

**M. Pearson
CLERK TO THE AUTHORITY**

**To: The Members of the
Resources Committee
(see below)**

**SERVICE HEADQUARTERS
THE KNOWLE
CLYST ST GEORGE
EXETER
DEVON
EX3 0NW**

Your ref :
Our ref :
Website : www.dsfire.gov.uk

Date : 8 July 2010
Please ask for : Sam Sharman
Email : ssharman@dsfire.gov.uk

Telephone : 01392 872200
Fax : 01392 872300
Direct Telephone : 01392 872393

RESOURCES COMMITTEE
(Devon and Somerset Fire and Rescue Authority)

Friday 16 July 2010

A meeting of the Resources Committee will be held on the above date, **commencing at 10:00 hours in Conference Room B in Somerset House, Service Headquarters** to consider the following matters.

M. Pearson
Clerk to the Authority

1. **Election of Chair**
2. **Apologies**
3. **Minutes** of the meeting held 29 April 2010 on attached (Page 1).
4. **Items Requiring Urgent Attention**

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

5. **Election of Vice Chair**
6. **Declarations of Interest**

Members are asked to consider whether they have any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and declare any such interests at this time. *Please refer to the Note 2 at the end of this agenda for guidance on interests.*

PART 1 – OPEN COMMITTEE

7. Change to Corporate Plan 2010/11 to 2012/13 Targets

Report of the Director of Corporate Services (RC/10/10) attached (page 4)

8. Financial Performance Report 2010/11

Report of the Treasurer (RC/10/11) attached (page 6)

9. Treasury Management Performance 2010/11

Report of the Treasurer (RC/10/12) attached (page 19)

10. Property Asset Management Plan

Report of the Director of Support Services and Improvement (RC/10/13) attached (page 26)

11. Member Champion for Carbon Management and Sustainability - Role Profile

Report of the Director of Support Services and Improvement (RC/10/14) attached (page 28).

PART 2 – ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PRESS AND PUBLIC

Nil

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Gordon, Horsfall, Hughes OBE, Smith, Turner, Woodman and Yeomans

Substitute Members

Members are reminded that, in accordance with Standing Order 36, the Clerk (or his representative) MUST be advised of any substitution prior to the start of the meeting.

NOTES

1. ACCESS TO INFORMATION

Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Sam Sharman on the telephone number shown at the top of this agenda.

2. DECLARATIONS OF INTERESTS BY MEMBERS

What Interests do I need to declare in a meeting?

As a first step you need to declare any personal interests you have in a matter. You will then need to decide if you have a prejudicial interest in a matter.

What is a personal interest?

You have a personal interest in a matter if it relates to any interests which you must register, as defined in Paragraph 8(1) of the Code.

You also have a personal interest in any matter likely to affect the well-being or financial position of:-

- (a) you, members of your family, or people with whom you have a close association;
- (b) any person/body who employs/has employed the persons referred to in (a) above, or any firm in which they are a partner or company of which they are a director;
- (c) any person/body in whom the persons referred to in (a) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of which you are a Member or in a position of general control or management and which:-
 - you have been appointed or nominated to by the Authority; or
 - exercises functions of a public nature (e.g. a constituent authority; a Police Authority); or
 - is directed to charitable purposes; or
 - one of the principal purposes includes the influence of public opinion or policy (including any political party or trade union)

more than it would affect **the majority** of other people in the Authority's area.

Anything that could affect the quality of your life (or that of those persons/bodies listed in (b) to (d) above) either positively or negatively, is likely to affect your/their "well being". If you (or any of those persons/bodies listed in (b) to (d) above) have the potential to gain or lose from a matter under consideration – to a **greater extent** than **the majority** of other people in the Authority's area - you should declare a personal interest.

What do I need to do if I have a personal interest in a matter?

Where you are aware of, **or ought reasonably to be aware of**, a personal interest in a matter you must declare it when you get to the item headed "Declarations of Interest" on the agenda, or otherwise as soon as the personal interest becomes apparent to you, **UNLESS** the matter relates to or is likely to affect:-

- (a) any other body to which you were appointed or nominated by the Authority; or
- (b) any other body exercising functions of a public nature (e.g. membership of a constituent authority; other Authority such as a Police Authority);

of which you are a Member or in a position of general control or management. In such cases, provided you do not have a prejudicial interest, you need only declare your personal interest if and when you speak on the matter.

Can I stay in a meeting if I have a personal interest?

You can still take part in the meeting and vote on the matter unless your personal interest is also a prejudicial interest.

What is a prejudicial interest?

Your personal interest will also be a **prejudicial** interest if **all** of the following conditions are met:-

- (a) the matter is not covered by one of the following exemptions to prejudicial interests in relation to the following functions of the Authority:-
 - statutory sick pay (if you are receiving or entitled to this);
 - an allowance, payment or indemnity for members;
 - any ceremonial honour given to members;

- setting council tax or a precept; **AND**
- (b) the matter affects your financial position (or that of any of the persons/bodies as described in Paragraph 8 of the Code) or concerns a regulatory/licensing matter relating to you or any of the persons/bodies as described in Paragraph 8 of the Code); **AND**
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest is so significant that it is likely to prejudice your judgement of the public interest.

What do I need to do if I have a prejudicial interest?

If you have a prejudicial interest in a matter being discussed at a meeting, you must declare that you have a prejudicial interest (and the nature of that interest) as soon as it becomes apparent to you. You should then leave the room unless members of the public are allowed to make representations, give evidence or answer questions about the matter by statutory right or otherwise. If that is the case, you can also attend the meeting for that purpose.

You must, however, leave the room **immediately after you have finished speaking (or sooner if the meeting so decides)** and you cannot remain in the public gallery to observe the vote on the matter. Additionally, you must not seek to **improperly influence** a decision in which you have a prejudicial interest.

What do I do if I require further guidance or clarification on declarations of interest?

If you feel you may have an interest in a matter that will need to be declared but require further guidance on this, please contact the Clerk to the Authority – preferably before the date of the meeting at which you may need to declare the interest. Similarly, please contact the Clerk if you require guidance/advice on any other aspect of the Code of Conduct.

RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

29 April 2010

Present:-

Councillors Gordon (Chair), Hughes OBE, Smith, Turner, Woodman and Yeomans

In attendance:-

Councillor Healey (as an observer)

***RC/26. Minutes**

RESOLVED that the Minutes of the meeting held on 8 February 2010 be signed as a correct record.

***RC/27. Declarations of Interest**

Members of the Committee were asked to consider whether they had any personal/personal and prejudicial interests in items as set out on the agenda for this meeting and to declare any such interests at this time.

No interests were declared.

***RC/28. Financial Performance Report 2009/10**

The Committee received for information a report of the Treasurer (RC/10/8) that provided an update on the following matters:

- Revenue budget monitoring position for the current financial year based upon spending to the end of March 2010 against the approved Revenue Budget for 2009/10;
- Performance against the 2009/10 capital budget and prudential indicators;
- Forecast performance against other financial targets for 2009/10.

