

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

19 October 2011

### Present:-

Councillors Gordon (Chairman), Bakewell MBE, Hughes OBE, Woodman and Yeomans

### Apologies:-

Councillor Smith

### In attendance:-

Adam Burleton – SECTOR (Treasury Management Performance only)

### **\*RC/7. Minutes.**

**RESOLVED** that the Minutes of the meeting held on 22 July 2011 be signed as a correct record.

### **\*RC/8. 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/9. Treasury Management Performance 2011/12 (to September 2011)**

The Committee considered a report of the Treasurer (RC/11/9) 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 2011/12 (to September 2011). 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 none of the 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 still low as a consequence of the fall in interest rates, the Authority was still achieving returns above the LIBID 3 month rate, which was the appropriate benchmark for this type of short-term investments.

**RESOLVED** that the performance in relation to the treasury management activities of the Authority for 2011/2012 (to September 2011) be commended to the Devon and Somerset Fire and Rescue Authority.

**\*RC/10. Financial Performance Report 2011/12 - Quarter 2**

The Committee considered a report of the Treasurer (RC/11/10) on the performance of the Authority for the second quarter of the current financial year (2011/12) 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 £0.701m (0.93%) on the approved budget was projected. The projection was based on the spending position as at the end of September 2011, historical trends, information from budget managers and known commitments. It was highlighted that there were three elements that had contributed, amongst others, to the variation, notably:

- an increase in the forecast underspend on retained pay costs (which was now more reliable given the existence of 6 months of data);
- an underspend of £100,000 on equipment and furniture as a result of management action to reduce spending in this area, and;
- a higher than expected income from treasury management activities and lower debt charges in respect of capital projects.

The report also detailed the position 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. The Capital Programme was currently £7.268million but the anticipated spend against this for 2011/12 was £6.115million resulting in slippage in spend of £1.153million.

The report also identified issues in relation to outstanding debt and approval was sought to write off a long standing unpaid debt in the sum of £34,974 from Debtor X. The Committee expressed the view that this debtor should be identified in the public interest, particularly since the debt recovery process had been completed and the debtor had gone into liquidation with no assets available to repay the outstanding debt. The Clerk advised that since this process had been completed, the debtor could be identified although any cases still in the process of recovery should not be identified until any proceedings had been completed. The Treasurer identified the debtor in this case as Plymouth Maritime Training Limited (also trading as Maritime Training (Plymouth) Limited). He added that procedures had been tightened, which included the introduction of credit rating checks on customers. Assurance was also sought as to whether on the cost of debt collection was proportionate to the level of debt. The Treasurer undertook to provide a response on the latter point at a future date.

**RESOLVED**

- (a) That the monitoring position in relation to projected spending against the 2011-2012 revenue and capital budgets be noted;
- (b) That the performance against the 2011-2012 financial targets be noted;
- (c) That the proposal to write-off an outstanding debt for £34,947, as outlined in paragraph 13 of report RC/11/10, be approved.

**\*RC/11. Consultation on the Distribution of Fire Capital Grant**

The Committee considered a report of the Treasurer (RC/11/11) that set out details of a consultation exercise conducted by the Department for Communities and Local Government (CLG) in respect of the distribution of Fire Capital Grant of £70 million over the next three years.

The Treasurer advised that the consultation document contained a proposal for the instigation of a ring fenced efficiency fund for capital grant distribution against which Services had to bid for funding. He indicated that the continuation of a distribution model based on a formula, preferably taking into account the number of fire stations and appliances held by the Service, would be more beneficial as this would give more stability and certainty for planning purposes in the future. It would also enable the Service to meet its ongoing responsibilities in terms of compliance with equality and diversity legislation and to continue to consider the provision of community facilities.

It was noted that the majority of fire and rescue services were adopting the same stance as Devon and Somerset in respect of their response to this consultation.

**RESOLVED** that the Treasurer be authorised to respond on behalf of the Authority to the Department for Communities and Local Government (CLG) consultation on the distribution of fire capital grant on the basis of the response as set out in Appendix A to report RC/11/11.

**\*RC/12. Consultation on the Proposals for Business Rates Retention**

The Committee considered a report of the Treasurer (RC/11/12) that detailed the consultation exercise conducted by the Department of Communities and Local Government (CLG) in respect of the local government resources review for business rates retention.

The Treasurer stated that the Government was taking the opportunity to replace the existing system of formula grant distribution with a proposal to allow the retention of business rates by local authorities which was a very complex matter. He advised that he did not feel it was the right time for the Fire and Rescue Authority to be part of this system as it did not have little influence over business growth and did not collect business rates either. There may be an option for the Authority to reconsider this position in 2015/16, which he indicated could be a more pertinent opportunity at that stage.

In considering this matter, the Committee expressed the view that it was difficult to see how this proposal could work for fire and rescue services and therefore, the stance of "opting out" was supported.

**RESOLVED** that the Treasurer be authorised to respond on behalf of the Authority to the Department for Communities and Local Government (CLG) consultation on the local government resource review for business rates retention on the basis of the response as set out in Appendix A to report RC/11/12.

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

The meeting started at 10.00hours and finished at 10.55hours