benchmarking using the Hay Group's Public and Not for Profit data base and analyse and include where appropriate the data about Chief Fire Officer pay obtained initially by the Service; and
- provide a summary report comparing the Service's current remuneration level with the market and providing advice on options for consideration.

A copy of the summary report subsequently produced by Hay was appended to the report. This had been considered initially by the Members Working Group at a second meeting together with further information providing comparison with fire and rescue services with both a +/- 0.5m and +/- 0.1m narrower population variation to Devon and Somerset.

The report set out recommendations of the Member Working Group in relation to Principal Officers' pay reached following consideration of the data referred to above together with other factors including:

- savings of £329,000 being realised by reductions in the top management team in 2010 and 2013;
- income of £79,200 generated for the Authority by virtue of the Chief Fire Officer serving as Chief Fire and Rescue Adviser to the Welsh Government; and
- whether the Chief Fire Officer and other Principal Officers should be eligible to undertake other roles outside the Service.

Councillor Yeomans **MOVED**, with Councillor Eastman seconding, that the recommendations of the Member Working Group as set out in the report be approved. Councillor Greenslade **MOVED** that the recommendations be **AMENDED** by the addition of the following:

“that consideration be given at a future meeting to removing the link in salary of the posts of Director of Corporate Services and Director of People and Commercial Services to the salary of the Chief Fire Officer with a view to replacing this with a remuneration package for those posts based on the requirements of the role coupled with a performance-based aspect.”

This amendment was accepted unanimously.

Following extensive debate, Councillor Edmunds **MOVED**, with Councillor Randall Johnson seconding, that the recommendations be further **AMENDED** by limiting the pay increases proposed for the Principal Officers to 2.5% of their current salaries.

This amendment was put to the vote which was initially tied with 10 votes for, 10 against and one abstention. In accordance with Standing Orders, the Chair then exercised a second, casting vote **AGAINST** the amendment moved by Councillor Edmunds whereupon it was declared **LOST** by 11 votes to 10.

A vote was then taken on the substantive motion as moved by Councillor Yeomans and amended by Councillor Greenslade whereupon it was

RESOLVED, by 11 votes for to 8 against, with two abstentions,

- (a) that the following recommendations of the Members Working Group be approved:
 - (i) that the salary of the Chief Fire Officer be set at £146,031 with effect from 1 April 2015;
 - (ii) that the percentages of the Chief Fire Officer's salary used to set the salaries of the other Principal Officers be restored to the lower levels previously determined by the Authority, as follows (again with increases to take effect from 1 April 2015):
 - Director of Operations at 75% (£109,523);
 - Director of Corporate Services at 68.75% of 5/6th (£83,664); and

Director of People & Commercial Services at
68.75% of 5/6th (£83,664)

- (iii) that the Chief Fire Officer, and other Principal Officers, be permitted to undertake roles outside of the Service, subject to:
- any such work being undertaken whilst on annual leave;
 - there being no conflict of interest with the business of the Authority, Red One Ltd. or any company or other body that the Authority might establish from time to time;
 - compliance with the requirements of the Local Government Act 1972 in relation to the recording of interests in contracts; and
 - all roles outside the Service being recorded in a register of interests kept for that purpose;
- (b) that consideration be given at a future meeting to removing the link in salary of the posts of Director of Corporate Services and Director of People and Commercial Services to the salary of the Chief Fire Officer with a view to replacing this with a remuneration package for those posts based on the requirements of the role coupled with a performance-based aspect.

(NOTE: In accordance with Standing Order 24(3), Councillor Way requested that his vote AGAINST the decision recorded at (a) above be recorded).

The meeting started at 10.45hours and finished at 12.34 hours.