

RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

20 July 2012

Present:-

Councillors Gordon (Chair), Bakewell MBE, Hughes OBE, D Smith, Woodman and Yeomans

Apologies:-

Councillor Horsfall

***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 May 2013.

***RC/2. Minutes.**

RESOLVED that the Minutes of the meeting held on 18 May 2012 be signed as a correct record.

***RC/3. Declarations of Interest**

Members were asked to declare any disclosable pecuniary interests they may have in relation to any items on the agenda for this meeting.

No disclosable pecuniary interests were declared.

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

RESOLVED that Councillor Woodman be elected Vice Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in May 2013.

RC/5. Financial Performance Report 2012/13 - Quarter 1

The Committee considered a report of the Treasurer to the Authority (RC/12/6) that set out the Authority's performance against the agreed financial targets for the current financial year as at 31 March 2012.

The Treasurer referred to the 7 targets that had been set for 2012/13 in particular against which the Committee would monitor financial performance. The targets set were:

- Spending within the agreed revenue budget;
- Spending within the agreed capital programme;
- External borrowing to be within the Prudential Indicator limit;
- On-going budget savings since e2010/11;
- Debt ratio (debt charges over total revenue budget);
- General Reserve Balance as a percentage of total budget (minimum), and;
- Aged debt (debtors more than 85 days old).

In terms of spending against the approved revenue budget, the Treasurer advised the Committee that the indicative position at this stage of the financial year was good. The forecast spending against the approved 2012/13 revenue budget of £77.578million showed an indicative underspend to the end of June 2012 of £0.037million, representing 0.05% of the total budget. He added that, whilst every effort was made for projected spending to be as accurate as possible, there were areas that were subject to variation. One of these areas of variation in spending was on retained salaries which was difficult to predict due to factors outside the Service's control. He commented that there was likely to be a higher level of underspend during the year as a result of the Chief Fire Officer's requirement for budget managers to achieve a 5% reduction in spending to contribute to the overall budget strategy. This would be reflected in future monitoring reports to the Committee.

Reference was made to the Capital Programme for 2012/13 as set out within Table 5 of the report. The latest projection for capital spending was £8.746million against a total programme of £9.859million. This included slippage of £0.912million from 2011/12 (for extension works to Axminster and Ilminster stations) together with an additional £0.350million for Exeter Airport as agreed by the Fire and Rescue Authority at its meeting on 30 May 2012. The proposed revised Capital Programme for 2012/13 to 2014/15 was set out in Appendix A of report RC/12/6 for reference.

In terms of the Prudential Indicators, the Committee was advised that it was unlikely that these would be breached during the year. The Authority's borrowing had increased to £29.066million, forecast to reduce to £27.167million by 31 March 2012. This was well within the authorised limit for external debt.

The Treasurer drew attention to the position in respect of outstanding debt for the Service as at 30 June 2012. There was an aged debt (over 85 days overdue) as a consequence of one debtor (Ocean Training) defaulting on a payment of £2,068 in relation to attendance at a training course. The Chair stated that it was unacceptable for this to occur and the Committee sought an assurance that processes were in place to ensure that the credit worthiness of new suppliers to the Service was validated and this was given by the Treasurer.

RESOLVED

- (a) That the Devon and Somerset Fire and Rescue Authority be recommended to approve the revised capital programme for 2012/13 to 2014/15, as identified in report RC/12/6 and summarised in the table appended to these Minutes;
- (b) That, subject to (a) above, the monitoring position in relation to projected spending against the 2012-2013 revenue and capital budgets as indicated in report RC/12/6 be noted;
- (c) That the performance against the 2012-2013 financial targets as indicated in this report be noted.

RC/6. Treasury Management Performance 2012/13 - Quarter 1

The Committee considered a report of the Treasurer (RC/12/7) that detailed the Authority's treasury management activities between March and June 2012 in accordance with the approved Treasury Management Strategy.

Adam Burleton of Sector, the Authority's Treasury Management Adviser, attended the meeting to update the Committee on the current position. He stated that, whilst the market continued to be weak and showed little sign of economic recovery in the short term, the Authority's investment Strategy continued to bring in an optimum return commensurate with the investment principles set of:

- Security of capital, and;
- Liquidity.

