

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

2 September 2015

### Present:-

Councillors Burridge-Clayton, Dyke, Greenslade, Healey (vice Chugg), Singh, Thomas and Yeomans

### Apologies:-

Councillor Chugg

#### **\*RC/1. Election of Chair**

**RESOLVED** that Councillor Dyke be elected Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in 2016.

#### **\*RC/2. Minutes**

**RESOLVED** that the Minutes of the meeting held on 14 May 2015 be signed as a correct record.

#### **\*RC/3. Election of Vice Chair**

**RESOLVED** that Councillor Yeomans be elected Vice Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in 2016.

#### **\*RC/4. Treasury Management Performance 2015-2016: Quarter 1**

The Committee received for information a report of the Treasurer (RC/15/7) that set out the treasury management activities of the Authority for the first quarter of the current financial year (2015-16) to June 2015. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management advocated that public authorities should receive a report on treasury management activities at least twice a year and preferably quarterly. This report therefore gave the assurance that the Authority was embracing best practice in accordance with the Code of Practice.

Adam Burlton, representing Capita – the Authority's Treasury Management Adviser – was present at the meeting and he gave an overview of the performance to date as measured against the approved Treasury Management Strategy. The key points made were:

- performance during the first quarter of the current financial year demonstrated a prudent approach to investment decisions, with priority being given to liquidity and security over yield;
- investment returns were still small as a consequence of the continuing low interest rates, but the Service was outperforming the LIBID 3 benchmark return of 0.44% with a performance of 0.52%;
- no Prudential Indicators had been breached, and;
- the level of external borrowing was £25.9million but this was anticipated to reduce to £25.8million as a result of forthcoming scheduled repayments.

Members commented in particular on the ongoing uncertainties facing the financial markets particularly in the light of the recent disaster in China and the pressure on European economies as a result of the current migration crisis. Reference was also made to the need for the Authority, wherever practicable, to seek reductions in its level of external borrowing in view of the associated, ongoing cost of this debt on the Authority's Revenue Budget. It was noted that the position on external borrowing was being monitored with a view to achieving reductions as soon as the cost of early repayment made this financially viable. No further external borrowing was planned in the current financial year and new and innovative options for financing the Estate were already under consideration as part of the work being undertaken by the Authority's Capital Programme Working Party.

#### **RC/5. Financial Performance Report 2015-2016: Quarter 1**

The Committee considered a report of the Treasurer (RC/15/8) that set out on financial performance for the first quarter (April to June) as against those agreed targets for the current (2015-16) financial year.

At this stage, it was anticipated that revenue spending would be £73.444million which was some £1.267million (1.70%) less than the approved Revenue Budget for 2015-16. This aligned to the approved strategy to deliver in-year savings wherever possible to enhance reserve balances, with the underspend being largely attributable to savings on staffing costs arising primarily from continued implementation of Corporate Plan proposals approved in July 2013.

The Treasurer reported that given the early stage in the financial year, no recommendation was made to the Committee in terms of how this predicted underspend should be utilised. In relation to capital spending the Treasurer referred to the fact that the Capital Programme for 2015-16 to 2017-18 was being revised down to £8.178million (Minute RC/6 below refers), and that at this stage spending was anticipated to be to this revised figure. Reference was made to the impact of the settlement under the Part Time Workers (Prevention of Less Favourable Treatment) Employment Tribunal. 405 employees had indicated that they would be taking up the offer of a backdated pension which was more than had been included with the original funding model. The Department for Communities and Local Government (DCLG) had confirmed that any future liabilities arising from this would be met through employer's pension contributions by using pension valuations in future years. At this time it was forecast that the total liability will be in the region of £10million, to be spread over the next 15 years. The Treasurer also reported that the DCLG had stated that further consideration of the funding of the total liability will be included as part of Comprehensive Spending Review 2015.

Attention was drawn to the recommendations for budget virements as set out in paragraphs 5.3 and 5.5 of this report which were:

- an in year budget virement of £116,000 to transfer the additional grant income from the Grants and Reimbursements budget to the Earmarked Reserve for NNDR smoothing;
- an in year budget virement of £110,000 to increase the Training budget with a corresponding increase in Grant income.

The Treasurer also referred to Section C of the report covering other financial indicators and in particular, the debts outstanding for more than 85 days. Members of the Committee commented that, since some of this may be related to commercial debt, the Authority had the ability to send in the bailiff to recover outstanding claims without recourse through the courts. Additionally, the Committee requested that the wording in existing contracts of sale be checked as this should already include coverage of retention of ownership issues. The Chief Fire Officer undertook to look into this matter and to report back to the Committee at the next meeting.

**RESOLVED**

- (a) that the two budget virements (in excess of £50,000), as outlined in Paragraph 5.3 and 5.5 of report RC/15/8, be approved;
- (b) Subject to (a) above, that the monitoring position in relation to projected spending against the 2015-2016 revenue and capital budgets be noted;
- (c) That the performance against the 2015-2016 financial targets be noted.

*NB. Minute RC/6 below refers.*

**RC/6. Revision to Capital Programme 2015-16 to 2017-18**

The Committee considered a report of the Director of Corporate Services and Treasurer (RC/15/9) seeking approval of the Authority to revise the Capital Programme for 2015-16 to 2017-18 to reflect slippage and savings in spending already identified as part of the financial monitoring process. The proposed changes did not require any additional external borrowing and therefore there was no further burden on the Authority's approved Revenue Budget.

The proposed changes to the Capital Programme reflected:

- a) Slippage in spending in 2014-15 and 2015-16 of £1.65m more than had been anticipated when setting the original programme for 2015-16 to 2017-18.
- b) An increase of £114,000 in 2015-16 to cover the cost of two additional capital schemes to be funded from earmarked reserves as agreed at the 2014-15 year end; specifically £84,000 for the construction of training containers at the Exeter airport site and £30,000 for Brake Testing equipment;
- c) Budget managers have now identified savings of £623,000 from the previously agreed programme. As Avon and Somerset Police are no longer committed to site sharing in Ilminster, an amount of £241,000 of Estates expenditure for the remodelling of the Fire station is no longer required. In relation to the Fleet programme, £393,000 of savings has been identified, primarily from a review of the number of Specialist Support vehicles used throughout the service.

In response to points raised by Members in relation to the need for clarity in respect of the level of capital funding required each year, the Chief Fire Officer advised that the Service was completing a pilot in respect of options for the fleet presently. The information obtained from this Pilot would facilitate the accurate prediction of the funding needed in the future which would be aligned to a clear strategy for capital spending.

**RESOLVED** that the Devon and Somerset Fire and Rescue Authority be recommended to approve the revised capital programme and associated prudential indicators for 2015-16 to 2017-18, as included in report RC/15/9 (and as appended to this report for reference).

*NB. Minute RC/5 above also refers.*

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

The meeting started at 10:00hours and finished at 11.20hours