

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

16 July 2010

Present:-

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

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

**RESOLVED** that Councillor Gordon be elected Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in 2011.

**\*RC/2. Minutes**

**RESOLVED** that the Minutes of the meeting held on 29 April 2010 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 2011.

**\*RC/4. 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 such interests were declared.

**RC/5. Change to Corporate Plan 2010/11 to 2012/13 Targets**

The Committee considered a report of the Director of Corporate Services (RC/10/10) that set out a proposal to remove the existing Goal 3 Use of Resources targets from the Corporate Plan for 2010/11 to 2012/13 in the light of the abolition of the Comprehensive Area Assessment (CAA) Framework by the new Government.

**RESOLVED** that, in light of the contents of report RC/10/10, 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:

- (a) To achieve a Level 3 Use of Resources result in the 2010/11 assessment;
- (b) To achieve a Level 4 Use of Resources result in the 2012/13 assessment.

**RC/6. Financial Performance Report 2010/11**

The Committee considered a report of the Treasurer (RC/10/11) that set out details of the financial performance for the first three months of the year (to June 2010), providing an early indication of projected spending against the agreed Revenue Budget for 2010/11. The report also set out details of the Capital Budget and Prudential Indicators for 2010/11, together with other financial performance indicators.

The Treasurer indicated that the current projection for total revenue spending in 2010/11 to be £74.649million, as compared to an approved budget of £75.135million, representing an underspend of £0.486million, equivalent to 0.65% of the total budget. He added that the underspend was attributable largely to the point that the national pay settlement in 2010 for whole-time, non uniformed and retained staff was anticipated to be 0% as compared to the 1.0% provision made in the budget.

Given the anticipated reduction in the Authority's Revenue Support Grant (RSG) settlement in 2011/12 (expected to be announced under the Comprehensive Spending Review – CSR 2010), it was likely that savings would be needed to bridge a budget deficit next year. With this in mind, the Service had already commenced work to examine options for next year. These will be reported to a future meeting of the Committee.

Members of the Committee expressed the view that all stakeholders should be kept fully informed of the position. The Chief Fire Officer commented that Members would be presented with a wide range of budget options in the future but it was anticipated that the outcome of the CSR would not become clear to the Authority until late November 2010. Consideration was being given as to whether the Service should publish a series of proposals prior to the outcome of the CSR or alternatively, whether to wait until the CSR was finalised to give complete clarity on any proposals being put forward. This may mean it could be necessary to reschedule some of the Authority's meetings to accommodate this.

Attention was drawn to the point that it had been rumoured that the Government's proposal for a zero % increase in Council Tax would only apply to District, Borough County and Unitary Authorities. The Chief Fire Officer stated that the Service had not received any information on this but suggested that clarification could be sought from the Minister, Mr Pickles. A letter would be sent on behalf of the Authority and this would be copied to Members of this Committee for information.

In terms of the Capital Programme, the report provided an updated programme in respect of the revisions made as a result of additional slippage in spending in 2009/2010 (£0.404million), although it was stressed that this did not represent any change to the overall programme costs. Reference was made to the point that the Authority had borrowed a further £3million in accordance with the Prudential Indicators in order to fund the projects set out within the Capital Programme. The Committee questioned the need for additional borrowing but after discussions with the Treasurer, recognised that the Capital Programme had been agreed by the Full Authority in February 2010 and was within the Prudential Indicators also agreed by members.

The Treasurer advised that the work within the Capital Programme needed to be adequately financed and that the Prudential Indicators set the maximum level of borrowing that the Authority could afford to repay. He added that in addition to the borrowing limits previously agreed by the Authority, a report to the Devon and Somerset Fire and Rescue Authority had set an 'in principle' parameter that debt charges emanating from borrowing decisions should not exceed 5% of the total revenue budget. He indicated that he would make more explicit the amount of additional borrowing required to fund future capital programme in future reports.

The report also covered other areas of financial performance, including efficiency savings, aged debt analysis and payment of supplier invoices. In terms of aged debt, the point was made that there were two debtors that accounted for the majority of the total debt over 85 days. This matter had been through the due legal process but the debt had still not been repaid and so further action may now be instigated.

### **RESOLVED**

- (a) That the Devon and Somerset Fire and Rescue Authority be recommended to approve:
  - (i) the revised capital programme for 2010/2011 to 2012/2013, as included as Appendix C to report RC/10/11;
  - (ii) the revised Prudential Indicators, as included as Appendix D to the report; and
  - (iii) the revised Minimum Revenue Provision (MRP) Statement 2010/2011 as included as Appendix E to the report.
- (b) That, subject to (a) above, the budget monitoring position in relation to projected spending against the 2010/2011 revenue budget together with the performance against 2010/2011 financial targets, as set out in the report, be noted.

### **\*RC/7. Treasury Management Performance 2010/11**

The Committee received for information a report of the Treasurer (RC/10/12) that provided details of the Authority's borrowing and investment activities during the first three months of 2010/11 (to June 2010) and which compared this performance against the approved Treasury Management Strategy in accordance with best practice recommended by the Chartered Institute of Public Financial Accountancy (CIPFA).

In the absence of the Authority's treasury management adviser, the Treasurer highlighted the following points:

- The new Government's emergency budget had been announced, setting the scene for a severe tightening of fiscal policy;
- The economic recovery continued in the first 3 months of the year with 0.3% expansion and there had been some stability in the interest rates as a result;
- None of the Prudential Indicators had been breached and a prudential approach had been taken in relation to investment decisions taken during the year to date with priority being given to liquidity and security over yield;
- Whilst investment returns had reduced from the previous year as a consequence of the fall in interest rates, the Authority was still achieving returns above the LIBID 7 day rate, which is the benchmark for this type of short term investment.

**RC/8. Property Asset Management Plan**

The Committee considered a report of the Director of Support Services and Improvement (RC/10/13) that set out details of the draft Property Asset Management Plan (PAMP) which detailed the Authority's property portfolio and which set the key strategic policy and resources influences affecting the Devon and Somerset Fire and Rescue Authority, setting a broad direction for asset management over the short to medium term and enabling the optimisation of performance to meet identified needs. It was noted that the PAMP had already been considered by the Capital Programme Working Party, which would continue to review the document in the future.

The Director of Support Services and Improvement stated that he was aware of the impact of borrowing to fund the capital programme and that this was being reviewed in the light of the current economic climate with a view to reporting to the Senior Management Board in respect of projects which may be vulnerable.

**RESOLVED** that the Devon and Somerset Fire and Rescue Authority be recommended to approve the draft Property Asset Management Plan.

**RC/9. Member Champion for Carbon Management and Sustainability - Role Profile**

The Committee considered a report of the Director of Support Services and Improvement (RC/10/14) that contained details of proposals for a role profile for a Member Champion for Climate Change and Sustainability.

**RESOLVED** that the Authority be recommended to approve the Role Profile for the Member Champion for Climate Change and Sustainability as appended to report RC/10/14.

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

The meeting started at 10.00hours and finished at 11.45hours