The benchmark set against the 3 month LIBID rate was 0.87% and the return achieved was 0.90% which indicated that the Authority was on target to achieve the budget figure for investment return of £0.100M by 31 March 2013. In view of the security of capital, there had been investigations made into the potential for using alternatives to bank call accounts which typically pay a rate of return less than base. The Committee was advised that the Treasury Management Policy permitted the Authority to do this and money had already been moved from call accounts to AAA money market funds. Other alternatives that all offered a low risk and had been explored included:

- Treasury Bills;
- Certificate of Deposits (CDs), and;
- Gilts.

The Committee was advised that, of these, the use of Treasury Bills was already an approved mechanism within the Policy, but CDs and Gilts required approval. It was recommended to the Authority that these also be added to the list of approved investment instruments that could be utilised.

In terms of the borrowing strategy, it was noted that the Authority's total external borrowing had increased to £29.066million (Minute RC/5 above also refers) at 30 June 2012 compared with a figure of £27.066million as at 31 March 2012. This was within the Prudential Indicators and it was not intended that any further borrowing was undertaken in this financial year.

RESOLVED

- (a) That the Authority be recommended to approve an amendment to its Treasury Management Policy to include the use of Certificate Deposits (CDs) and UK Government Gilts as Approved Investment Instruments, as outlined in paragraph 3 of report RC/12/7; and
- (b) That, subject to (a) above, the performance in relation to the treasury management activities of the Authority for 2012-2013 (to June) as set out in this report be noted.

***RC/7. Material Asset Disposal - Bronto Skylift Aerial Appliances**

The Committee considered a report of the Director of Service Delivery Support and Treasurer to the Authority (RC/12/8) that set out a proposal for the disposal of three of the five units which were at the end of their life following the successful replacement programme of the five new aerial appliances.

RESOLVED that, in accordance with Financial Regulations, the end of life disposal of three Bronto Skylift aerial appliances as identified in this report be approved.

***RC/8. Annual Grant to Service Ceremonial Unit 2012/13**

The Committee considered a report of the Chief Fire Officer (RC/12/9) that sought approval, in accordance with Financial Regulations, to the making of a grant to the Service Ceremonial Unit to cover events in the year 2012/13 and particularly, attendance at the Ypres Remembrance Day parade.

RESOLVED that a grant of £6,000 be made towards the costs of Ceremonial Unit activities during the current financial year and particularly towards the cost of attendance at the Ypres Remembrance parade in November.

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

The meeting started at 10.00hours and finished at 12.00hours

**APPENDIX TO THE MINUTES OF THE MEETING OF THE RESOURCES COMMITTEE HELD ON
20 JULY 2012**

REVISED CAPITAL PROGRAMME 2012-2013 TO 2014-15

Revised Capital Programme (2012/13 to 2014/15)						
2011/2012 Budget (£000)	2011/2012 outturn (£000)	Item	PROJECT	2012/13 (£000)	2013/14 (£000)	2014/15 (£000)
			Estate Development			
30	31		1 Exeter Middlemoor			
10	1		2 Exeter Danes Castle			
96	4		3 SHQ major building works Control project	92		
1,000	111		4 Major Projects - Training Facility at Exeter Airport	3,239		
			5 Minor improvements & structural maintenance	1,650	1,750	1,750
37	22		6 Welfare Facilities	15		
			7 Diversity & equality			
610	515		8 USAR works	95		
1,689	1,542		9 Minor Works slippage from 2010-11	343		
1,871			10 Minor Works 2011-12	1,674		
5,343	2,226		Estates Sub Total	7,108	1,750	1,750
			Fleet & Equipment			
397	749		11 Appliance replacement	700	1,900	1,900
1,315	74		12 Specialist Operational Vehicles	920	600	0
89	89		13 Vehicles funded from revenue			
127	45		14 Equipment	242	200	200
129	0		15 Asset Management Plan (Miquest) software			
180	180		16 Systems integration			
			17 BA Replacement		1,400	
			18 Specialist Operational Vehicles Slippage 2011-12	889		
2,237	1,137		Fleet & Equipment Sub Total	2,751	4,100	2,100
7,580	3,363		SPENDING TOTALS	9,859	5,850	3,850
			Programme funding			
3,508			Main programme	4,194	5,350	3,350
1,527	818		Revenue funds	3,644		
2,545	2,545		Grants	2,021	500	500
7,580	3,363		FUNDING TOTALS	9,859	5,850	3,850