At this stage, projections indicated that revenue spending was £0.312million less than budget, equivalent to 0.43% of the total budget. There was no recommendation made at this stage in terms of potential utilisation of the underspend pending the outcome of the final outturn which would be reported to the Devon and Somerset Fire and Rescue Authority at its meeting on 28 May 2010.

Reference was made to paragraph 3.3 of the report (RC/10/8) which set out details of the financial impact of the Employment Tribunal case under the Part-Time Workers (Less than Favourable Working Conditions) Regulations. This ruled in favour of retained firefighters in respect of unequal treatment with wholetime staff in relation to access to pension and sickness absence rights. Whilst the exact cost of settlement for this Authority was not known at this stage, provision had already been made for £0.497million to be set aside to cover this liability within the provisional outturn position.

In view of the uncertainty in respect of the impact of the final settlement on the Authority, it was suggested that, if this was in excess of the existing provision, this should be taken from the forecast underspend in 2009/10 and that it should be recommended to the Authority that provision be set aside accordingly.

Councillor Smith proposed (and was seconded by Councillor Yeomans) that:

“it be recommended to the Devon and Somerset Fire and Rescue Authority that, if the impact of the final settlement as a result of the Employment Tribunal case under the Part-Time Workers (Less than Favourable Working Conditions) Regulations was in excess of the existing provision made by the Authority (£0.497million), this should be taken from the forecast underspend on the 2009/10 Revenue Budget and the provision be increased accordingly”.

Upon a vote, this was carried unanimously.

The Committee noted that it had been envisaged that closure of the accounts would be completed on the basis of estimates but that following discussion with the auditors, it had been agreed that the actual figures should be used. Councillor Yeomans drew attention to the new International Financial Reporting Standards (IFRS) and enquired as to whether training was to be provided for Members of the Committee, given their responsibility to sign off the final statement of accounts. The Principal Finance Manager replied that the Authority had a duty to ensure that Members made informed decisions and therefore, training would be considered at the appropriate time. It was agreed that this should be instigated in due course.

RESOLVED

- (a) That it be recommended to the Devon and Somerset Fire and Rescue Authority that, if the impact of the final settlement as a result of the Employment Tribunal case under the Part-Time Workers (Less than Favourable Working Conditions) Regulations was in excess of the existing provision made by the Authority (£0.497million), this should be taken from the forecast underspend on the 2009/10 Revenue Budget and the provision be increased accordingly”.
- (b) That training be provided for the Committee in respect of IFRS in due course;
- (c) Subject to (a) and (b) above, the report and recommendations therein be noted.

***RC/29. Debt Recovery Procedure**

The Committee received for information a report of the Treasurer (RC/10/9) that set out details of the procedure adopted by the Service for the recovery of outstanding debts, together with information in respect of those debts that may be subject to write-off.

Members of the Committee expressed the view that more information should have been included within the report, such as the time from which debts had started to accrue. In addition, the question was raised in respect of how much consideration would be given before credit was extended to former debtors of the Service and whether interest could be charged on outstanding debt.

A further report was requested setting out how the position in respect of debt was progressing and covering the points raised above. The Clerk indicated that a further report covering the points raised would be submitted in due course.

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

The meeting started at 10.00hours and finished at 11.53hours



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	RC/10/10
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 JULY 2010
SUBJECT OF REPORT	CHANGE TO CORPORATE PLAN 2010/11 to 2012/13 TARGETS
LEAD OFFICER	Director of Corporate Services
RECOMMENDATIONS	<p>That, in light of the contents of this report, the Devon and Somerset Fire and Rescue Authority be recommended to remove the following Goal 3 targets from the 2010/11 to 2012/13 Corporate Plan:</p> <ol style="list-style-type: none"> 1. To achieve a Level 3 Use of Resources result in the 2010/11 assessment 2. To achieve a Level 4 Use of Resources result in the 2012/13 assessment
EXECUTIVE SUMMARY	This report addresses the proposal to remove the existing Goal 3 Use of Resources targets in light of the abolition of the Comprehensive Area Assessment framework by the new government.
RESOURCE IMPLICATIONS	Nil
EQUALITY IMPACT ASSESSMENT	Nil
APPENDICES	Nil
LIST OF BACKGROUND PAPERS	Nil

1. BACKGROUND

- 1.1 The 2010/11 to 2012/13 Corporate Plan contains two targets for achieving Level 3 and Level 4 in the Use of Resources assessment in 2010/11 and 2012/13 respectively. Use of Resources was one part of the Operational Assessment for the Audit Commission's Comprehensive Area Assessment (CAA) framework. It was a yearly assessment by appointed auditors of how well local authorities were managing and using their resources to deliver value for money and better and sustainable outcomes for local people.
- 1.2 In May 2010, the new government announced it would abolish CAA. In response, the Audit Commission directed auditors to cease all Use of Resources assessment work at local authorities, police authorities and fire and rescue authorities with immediate effect. The Audit Commission will therefore not be completing their Operational Assessment for the financial year 2009-2010 or in future years. This means that Devon and Somerset Fire and Rescue Service (DSFRS) will not be formally assessed against the Key Lines of Enquiry (KLOE's) that make up the Operational Assessment, namely; Use of Resources and Managing Performance.
- 1.3 The Audit Commission will remain DSFRS's inspectorate and will continue to provide the year end external audit service that signs off our accounts. It is also likely that there will continue to be an external performance assessment of fire and rescue services, but what form this will take is still to be determined.

2. NEXT STEPS

- 2.1 Due to the removal of CAA it is recommended that the Use of Resources targets are removed from the 2010/11 to 2012/13 Corporate Plan. An assessment of overall service performance is a valued component of the performance management suite of measures and targets. Replacements for the Use of Resources targets will be considered and if developed will be brought before the Committee for approval.

MIKE PEARSON
Director of Corporate Services

DEVON & SOMERSET FIRE & RESCUE AUTHORITY



REPORT REFERENCE NO.	RC/10/11
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 JULY 2010
SUBJECT OF REPORT	FINANCIAL PERFORMANCE REPORT 2010/2011
LEAD OFFICER	TREASURER
RECOMMENDATIONS	<p>1. <i>That the Devon and Somerset Fire and Rescue Authority be recommended to approve:</i></p> <p>(a) <i>the revised capital programme for 2010/2011 to 2012/2013, as included as Appendix C to this report;</i></p> <p>(b) <i>the revised Prudential Indicators, as included as Appendix D to this report; and</i></p> <p>(c) <i>the revised Minimum Revenue Provision (MRP) Statement 2010/2011 as included as Appendix E to this report.</i></p> <p>2. <i>That, subject to (a) to (c) above, the Committee notes:</i></p> <p>(a) <i>the budget monitoring position in relation to projected spending against the 2010/2011 revenue budget;</i></p> <p>(b) <i>the performance against 2010/2011 financial targets.</i></p>
EXECUTIVE SUMMARY	<p>This is the first financial performance report to be considered for the current financial year which, in particular, provides an early indication of projected spending against the 2010/2011 agreed revenue budget.</p> <p>At this stage, projections indicate that revenue spending will be £0.486m less than budget, equivalent to just 0.65% of the total budget.</p> <p>This report also provides a summary of the Authority's forecast performance against its financial targets.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.

