

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

21 October 2010

### Present:-

Councillors Gordon (Chairman), Bown (vice Turner), Dyke (vice Horsfall), Healey (vice Hughes OBE), Smith, Woodman and Yeomans.

### Also in attendance:

Adam Burleton (SECTOR)

### Apologies:-

Councillors Horsfall, Hughes OBE and Turner.

### **\*RC/10. Minutes**

**RESOLVED** that the Minutes of the meeting held on 16 July 2010 be signed as a correct record.

### **\*RC/11. 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 declare any such interests at this time.

At this Councillor Woodman declared a personal but non-prejudicial interest in relation to those items relating to South West Fire Control Ltd., the Local Authority Controlled Company with overall governance responsibility for the South West Regional Control Centre, by virtue of his being a Director on the Company appointed by this Authority.

**(SEE ALSO MINUTE RC/ BELOW)**

### **RC/12. Financial Performance Report 2010/11**

(Councillor Woodman declared a personal but non-prejudicial interest in this item in so far as it related to South West Fire Control Ltd., the Local Authority Controlled Company with overall governance responsibility for the South West Regional Control Centre, by virtue of his being a Director on the Company appointed by this Authority).

The Committee considered a report of the Treasurer (RC/10/15) on the financial performance of the Authority and setting out indicative projected spending against the approved 2010/11 revenue budget.

Projections indicated that revenue spending would be £0.879m (1.17%) less than total budget. This projection was net of a proposed transfer of £0.726m to an Earmarked Reserve to provide a financial contingency towards budget setting during the next four years to assist the Authority in formulating its strategy to manage the impact of expected reductions in government grant from 2011/12.

The report provided explanations for the more significant variations against the budget in terms of underspends (wholtime pay costs [£0.406m]; retained staff [£0.120m]; non-uniformed staff [0.104m]; training expenses [£0.109m]; recovery of overpaid injury award pensions [£0.120m]; vehicle repair and maintenance costs [£0.077m]) and greater income on investment than initially projected (£0.074m).

The report also highlighted two proposed virements in excess of £150,000 which, in accordance with Financial Regulations, required Authority approval. The proposed virements related to:

- the establishment of a £0.726m Earmarked Reserve – the “Comprehensive Spending Review (CSR) 2010 Budget Strategy Reserve” – from 10% savings on non-salary budget lines in the approved 2010/11 revenue budget as identified by the officer Service Improvement Group; and
- the transfer to South West Fire Control Ltd (the Local Authority Controlled Company [LACC] established with overall governance responsibility for the South West Regional Control Centre) of the costs (£0.28m) associated with the employment of the Initial Staffing Pool (ISP), to be fully offset by a reduction in New Burdens grant to be payable directly to the LACC.

The report also proposed a revision to the approved capital programme 2010/11 to 2012/13 which would increase the overall programme from £15.389m to £15.934m and provide for the following additional three projects:

- enhancement of training facility at Station 60 (Urban Search and Rescue), Service Headquarters – total cost of £0.570m to be funded by Communities and Local Government (CLG) New Dimensions grant £0.470m) and rescheduling of other agreed capital projects £0.1m);
- diversity and equality enhancements – total cost of £0.034m to be funded entirely from specific CLG capital grant for such issues; and
- light vehicle purchase – total cost of £0.041m to be funded from contribution from approved 2010/11 revenue budget.

Although the revision represented an overall increase of £0.545m on overall capital spending, no additional borrowing would be required to fund the expenditure and consequently there would be no impact upon the agreed Prudential Indicators.

Monitoring of capital spending in 2010/11 indicated overall spending of £4.992m against a revised programme of £7.476m, resulting in slippage of £2.484m which, in relation to estates projects, would need to be carried forward to 2011/12 to fund completion of the projects. Slippage in relation to the fleet and equipment programme would be reviewed in light of the outcome of the Service Delivery Review and the implications of the CSR 2010 announcement.

The report also provided details of efficiency savings generated (in this respect, the combination of Devon & Somerset Fire & Rescue Services had realised savings of £3.6m against a projection of between £1.6 and £3.0m) and total debt outstanding as at 30 September 2010.

## **RESOLVED**

- (a) that, in accordance with Financial Regulations, the Authority be recommended to approve:

- (i) those virements in excess of £150,000 as identified in Section 8 of report RC/10/15 and summarised in the tables set out in Appendix A to these minutes; and
  - (ii) the revised Capital Programme for 2010/2011 to 2012/2013 as set out in paragraph 10.2 of the report and summarised in Appendix B to these Minutes;
- (b) That, subject to (a)(i) and (ii):
- (i) the budget monitoring position in relation to projected spending against the 2010/2011 revenue and capital budgets; and
  - (ii) the performance against the 2010/2011 financial targets,
- as set out in the report be noted.

***(SEE ALSO MINUTE RC/11 ABOVE AND \*RC/14 BELOW)***

**\*RC/13. Treasury Management Performance 2010/11**

(Adam Burleton [SECTOR] in attendance for this item).

The Committee received for information a report of the Treasurer (RC/10/16) providing a summary – in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management – of the treasury management activities on behalf of the Authority for the second quarter of 2010/11.

The report indicated that none of the Prudential Indicators had been breached and that a prudent approach had been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. While investment returns had reduced when compared to 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 was the benchmark return for that type of short-term investment.

