

RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

4 February 2009

Present:-

Councillors Gordon (Chair), Fry, Healey, B. Hughes, Lewis, Way and Yeomans

In attendance:-

Councillor Mochnacz

***RC/17. Minutes**

RESOLVED that the Minutes of the meeting held on 8 December 2008 be signed as a correct record.

***RC/18. Declarations of Interest**

Members of the Committee were asked to consider whether they had any personal/personal and prejudicial interests in any items to be considered at the current meeting in accordance with the Authority's approved Code of Conduct.

No interests were declared.

At this point, the Chairman stated that he felt that the agenda should be re-ordered to take the item on the Capital Programme 2009/10 to 2011/12 and associated Prudential Indicators prior to the report on the 2009/10 Revenue Budget and Council Tax level. The Committee was in agreement with this action.

RC/19. Capital Programme 2009/10 To 2011/12 and Associated Prudential Indicators

The Committee considered a joint report of the Head of Physical Assets and the Treasurer (RC/09/2) that set out proposals to review and update the existing capital programme to include projects and schemes which had been deemed essential for either normal replacement of assets or for major business development in line with structured asset management planning. The proposal set out the inclusion of replacement appliances within the fleet and equipment programme, together with the reprofiling of the debt charges associated with slippage on the existing programme.

Reference was made to the funding that had been secured from the Department for Communities and Local Government (CLG) in the sum of £2 million over two years on a debt free basis to address primarily equality and diversity issues on stations. This took the total expenditure on the Capital Programme in 2009/10 to £8.7 million, of which only £1.7 million was funded by central government. Whilst this had been welcomed, the point was made that the Authority still had capital investment pressures and, as the largest non metropolitan fire and rescue authority in the country, the CLG had not addressed its concerns in respect of sparsity factors which had been raised on numerous occasions.

The Committee noted that the revised programme was affordable in accordance with its prudential indicators and was recommended for approval.

RESOLVED that the Authority be recommended to approve the revised Capital Programme 2009/12 to 2011/12 and the associated Prudential Indicators as set out in report RC/09/2.

RC/20. 2009/2010 Revenue Budget and Council Tax Level

The Committee considered a joint report of the Treasurer and the Chief Fire Officer (RC/09/1) 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 2009/10 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 2009/10 (which was part of the three year grant settlement covering the years 2008/09 to 2010/11);
- details of the commitments that had been included on the draft revenue budget for 2009/10;
- the Medium Term Financial Plan (MTFP) 2009/10 to 2011/12;
- the precept consultation for 2009/10;
- the levels of reserves and balances;
- options for setting the 2009/10 revenue budget.

The Treasurer stated that, to set a budget at £73.039 million (a 3.9% increase on the approved 2008/09 budget), would require an increase in the council tax of 4.9% over the 2008/09 level. Whilst this was unlikely to be a figure that would result in capping, it would represent one of the highest percentage increases of all fire and rescue authorities and therefore had not been pursued as an option.

The four options put forward, however, were summarised as follows:

Option	Council Tax increase	Budget increase	Council Tax for a Band D Property	Increase over 2008/2009	Reduction required in 2009/2010 draft Revenue Budget
	%	%	£ p	£ p	£m
A	4.5	3.7	£69.58	£3.00	(0.140)
B	3.9	3.4	£69.18	£2.60	(0.380)
C	3.5	3.1	£68.92	£2.34	(0.540)
D	3.0	2.8	£68.59	£2.01	(0.740)

The report set out the implications of setting the council tax at each of these levels, together with a risk assessment and a forecast of the impact of each on budget setting for the following two financial years, namely 2010/11/and 2011/12.

The Treasurer made reference to the position in respect of reserves and stated that the Authority had agreed that the minimum level of reserves should be 5% of the total revenue budget. He commented that he was anticipating an increase in reserves to around 6.9% as a result of the underspend in 2008/09 although this was still not the optimum position for the Authority. This would still position the Authority in the bottom quartile in terms of the level of reserves held.

During a debate on this matter, the suggestion was made that the Authority should utilise reserves to support a lower council tax in 2009/10 on the basis that it was likely that an underspend would occur again and this would still enable the minimum level of 5% of reserves to be retained. This suggestion was not supported widely by the Committee.

Reference was made to factors that were unknown to the service at this point such as the pay settlement in 2009, pension provision, the move to the Regional Control Centre and the impact of the Working Time Directive, all of which could have an adverse impact on the budget in 2009/10.

The Chief Fire Officer stated that officers were acutely aware of the need to set a level of council tax that was as low as possible but there were a number of points to take into account in doing so. These were:

- that setting a disproportionately low figure would inevitably impact on the position for 2010/11;
- decisions to make savings should be taken on the basis of risk rather than on the need to set a balanced budget;
- if the option of 3.5% was the preferred option, this would result in a potential increase in council tax of 4.5% in 2010/11 which would be insufficient to meet all of the demands and commitments at that time.

Whilst there was support for recommending that the level of council tax be set at 3.9%, there was concern expressed that this meant that there may be community safety prevention activity that would be lost as a result. The Deputy Chief Fire Officer gave an assurance, however, that this work could still be picked up in the event that a level of 3.9% was subsequently agreed.

In view of this, Councillor B Hughes proposed (and was seconded by Councillor Healey):

“that the Devon and Somerset Fire and Rescue Authority be recommended to approve Option B (as set out in report RC/09/1) as the level of revenue budget and council tax in 2009/10”.

Upon a vote (4 for, 1 against and 2 abstentions), the motion was carried.

RESOLVED that the Devon and Somerset Fire and Rescue Authority be recommended to approve Option B (as set out in report RC/09/1) as the level of revenue budget and council tax in 2009/10.

***RC/21. Revenue Budget Monitoring Report 2008/09**

The Committee received for information a report of the Treasurer (RC/09/3) that set out projections of income and expenditure for the first nine months of the financial year (to the end of December 2008) against the approved Revenue Budget for 2008/09 and which detailed any significant variations against individual budget lines.

At this stage, it was projected that spending would be £0.665m less than the approved Revenue Budget, equivalent to 0.95%. The main reasons for this position were as a consequence of a higher number of vacancies than had been anticipated resulting in a saving on pay costs, coupled with a reduction in incident activity levels which had impacted on retained pay lines.

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

The meeting started at 14.00hours and finished at 15.25hours.