<p>APPENDICES</p>	<p>Appendix A – Summary of Forecast Performance against 2010/2011 Financial Targets.</p> <p>Appendix B – Subjective Analysis of 2010/2011 Revenue Spending.</p> <p>Appendix C – Revised Capital Programme 2010/2011 to 2012/2013.</p> <p>Appendix D – Revised Prudential Indicators 2010/2011 to 2012/2013.</p> <p>Appendix E – Revised Minimum Revenue Provision (MRP) Statement 2010/2011.</p>
<p>LIST OF BACKGROUND PAPERS</p>	<p>Personal Preventative Equipment (PPE) Replacement – Integrated Clothing Project (ICP) Report RC/09/9 to Resources Committee 16 November 2009.</p> <p>Capital Programme 2010/2011 to 2012/1013 Report DSFRA/10/2 to DSFRA meeting held on the 19 February 2010.</p> <p>Treasury Management Strategy (Including Prudential and Treasury Indicators 2010/2011 to 2012/2013 Report DSFRA/10/3 to DSFRA meeting held on the 19 February 2010.</p>

1. **INTRODUCTION**

1.1 This report provides the first monitoring report for the current financial year. As well as providing projections of spending against the 2010/2011 revenue budget, the report also includes forecast performance against other financial performance indicators, including the prudential and treasury management indicators.

1.2 The report is presented in three sections;

SECTION A – Revenue Budget 2010/2011.

SECTION B – Capital Budget and Prudential Indicators 2010/2011.

SECTION C – Other Financial Indicators.

1.3 Appendix A to this report provides a summary of performance against each of our targets. The key issues relating to our forecast performance against each of these targets are explained within each section of this report.

2. **SECTION A - REVENUE BUDGET 2010/2011**

2.1 Current projections are for total revenue spending in 2010/2011 to be £74.649m, as compared to an approved budget of £75.135m, representing an underspend of £0.486m, equivalent to just 0.65% of the total budget.

2.2 The projections are based upon the spending position at the end of June 2010, historical trends, and information from budget managers on known commitments. It should be noted that whilst every effort is made for projections to be as accurate as possible, some budget lines are susceptible to volatility in spending patterns during the year, in particular retained pay costs which are linked to activity levels, and it is inevitable therefore that final spending figures for the financial year will differ than those projected in this report. Appendix B provides an analysis of projected spending against each of the subjective budget headings, and explanations of the more significant variations from budget are explained below in paragraphs 3 to 7 below.

3. **EMPLOYEE COSTS**

Wholetime Staff

3.1 At this stage spending against wholetime pay costs is anticipated to be £0.334m less than budget. It should be emphasised that this projection is based on an assumption of a zero pay increase from July 2010, as compared to the 1.0% provision that had been made in setting the 2010/2011 budget. Should the nationally negotiated settlement be anything more than zero, then those additional costs would need to be factored into future projections.

Retained Staff

3.2 Spending is forecast to be £0.234m underspent again on the assumption of a zero pay increase from July 2010. In making this projection an assumption has also been made that activity levels in the remainder of the financial year are consistent with the average for the same period for the last three financial years. It should be emphasised that by its very nature retained pay costs can be subject to significant variations e.g. volatility to spending caused from spate weather conditions.

Control Room Staff

- 3.3 Whilst salary costs for control room staff are forecast to be £0.308m under budget, as a result of additional control staff, originally employed by the Service as part of the RCC Initial Staffing Poll (ISP), being transferred to the employment of the Local Authority Controlled Company (LACC) from 1st April 2010, the New Burdens grant income will also now pass to the LACC and is therefore cost neutral to DSFRS overall budget position.

Non-Uniformed Staff

- 3.4 The saving of £0.128m against non-uniformed pay costs again makes an assumption that the national pay settlement will result in a zero pay award for most staff from April 2010.

4. TRANSPORT RELATED COSTS

Running Costs and Insurances

- 4.1 At this stage it is projected that savings of £0.080m will be achieved from transport running costs, as a result of increases in fuel costs not being as much as had been anticipated. This will need to be reviewed subject to volatility in fuel costs in the remainder of the financial year.

5. SUPPLIES AND SERVICES

Uniforms and Personal Protective Equipment

- 5.1 Members may recall that a previous decision was taken by the Authority (report RC/09/9 to Resources Committee 16 November 2009 refers) to implement the Integrated Clothing Project (ICP) as a replacement for the previous Personal Protective Equipment (PPE) contract which expired last year. In terms of the funding of this project it had been agreed that an amount of £0.357m would be set aside from an anticipated underspend against the 2009/2010 revenue budget, to part fund the total additional costs. In the event, the final outturn position for 2009/2010 did not provide sufficient underspend for this total amount to be set aside, and only £0.066m was able to be set aside, leaving the project £0.291m short of its implementation plan.
- 5.2 The projections included in this report reflect this additional cost of £0.291m on the basis that there will be sufficient underspend in this financial year to cover this cost. Should this position change in future forecasts then consideration will need to be given as to whether the original implementation plan can be afforded in this financial year.

6. INCOME

Grants and Reimbursements

- 6.1 As is identified in paragraph 3.3 of this report the amount of New Burdens grant will be less than budgeted as the grant will now be paid direct to the LACC.

7. CONTRIBUTION TO RESERVES

- 7.1 At this stage there are no recommendations made as to the transfer of any monies to reserves as it is too early in the financial year, and forecasts will be subject to change, particularly around retained pay costs. However, looking ahead, and given the scale of budget reductions that might be required in 2011/2012, it is my view that the Authority should be seeking to increase reserve balances as much as possible in anticipation of future budget reductions.

- 7.2 With this in mind all budget managers across the organisation have already been asked to consider the impact to their budgets of reductions of 10% in the current financial year, with a view to setting those savings aside in the Authority reserve balances. Any reductions will need to be risk assessed against the impact of reducing spend in those identified areas.
- 7.3 The outcome of this exercise, in terms of the amount of savings that are identified will be reported to the next meeting of Resources Committee to be held in October 2010.