**\*RC/14. Comprehensive Spending Review (CSR) 2010**

The Treasurer reported on the recent Government announcement in relation to the Comprehensive Spending Review and its potential impact on the Authority. Although final, authority-specific, grant settlement figures would not be announced until late November/early December, the Government had announced a 25% reduction (in cash terms) in fire service funding over a four year period, to be backloaded to years three and four. The overall reduction was in line with expectations and for this Authority amounted to approximately £7.8m by 2014/15.

The backloading element provided time for the Authority to carefully plan and duly evaluate options for addressing the overall reduction. The Treasurer also referred to the abolition of the capping regime from 2012/13 and its replacement with a requirement to conduct a public referendum on any proposals to increase the level of council tax beyond the government indicated limit. Reference was also made to the government-proposed “reward grant” of 2.5% for those authorities delivering a zero percent increase in council tax. Again, the Authority would need to carefully consider the implications of this.

In the meantime, the Treasurer reported that the Authority remained active in seeking at every opportunity to challenge the level of grant awarded to the Authority. More recently this had focussed on the proposed revision to the Fire Formula Grant and measures to have sparsity included as a factor which, if successful, should benefit the Authority.

***(SEE ALSO MINUTE RC/12 ABOVE).***

The meeting started at 10.00hours and finished at 11.02hours

**APPENDIX A TO THE MINUTES OF THE RESOURCES COMMITTEE 21 OCTOBER 2010**

**VIREMENTS IN EXCESS OF £150,000 REQUIRING AUTHORITY APPROVAL**

**(a) Establishment of CSR 2010 Budget Strategy Reserve**

<b>Budget Line</b>	<b>From £</b>	<b>To £</b>	<b>Reason</b>
Training Costs	(36,700)		
Wholetime uniform (Removal Expenses)	(10,000)		
Retained Firefighters (recruitment costs)	(10,000)		
Premises - Repair and Maintenance (Grounds Mtce)	(7,000)		
Energy Costs	(22,400)		
Cleaning Costs	(11,900)		
Rent and Rates	(140,500)		
Transport – Repair and Mtce	(23,800)		
Transport – Running Costs	(106,800)		
Travel and Subsistence (including Members expenses)	(20,200)		
Equipment and Furniture	(48,300)		
Communications	(50,700)		
Linen Hire	(900)		
Catering	(5,100)		
External Fees and charges	(2,800)		
Establishment Costs	(37,500)		
Advertising	(27,400)		
Insurances	(17,000)		
Support Service Contracts	(37,300)		
Capital Charges	(110,000)		
Earmarked Reserve		726,300	To make provision for a new Earmarked Reserve “CSR 2010 Budget Strategy Reserve”
<b>TOTAL</b>	<b>(726,300)</b>	<b>726,300</b>	

**(b) Initial Staffing Pool for Regional Control Centre**

<b>Budget Line</b>	<b>From £</b>	<b>To £</b>	<b>Reason</b>
Control Room staff	(280,000)		Transfer of ISP staff to the LACC.
Grants and Reimbursements		280,000	Transfer of New Burdens grant to the LACC
<b>TOTAL</b>	<b>(280,000)</b>	<b>280,000</b>	

**APPENDIX B TO THE MINUTES OF THE RESOURCES COMMITTEE 21 OCTOBER 2010**

**Revised Capital Programme 2010/11 to 2012/13**

<b>Capital Programme (2010/11 to 2012/13)</b>				
<b>Item PROJECT</b>	<b>2010/11 (£000)</b>	<b>2011/12 (£000)</b>	<b>2012/13 (£000)</b>	<b>Total 2010- 2013 (£000)</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
<b><u>Estate Development</u></b>				
1 Exeter Middlemoor	44			44
2 Exeter Danes Castle	169			169
3 SHQ major building/New Dimensions (USAR) major project	135			135
4 Major building works	0	1,000	1,000	2,000
5 Minor improvements & structural maintenance	2,761	650	750	4,161 *
6 Welfare facilities 2009/10	127			127
7 Diversity & equality	34			34 *
8 New Dimensions (USAR) works	150	420		570 *
9 Other building works	5			5
<b>Estates Sub Total</b>	<b>3,425</b>	<b>2,070</b>	<b>1,750</b>	<b>7,245</b>
<b><u>Fleet &amp; Equipment</u></b>				
10 Appliance replacement	2,061	2,119	2,119	6,299
11 Specialist Operational Vehicles	1,163			1,163
12 Vehicles -funded from revenue (new)	41			41 *
13 Equipment	634	200	200	1,034
14 Asset Management Plan (Miquest) software	152			152
<b>Fleet &amp; Equipment Sub Total</b>	<b>4,051</b>	<b>2,319</b>	<b>2,319</b>	<b>8,689</b>
<b>Overall Capital Totals</b>	<b>7,476</b>	<b>4,389</b>	<b>4,069</b>	<b>15,934</b>
<b><u>Programme funding</u></b>				
Main programme	5,926	4,069	4,069	14,064
Revenue funds	41	0	0	41 *
Grants	1,377	320	0	1,697 *
Earmarked Reserves	132	0	0	132
	<b>7,476</b>	<b>4,389</b>	<b>4,069</b>	<b>15,934</b>

*\* reflects revision from previously agreed programme*