

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

22 July 2011

### Present:-

Councillors Bakewell MBE, Gordon, Healey (vice Horsfall), Hughes OBE, Smith, Woodman and Yeomans

### Apologies:-

Councillor Horsfall

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

**RESOLVED** that Councillor Gordon be appointed Chair of the Committee until its first meeting after the Authority Annual General Meeting in 2012.

#### **\*RC/2.        Minutes**

**RESOLVED** that the Minutes of the meeting held on 18 May 2011 be signed as a correct record.

#### **\*RC/3.        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.

No interests were declared.

#### **\*RC/4.        Election of Vice Chair**

**RESOLVED** that Councillor Yeomans be appointed Vice Chair of the Committee until its first meeting after the Authority Annual General Meeting in 2012.

#### **\*RC/5.        Treasury Management Performance 2011/12**

The Committee received for information a report of the Treasurer (RC/11/7), as presented by the Mr. Adam Burleton from SECTOR, the Authority's independent Treasury Management adviser, on the Authority's performance against its approved Treasury Management Strategy for the first quarter of the current (2011/12 financial year). The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management recommended, amongst other things, that the Authority should receive such a report at least twice yearly.

The report concluded that no Prudential Indicators had been breached and that a prudent approach had been adopted on investment decisions taken so far, with priority being given to liquidity and security over yield. While investment returns were low as a consequence of the fall in interest rates, the Authority was still achieving returns above the LIBID 7 day rate, which was the appropriate benchmark for this type of short-term investments.

**Financial Performance Report 2011/12 - Quarter 1**

The Committee considered a report of the Treasurer (RC/11/8) on the performance of the Authority for the first quarter of the current (2011/12) financial year against the agreed financial targets for that year. It also detailed the monitoring position in relation to the approved revenue budget and capital programme.

In relation to revenue, a forecast saving of £0.317m (0.42%) on the approved budget was projected. The projection was based on the spending position as at the end of June, historical trends, information from budget managers and known commitments. It was highlighted that, while every effort was made to ensure the accuracy of the projection, it was still very early in the new financial year and that certain budget lines (e.g. retained pay costs) were – because of the link to activity levels – somewhat volatile. Indicative overspends on wholetime and control room staffing costs were off-set by indicative underspends on non-uniformed staffing costs and fuel costs.

The report also detailed savings to date against those areas identified for savings as part of the approved revenue budget along with the current position in relation to reserves and provisions.

In relation to the capital programme, indications were that the capital budget would not be fully spent in 2011/12. If the indicated pattern was maintained then it was likely that revenue savings would accrue from reduced debt charges resulting from needing to borrow less. The scheme to enhance the Service training facility at the Exeter airport, however, was now anticipated to cost in total £3.0m against currently approved total funding of £2.9m (£1m in 2011/12 and £1.9m in 2012/13). Should the project increase be approved, the additional cost could be met from other lines within the estates capital programme.

The report also identified issues in relation to outstanding debt. While the previous target for aged debt (debt over 85 days old) had been set at 10% or less of all debt, it was acknowledged that the aim should be to maximise cash available to the Authority and consequently, for the current financial year, a target of 5% would be worked to. Although the current figure (18.69%) was significantly in excess of this new, lower, target, this included two specific debtors which were subject to legal proceedings. If these two debtors were removed from the calculation then the performance would improve to 8.08%.

In addition to the report, the Treasurer reported on the purchase of Middleware technology (business process modelling and systems integration hardware and software). This technology had been identified as key to supporting the change and improvement programme endorsed by the Authority and for which financial provision had been made in the approved revenue budget for the current year. Some £180,000 of the purchase cost, however, related to capital expenditure. Consequently it would be necessary to obtain, in accordance with Financial Regulations, Authority approval to fund the purchase from the established, ring-fenced change and improvement revenue provision and to increase the capital programme accordingly. The capital programme increase would not, however, represent any increase in external borrowing requirement as the cost – as indicated - would be funded from a revenue contribution towards capital.

**RESOLVED**

- (a) that the target of below 5% for debt in excess of 85 days old as set out in the report and referred to above be endorsed;
- (b) that the total budget for the capital project for training facilities at Exeter airport be increased from £2.9m to £3.0m, with the increase being met from other lines within the estates capital programme;
- (c) that, to facilitate the purchase of Middleware, the full Authority be recommended to approve:
  - (i) the following virement in accordance with Financial Regulations:

	<b>Budget From £000</b>	<b>Budget To £000</b>
Equipment and Furniture	(180,000)	
Revenue Contribution to Capital spending		180,000

- (ii) an increase in the 2011/12 capital programme (fleet and equipment) of £180,000 to be funded from the above contribution from revenue
- (d) that the monitoring position in relation to projected spending against the 2011-2012 revenue and capital budgets as detailed in report RC/11/8 and indicated above be noted.
- (e) that the performance against the 2011-2012 financial targets as detailed in report RC/11/8 and indicated above be noted.

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

The meeting started at 10.00hours and finished at 11.30hours