8. SUMMARY OF REVENUE SPENDING

- 8.1 It has to be emphasised that the current forecast for an underspend of £0.486m is made very early in the financial year and will inevitably change as we move further into the year and some of the assumptions made are more quantifiable. The outcome of 2010 pay negotiations, for instance, may change the overall position.
- 8.2 Further updates of forecast spending will be provided at each future meeting of Resources Committee, together with any proposed actions in relation to significant variations from budget

9. SECTION B – CAPITAL PROGRAMME 2010/2011 AND PRUDENTIAL INDICATORS

- 9.1 The capital programme levels for the years 2010/2011 to 2012/2013 were agreed at the budget meeting held on 19 February 2010 (Report DSFRA/10/2 refers). Those levels were set as £6.847m for 2010/11, £4.069m for 2011/12 and £4.069m for 2012/13. Appendix C to this report provides a summary of a revision to this programme. It should be emphasised that this revision does not represent an increase in the overall capital programme; it merely reflects further slippage in spending in 2009/2010 of £0.404m, which is required to be carried forward to 2010/2011 to provide funding for the completion of those projects. Table 1 below illustrates that the overall programme, including spending in 2009/2010 has remained at the same total of £25.096m.

TABLE 1	Estates	Fleet and Equipment	Total
	£000	£000	£000
ORIGINAL PROGRAMME			
2009/2010 (forecast spend)	5.144	4.967	10.111
2010/2011	3.241	3.606	6.847
2011/2012	1.750	2.319	4.069
2012/2013	1.750	2.319	4.069
Total 2009/10 TO 2012/13	11.885	13.211	25.096
REVISED PROGRAMME			
2009/2010 (actual spend)	5.144	4.563	9.707
2010/2011	3.241	4.010	7.251
2011/2012	1.750	2.319	4.069
2012/2013	1.750	2.319	4.069
Total 2009/10 to 2012/13	11.885	13,211	25.096

- 9.2 A this stage of the financial year spending in 2010/2011 is profiled to be within the overall programme level of £7.251m. However, in light of the economic climate and the anticipated reductions in future revenue budgets, a review of those projects not yet started in 2010/2011 is currently underway with a view to deferring the start date of some projects into 2011/2012. It is anticipated that the outcome of this review will be to reduce capital spending against the 2010/2011 programme level of £7.251m, resulting in reduced debt charges costs in 2010/2011 and 2011/2012. This review will include a risk assessment of each project against the criteria used in deciding which projects should be included in the capital programme, underpinned by the Property Asset Management Strategy, considered elsewhere on the agenda to this meeting.
- 9.3 The outcome of this assessment will be reported to the next meeting of the Capital Programme Working Party before coming back to this Committee at its next meeting in October 2010.

Prudential Indicators (including Treasury Management)

- 9.4 At the same time as setting its capital programme at the budget meeting in February 2010, the Authority also approved its Treasury Management Strategy (report DSFRA/10/13 refers), which included its prudential indicators, to demonstrate that this level of programme was affordable, prudent and sustainable. These indicators are required to be revised to reflect the revision to the capital programme as outlined in paragraph 9.1 above.
- 9.5 Further changes to these indicators are also required as a consequence of accounting changes introduced by the statutory requirement to produce the statutory Accounts under International Financial Reporting Standards (IFRS) from 1 April 2010. The Treasury Management Strategy report referred to above highlighted that once the work had been completed to identify the required changes, then it may be necessary to revise the agreed prudential indicators. Since that report it has been identified that there are two issues from IFRS that impact on the approved indicators;
- the Private Finance Initiative (PFI) contract in relation to Severn Park Training Centre at Avonmouth.
 - The re-classification of three leasing contracts from 'operating lease' to 'finance lease'.
- 9.6 The most significant change is in relation to the PFI contract, which is now required to be included in the balance sheet as an asset, with a corresponding liability to pay future rentals over the remaining 19 years of the contract. This outstanding liability as at 31 March 2011 is estimated to be £1.911m. Similarly, in relation to the three leases now re-classified as 'finance leases' an obligation to pay future rentals of £4k is also required to be included in the balance sheet.
- 9.7 The impact of these changes to the indicators is to increase the Capital Financing Requirement (CFR) in each year, with an increase of £1.915m in 2010/2011 to bring the revised CFR for 2010/2011 to £34.043m. The purpose of the CFR indicator is to illustrate the total Authority exposure to debt to finance capital investment. It should be emphasised that these changes do not have any cash impact to the Authority nor do they incur any additional liability over and above that already funded, it merely reflects changes to accounting requirements as a consequence of the need to comply with IFRS.
- 9.8 Appendix D to this report provides a summary of the revised prudential indicators to reflect the changes outlined above.

Minimum Revenue Provision (MRP) Statement 2010/2011

- 9.9 The Treasury Management Strategy Report considered at the budget meeting in February 2010, also included the approval of what is called the MRP Statement. It is a statutory requirement for the Authority to approve such a statement prior to the beginning of the financial year.
- 9.10 **What is a Minimum Revenue Provision?** - Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision.
- 9.11 As a consequence of the changes to the accounts introduced by IFRS, namely leases and PFI schemes, it is necessary for the original MRP statement to be revised to incorporate these changes. A revised MPR statement for 2010/2011 is included as Appendix E (changes in *italics*).

Performance 2010/2011

- 9.9 In relation to forecast performance against the prudential indicators in 2010/2011, the key issue to report at this stage is that it not anticipated that any of the prudential indicators (as amended in this report) are to be breached. Actual external borrowing as at June 2010 stood at £29.580m, forecast to be £32.128m at 31 March 2011, which is well below the authorised limit for external debt of £38.640m (the absolute maximum that the Authority has agreed as affordable).
- 9.10 In relation to investment returns, at this early stage in the financial year it is forecast that the income target of £0.070m will be achieved. An average return of 0.81% has been achieved on new investments made to the end of June 2010, as compared to the average LIBID 7 day rate (industry benchmark), for the same period of 0.42%.
- 9.11 Current external borrowing has been taken at an average borrowing rate of 4.24%. This compares with a target of 4.09% assumed in setting the debt charges budget for 2010/2011. Whilst at this time the actual performance is more than the budgeted target, as result of £3m additional borrowing undertaken early in the financial year (May 2010), it is forecast that this position will improve to within target by the end of the financial year.

10. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Efficiency Savings

- 10.1 At the time of writing this report the Authority is still in the process of publishing its Annual Efficiency Statement, which will set an efficiency target for the current financial year. Performance against this set target will be reported in future performance reports.
- 10.2 The merger of ex-Devon FRS and ex-Somerset FRS was forecast to deliver cumulative cashable savings of between £1.6m and £3.0m by the year 2012/2013. The current forecast is that total savings of £3.639m will have been achieved by the year 2012/2013, therefore exceeding the higher target of £3.0m.

Aged Debt Analysis

- 10.3 As at 30 June 2010, an amount of £55,860 was due from debtors relating to invoices that are more than 85 days old, equating to 23.41% of the total debt outstanding, which represents a slight improvement from the previous quarter (23.98%). Table x below provides a summary of all debt outstanding as at 30 June 2010.

	Total Value £	%age
Within 28 days	176,796	74.10%
29-56 days	3,335	1.40%
57-84 days	2,591	1.09%
Over 85 days	55,860	23.41%
Total Debt Outstanding as at 30 June 2010	£238,582	100.00%

- 10.4 It should be emphasised that of the total debt over 85 days of £55,860, an amount of £36,564 relates to two debtors who have been slow in making payments, which since the last meeting have been subject to a successful court order for payment to be made by instalments over a six month period. The first of those instalments was due on the 24th June 2010, which at the time of writing this report had not been paid, and is therefore subject to further discussion with our legal advisors as to the next course of action. If those two debtors were removed from our analysis then the ratio would drop to 9.55%, and therefore within our set target of 10%.

Payment of Supplier Invoices within 30 days

- 10.5 The ratio of supplier invoices paid within 30 days (or other agreed credit terms) as 30 June 2010 was 98.14%, compared to our target figure of 98.00%. It should also be noted that the majority of suppliers are now being paid within 20 days, as a result of a Service decision to make a temporary change to the payment period down from 30 days to 20 days during the period of the recession, to assist smaller suppliers, in particular, with their cash flow position.

KEVIN WOODWARD
Treasurer

APPENDIX A TO REPORT RC/10/11

FINANCIAL PERFORMANCE INDICATORS 2010/2011

Revenue Budget	Forecast £m	Target £m	Variance (favourable) /adverse %
Forecast Spending	74.649	75.135	(0.65)%
Efficiency Savings to be achieved in 2010/2011	TBD	TBD	-
Cumulative Efficiency Savings from Combination by 2012/1013	3.639	3.000	(0.21)%

Prudential Indicators and Treasury Management Indicators	Forecast £m	Target £m	Variance (favourable) /adverse %
Capital Expenditure	7.251	7.251	(0.00)%
Capital Financing Requirement (CFR)			
- borrowing	32.128	32.128	(0.00)%
- other long term liabilities	1.915	1.915	(0.00)%
Authorised limit for external debt	34.043	40.488	(15.92)%
Operational boundary for external debt	34.043	37.276	(8.67)%
Investment Income	0.070	0.070	(0.00)%
	Actual (30 June 2010) %	Target %	Variance (favourable) /adverse %
Investment Return	0.81%	0.42%	(0.41)%
Cost of Borrowing	4.24%	4.09%	0.15%

Prudential Indicators and Treasury Management Indicators	Actual (30 June 2010) %	Target Upper limit %	Target Lower limit %	Variance (favourable) /adverse %
Limit of fixed interest rates based on net debt	100.00%	100.00%	70.00%	0.00%
Limit of variable interest rates based on net debt	0.00%	30.00%	0.00%	(30.00)%
Maturity structure of borrowing limits				
Under 12 months	3.52%	10.00%	0.00%	(6.48)%
12 months to 2 years	5.20%	15.00%	0.00%	(9.80)%
2 years to 5 years	9.62%	30.00%	0.00%	(20.38)%
5 years to 10 years	2.28%	50.00%	0.00%	(47.72)%
10 years and above	79.38%	100.00%	50.00%	(20.62)%

Other Indicators	Actual (30 June 2010) %	Target %	Variance (favourable) /adverse %
Aged Debt over 85 days	23.41%	10.00%	13.41%
Payments to Suppliers within 30 days	98.14%	98.00%	(0.14)%

Revenue Budget Monitoring Report 2010/11

Line No		2010/11 Budget £000 (1)	Year To Date Budget £000 (2)	Spending to Month 3 £000 (3)	Projected Outturn £000 (4)	Projected Variance over/ (under) £000 (5)
SPENDING						
EMPLOYEE COSTS						
1	Wholetime uniform staff	32,675	8,044	8,046	32,341	(334)
2	Retained firefighters	12,363	3,015	2,645	12,129	(234)
3	Control room staff	2,440	594	519	2,132	(308)
4	Non uniformed staff	9,099	2,275	2,201	8,971	(128)
5	Training expenses	1,134	284	506	1,134	-
6	Fire Service Pensions recharge	1,939	769	4,161	1,939	-
		59,650	14,981	18,078	58,646	(1,004)
PREMISES RELATED COSTS						
7	Repair and maintenance	1,074	269	216	1,074	-
8	Energy costs	648	162	50	648	-
9	Cleaning costs	384	96	36	384	-
10	Rent and rates	1,352	585	317	1,352	-
		3,458	1,112	619	3,458	-
TRANSPORT RELATED COSTS						
11	Repair and maintenance	698	175	41	698	-
12	Running costs and insurances	1,194	413	341	1,114	(80)
13	Travel and subsistence	1,513	278	249	1,513	-
		3,405	866	631	3,325	(80)
SUPPLIES AND SERVICES						
14	Equipment and furniture	2,678	669	645	2,678	-
15	Hydrants-installation and maintenance	142	35	(8)	142	-
16	Communications	1,181	295	549	1,181	-
17	Uniforms	1,061	265	142	1,352	291
18	Catering	249	62	47	249	-
19	External Fees and Services	160	40	86	160	-
20	Partnerships & regional collaborative projects	122	30	13	122	-
21	USAR Equipment	25	6	1	25	-
		5,618	1,402	1,475	5,909	291
ESTABLISHMENT COSTS						
22	Printing, stationery and office expenses	466	150	86	466	-
23	Advertising	82	20	7	82	-
24	Insurances	356	234	158	356	-
		904	404	251	904	0
PAYMENTS TO OTHER AUTHORITIES						
25	Support service contracts	638	132	134	638	-
		638	132	134	638	0
CAPITAL FINANCING COSTS						
26	Capital charges	4,969	255	185	4,969	-
27	Revenue Contribution to Capital spending	0	0	0	0	-
		4,969	255	185	4,969	0
28	TOTAL SPENDING	78,642	19,152	21,373	77,849	(793)
INCOME						
29	Treasury management investment income	(70)	(18)	(10)	(70)	-
30	Grants and Reimbursements	(2,340)	(585)	(1,066)	(2,033)	307
31	Other income	(1,029)	(257)	(237)	(1,029)	-
32	Internal Recharges	(68)	(17)	(10)	(68)	-
33	Contribution to/from Reserves	0	0	0	0	-
34	TOTAL INCOME	(3,507)	(877)	(1,323)	(3,200)	307
35	NET SPENDING	75,135	18,275	20,050	74,649	(486)

APPENDIX C TO REPORT RC/10/11

Proposed Capital Programme (2010/11 to 2012/13)							
Previous years spend (£000)	2009/2010 predicted outturn (£000)	Item	PROJECT	2010/11 (£000)	2011/12 (£000)	2012/13 (£000)	Total project costs (Exeter major projects) (£000)
			Estate Development				
2,250	1,396	1	Exeter Middlemoor	44			3,690
1,084	1,790	2	Exeter Danes Castle	169			3,043
	71	3	SHQ major building/USAR major project (slippage 2008/09)	135			
	0	4	Major building works	0	1,000	1,000	
	1,538	5	Minor improvements & structural maintenance (including 2008/09 slippage)	2,761	750	750	
	173	6	Welfare facilities 2009/10	127			
	34	7	Diversity & equality	0			
	35	8	USAR works	0			
	107	9	Other Building Works (funded from Earmarked Reserves)	5	0	0	
	5,144		Estates Sub Total	3,241	1,750	1,750	
			Fleet & Equipment				
	4,069	9	Appliance replacement	2,061	2,119	2,119	
	142	10	Specialist Operational Vehicles	1,163			
	190	11	Vehicles (funded from Revenue)	0			
	137	12	Equipment	634	200	200	
	25	13	Asset Management Plan (Miquest) software	152			
	4,563		Fleet & Equipment Sub Total	4,010	2,319	2,319	
	9,707		Overall Capital Totals	7,251	4,069	4,069	
			Programme funding				
	8,298		Main programme	5,926	4,069	4,069	
	215		Revenue funds	0	0	0	
	914		Grants	1,193	0	0	
	280		Earmarked Reserves	132	0	0	
	9,707			7,251	4,069	4,069	

APPENDIX D TO REPORT RC/10/11

REVISED PRUDENTIAL INDICATORS	2010/2011 £m estimate	2011/2012 £m estimate	2012/2013 £m estimate
Capital Expenditure			
Non - HRA	7.251	4.069	4.069
HRA (applies only to housing authorities)	0	0	0
TOTAL	7.251	4.069	4.069
Ratio of financing costs to net revenue stream			
Non - HRA	3.80%	4.38%	4.63%
HRA (applies only to housing authorities)	0%	0%	0%
Capital Financing Requirement as at 31 March			
Non – HRA			
borrowing	32.128	33.816	35.428
other long term liabilities	1.915	1.885	1.848
HRA (applies only to housing authorities)	0	0	0
TOTAL	34.043	35.701	37.276
Annual change in Cap. Financing Requirement			
Non – HRA	3.940	1.658	1.575
HRA (applies only to housing authorities)	0	0	0
TOTAL	3.940	1.658	1.575
Incremental impact of capital investment decisions	£ p	£ p	£ p
Increase/(decrease) in council tax (band D) per annum	(£0.25)	(£0.10)	£0.00
TREASURY MANAGEMENT PRUDENTIAL INDICATORS			
	£000	£000	£000
Authorised Limit for external debt -			
borrowing	38.640	40.220	41.637
other long term liabilities	1.848	1.837	1.826
TOTAL	40.488	42.057	43.463
Operational Boundary for external debt -			
borrowing	35.428	36.837	38.094
other long term liabilities	1.848	1.837	1.826
TOTAL	37.276	38.674	39.920

	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 2009/10		
Under 12 months	10%	0%
12 months and within 24 months	15%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	50%

DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY

REVISED MINIMUM REVENUE STATEMENT (MRP) 2010/2011

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 1st 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.

DEVON & SOMERSET FIRE & RESCUE AUTHORITY



REPORT REFERENCE NO.	RC/10/12
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 JULY 2010
SUBJECT OF REPORT	TREASURY MANAGEMENT PERFORMANCE 2010/2011
LEAD OFFICER	TREASURER
RECOMMENDATIONS	That the performance in relation to the treasury management activities of the Authority for 2010/2011 (to June) be noted;
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code of Practice for Treasury Management in November 2009, following consultation with Local Authorities during the summer. The revised Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's revised Code of Practice.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Investments held as at 30 June 2010.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) Report DSFRA/10/3Policy – as approved at the meeting of the DSFRA meeting held on the 19 February 2010.

1. **INTRODUCTION**

- 1.1 The Treasury Management Strategy for Devon and Somerset FRA had been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2001. The adoption of the Code was originally made at the meeting of the DSFRA held on the 16th March 2007. A revised Code of Practice has recently been issued which was adopted by the authority at the budget meeting held on 19 February 2010. The authority fully complies with the primary requirements of the Code, which includes:
- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Authority's treasury management activities.
 - The creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives.
 - The receipt by the authority of an annual strategy report for the year ahead and an annual review report of the previous year.
 - The delegation by the authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- 1.2 Treasury management in this context is defined as:
- “The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”*
- 1.3 The report provides information on the performance so far in the current financial year, based upon the position at the end of June 2009.

2. **THE ECONOMY**

- 2.1 The first quarter of 2010/11 saw:
- The new coalition government enact a fiscal squeeze set to be the most severe since the end of the Second World War;
 - Activity indicators suggest that the recovery picked up a little pace in the first quarter;
 - High street spending recovered after a weak start to the year;
 - The labour market showed some tentative signs of improvement;
 - The UK's trade position deteriorated, despite the weak pound;
 - CPI inflation remained above target, however the measure of underlying inflation fell;
 - The Monetary Policy Committee maintained QE and kept Bank Rate on hold at 0.5%;
 - The equity rally went into reverse over concerns about the shape of the global recovery;
 - The recovery in the US remains fairly strong, but remains weak in the euro-zone.

- 2.2 The key development of the first quarter was the emergency Budget with plans unveiled by the new Chancellor to severely tighten fiscal policy. According to the new (and independent) Office for Budget Responsibility, cyclically adjusted net borrowing – the portion of borrowing that will not disappear with economic growth – will now fall from 8.7% of GDP in the fiscal year just gone to 0.8% in 2014-15.
- 2.3 The Budget directed the bulk of the fiscal tightening at households instead of firms. Key measures within the Budget included a rise in the standard rate of VAT from 17.5% to 20%, to take effect in January 2011. Plans for social security payments were also scaled back. However, the burden on lower income households was partly offset by an increase in the income tax personal allowance by £1,000 to £7,475 from April 2011 from which high earners will not benefit.
- 2.4 Meanwhile, activity surveys suggested that the recovery gathered pace in the first quarter after the economy's 0.3% expansion. On the face of it, the weighted average of the activity balances of the CIPS/Markit reports of manufacturing, construction and services in April and May suggest that the economy expanded at a quarterly rate of around 0.7% in the first quarter. However, given that the surveys have often been too upbeat, this seems likely to be an over-estimate.
- 2.5 Encouragingly, the labour market has shown some tentative signs of improvement. The number of people claiming unemployment benefit fell by 32,000 in April and 31,000 in May, leaving the total at 1.48m. Employment also rose by 5,000 in the three months to April. However, the workforce increased at a faster rate, so that the total number of unemployed according to the wider ILO measure still rose by 23,000 in the three months to April.
- 2.6 The UK's trade position continued to deteriorate, despite the support provided by the lower pound. The trade in goods and services deficit widened from £3.2bn to £3.3bn in April. Exported goods volumes fell again, this time by a monthly 0.5%. However, the export orders balances of the activity surveys continued to suggest that volumes would pick up soon.
- 2.7 Inflationary pressures have finally begun to ease. CPI inflation rose from 3.4% to a recent peak of 3.7% in April before falling back to 3.4% in May. Temporary factors, such as the rise in the rate of VAT to 17.5% in January and the rise in oil prices last year, continued to support above-target inflation.
- 2.8 The Monetary Policy Committee (MPC) continued to keep Bank Rate on hold at 0.5% and to maintain its stock of asset purchases. The Bank of England's quarterly Inflation Report in May also projected inflation to be below the 2% target at the two year horizon, suggesting that rates will remain on hold for a considerable period. Some MPC members expressed concern that the recent bout of high inflation could lead to a permanent shift in inflation expectations if it persisted much longer.

Economic Forecast

- 2.9 The Council's Treasury Advisers, Sector, provides the following forecast:

Sector's Interest Rate View												
	NOW	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	1.75%	2.25%	2.50%	3.00%	3.50%	3.75%
5yr PW LB Rate	2.48%	2.95%	2.95%	3.15%	3.30%	3.50%	3.60%	3.95%	4.30%	4.55%	4.70%	4.80%
10yr PW LB View	3.83%	4.30%	4.40%	4.45%	4.55%	4.60%	4.65%	4.70%	4.75%	4.90%	4.95%	5.10%
25yr PW LB View	4.46%	4.70%	4.75%	4.75%	4.85%	4.90%	5.00%	5.05%	5.15%	5.20%	5.25%	5.25%
50yr PW LB Rate	4.49%	4.70%	4.75%	4.80%	4.90%	4.95%	5.05%	5.05%	5.20%	5.25%	5.25%	5.25%

- The forecast is based on moderate economic recovery and MPC inflation forecast being below target in two years' time
- The first Bank Rate increase is expected to be in 2011; and to reach 3.75% by March 2013
- Long term PWLB rates are expected to steadily increase to reach 5.25% by early 2013 due to huge gilt issuance, reversal of QE and investor concerns over inflation
- There is considerable uncertainty in all forecasts due to the difficulties of forecasting the timing and amounts of QE reversal, the tough cuts outlined in the emergency Budget, speed of recovery of banks profitability and balance sheet position, changes in the consumer saving ratio, rebalancing of the UK economy in terms of export and import etc
- The balance of risks is weighted to the downside
- There is still some risk of a "double dip" recession.

3. **TREASURY MANAGEMENT STRATEGY STATEMENT**

Annual Investment Strategy

- 3.1 The authority's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Authority's investment priorities as follows:
- Security of Capital
 - Liquidity
- 3.2 The Authority will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions using the Sector suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Sector.
- 3.3 A full list of investments held as at 31 June 2010 are shown in Appendix A.
- 3.4 As illustrated in the economic background section above, investment rates available in the market are at an historical low point. The average level of funds available for investment purposes in the first quarter of 2010/11 was £9.395m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Benchmark	Benchmark Return	Authority Performance	Investment Interest Earned
7 day LIBID	0.42%	0.81%	£10,484

- 3.5 As illustrated, the authority outperformed the benchmark by 39 bp. The Authority's budgeted investment return for 2010/11 is £0.070m, and performance so far this year indicates that this figure will be achieved.

Borrowing Strategy

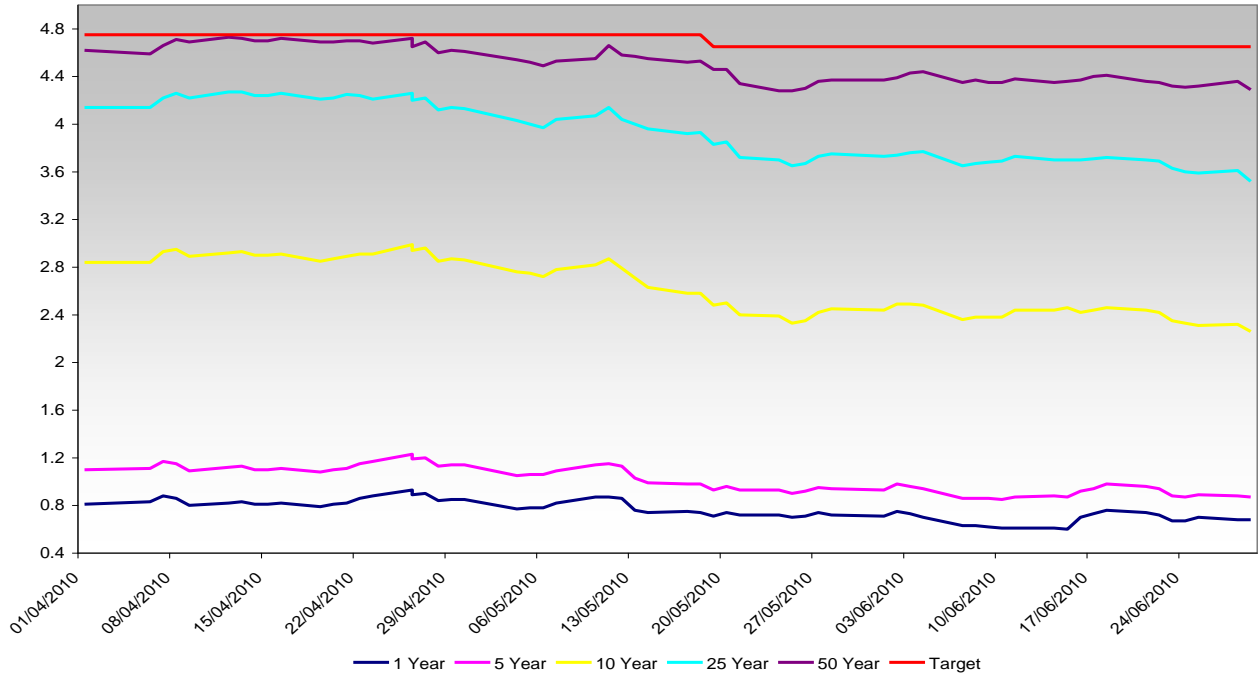
Prudential Indicators:

- 3.6 It is a statutory duty for the Authority to determine and keep under review the "Affordable Borrowing Limits". The Authority's approved Prudential Indicators (affordability limits) are outlined in the approved TMSS.
- 3.7 A full list of the approved limits (as amended) are included in the Financial Performance Report 2010/2011, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to June 2010.
- 3.8 Sector's target rate for new long term borrowing for the first quarter of 2010/11 was in the range of 4.65% to 4.75%. As at the end of June 2010, due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement - CFR), new external borrowing of £3.0m was undertaken from the PWLB at the rates indicated in the table below.

Date of Loan	Amount £m	Life (Years)	Interest Rate
25/05/2010	0.500	16.5	4.20%
25/05/2010	0.500	33.5	4.29%
25/05/2010	0.500	34.5	4.28%
25/05/2010	0.500	35.5	4.29%
25/05/2010	0.500	36.5	4.29%
25/05/2010	0.500	49.5	4.29%

- 3.9 As illustrated below, interest rates have gradually increased during the quarter across all bands, with the low points in June for 1, 5, 10, 25 and 50 year PWLB loans. The high points were in April for 1, 5, 10, 25 and 50 year PWLB loans.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.60	0.85	2.26	3.52	4.28
Date	15/06/2010	10/06/2010	29/06/2010	29/06/2010	24/05/2010
High	0.93	1.23	2.99	4.27	4.73
Date	26/04/2010	26/04/2010	26/04/2010	12/04/2010	12/04/2010
Average	0.76	1.02	2.63	3.93	4.50



4. SUMMARY

4.1 In compliance with the requirements of the CIPFA Code of Practice of Treasury Management, this report provides members with a summary report of the treasury management activities for the first quarter of 2010/2011. As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns have reduced from the previous year, as a consequence of the fall in interest rates, the authority is still achieving returns above the LIBID 7 day rate, which is the benchmark return for this type of short term investments.

KEVIN WOODWARD
Treasurer

APPENDIX A TO REPORT RC/10/12

Investments as at 30th June 2010					
Counterparty	Maximum to be invested (£m)	Total amount invested (£m)	Call or Term	Interest rate(s)	
Santander	5.0	1.387	C	0.70%	
Bank of Scotland	5.0	1.000	T	1.15%	
		1.500	T	1.35%	
Norwich & Peterborough B/S	1.5	1.000	T	0.90%	
Principality B/S	1.5	1.000	T	0.72%	
Stroud & Swindon B/S	1.5	1.500	T	0.68%	
West Bromwich B/S	1.5	1.500	T	0.68%	
Total invested as at 30th June		8.887			

DEVON & SOMERSET FIRE & RESCUE AUTHORITY



REPORT REFERENCE NO.	RC/10/13
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 JULY 2010
SUBJECT OF REPORT	PROPERTY ASSET MANAGEMENT PLAN
LEAD OFFICER	ACFO TREVOR STRATFORD
RECOMMENDATIONS	That the Devon and Somerset Fire and Rescue Authority be recommended to approve the draft Property Asset Management Plan.
EXECUTIVE SUMMARY	<p>The Property Asset Management Plan (PAMP) does not exist in isolation but is part of a suit of plans that contribute to the Authority's Corporate Plan for 2010/11 to 2012/13.</p> <p>The Plan sets out the achievements of 2009-2010 and sets out the programme of capital expenditure for 2010-11.</p> <p>The appendices within the PAMP provide information in respect of the Authority's assets as follows:</p> <ul style="list-style-type: none"> • Appendix A provides details of the existing property holdings which currently have a value exceeding £78m. • Appendix B provides details of the repair and maintenance spend on a square meter basis and highlights the maintenance/improvement backlog estimated at £14.7m • Appendix C of the plan sets out the priorities in terms of the programme for station extensions and improvements, and Appendix D indicates the priorities for capital projects until 2015.
RESOURCE IMPLICATIONS	Details of the financial implications are set out in the Plan
EQUALITY IMPACT ASSESSMENT	
APPENDICES	A. Property Asset Management Plan 2009-10 to 2010-11 (attached and page numbered separately).
BACKGROUND PAPERS	

1. BACKGROUND

- 1.1 The attached Property Asset Management Plan is a working draft for consideration by the Committee. The document sets out performance during 2009-10 and outlines the programme for 2010/11 year identifying those activities proposed as part of the rolling programme agreed by the Fire & Rescue Authority. The purpose of the document is to provide the Committee with a guide that considers the budget implications, estates priorities, and measures the performance of the Estates Department in meeting current Service and Community objectives. The plan aims to also provide a datum against which future strategies and decisions can be considered in the overall management of the Service estate.

2. ESTATES PROGRAMME

- 2.1 The programme for station improvements during 2010/11 has been established using a range of criteria as identified in Appendix C. The schedule has been agreed following consultation with the respective Area Commanders. Critically this year, reference will also be made to the Service Review, the outcomes of which could well result in the reallocation of funds to meet changing priorities.
- 2.2 Appendix B identifies specific stations where the buildings fall below current standards and have done so for some time, as at 2009-10 this backlog of work totalled close to £15m. This legacy is a result of the limited funding profile previously made available to the Service prior to combination. However, substantial inroads have been made into these issues, supported by the grant funding received from the Department for Communities and Local Government (CLG) for 2009/10 – 2010/11.
- 2.3 Whilst the backlog of works required is considerable, it is worth noting that a great deal has been achieved over the past six years. 7 new fire stations have been constructed (excluding USAR), East Devon and Somerset House have been constructed at SHQ, 30 stations have had extensive refurbishments carried out including extensions in a number of cases, and 7 new training facilities have been completed.
- 2.4 However, the future economic climate will clearly have a major impact upon the ability of the Service to sustain current levels of improvements.

3. FINANCIAL IMPLICATIONS

- 3.1 In considering the original capital programme for the years 2009-10 to 2010-2011 at the Devon and Somerset Fire and Rescue Authority meeting on 19 February 2010, the Authority also approved the prudential indicators associated with the proposed level of spending. Adhering to these indicators, the level of capital programme cannot exceed a total of £4.069m per year up until 2013-14. The Service has therefore reached our ceiling
- 3.2 Costs of capital borrowing currently equate to 5% of the annual Revenue Budget, which is the indicator set by the Authority itself. Any reduction in the Revenue Budget as a result of the current financial climate would, of course, adversely impact on the figure set out above in paragraph 3.1.

ACFO TREVOR STRATFORD
Director of Service Support and Improvement

DEVON & SOMERSET FIRE & RESCUE AUTHORITY



REPORT REFERENCE NO.	RC/10/14
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 JULY 2010
SUBJECT OF REPORT	MEMBER CHAMPION FOR CLIMATE CHANGE AND SUSTAINABILITY - ROLE PROFILE
LEAD OFFICER	ACFO TREVOR STRATFORD
RECOMMENDATIONS	That, subject to the incorporation of any amendments made at this meeting, the Authority be recommended to approve the Role Profile for the Member Champion for Climate Change and Sustainability as appended to this report.
EXECUTIVE SUMMARY	<p>At its Annual General Meeting on the 28 May 2010 the Authority approved the DSFRS Carbon Management Plan.</p> <p>Appended to this report is a draft profile covering the role of Climate Change and Sustainability- Fire Authority Champion.</p> <p>The SMB is requested to consider the profile with a view to recommending its approval to the next full meeting of the Authority to enable them to either confirm the appointment of the existing Member Champion or elect a new Member Champion.</p>
RESOURCE IMPLICATIONS	<p>It is envisaged that some awareness building of Climate Change/Carbon Management and its impacts on DSFRS may be required to enable the appointed Champion to fulfil the role effectively and efficiently. This will be provided both in-house by attendance at the Carbon Management Team meetings, attendance at Regional Team meetings, and by attendance at appropriate local and national seminars and workshops.</p> <p>Costs will be born from within the existing Carbon Management budget.</p>
EQUALITY IMPACT ASSESSMENT	No potentially negative impact sufficient to warrant a full impact assessment has been identified in the content of this report
APPENDICES	A. Draft Role Profile
LIST OF BACKGROUND PAPERS	Nil