

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

19 October 2012

### Present:-

Councillors Woodman (Vice Chair), Bakewell MBE, Gribble (vice Hughes OBE), Horsfall, Mills (vice Yeomans) and D Smith.

### Apologies:-

Councillor Gordon (Chair), B Hughes OBE and Yeomans.

**NB. In view of the apology for absence received from Councillor Gordon, Councillor Woodman took the Chair for this meeting.**

### **\*RC/9. Minutes**

**RESOLVED** that the Minutes of the meeting held on 20 July 2012 be signed as a correct record.

### **\*RC/10. Declarations of Interest**

Members of the Committee were asked to declare any disclosable pecuniary interests they may have in relation to items on the agenda for this meeting and to declare any such interests at this time.

### **\*RC/11. Financial Performance Report 2012/13: Quarter 2**

The Committee considered a report of the Treasurer to the Authority (RC/12/10) that set out the Authority's performance in the second quarter of the financial year (April to September 2012) as measured against the agreed financial targets.

The Treasurer reported upon the performance, which had been categorised into three areas, namely:

- Revenue Budget 2012/13;
- Capital Budget and Prudential Indicators 2012/13, and:
- Other financial indicators.

He indicated that the Authority was performing well against the targets on the whole. In terms of the Revenue Budget for 2012/13, spending was forecast to be £77.274million against an approved Revenue Budget of £78.676 million in 2012/13, representing an underspend of £1.402million, equivalent to 1.78% of the total budget. The Chief Fire Officer drew attention to the point that this underspend was attributable largely to the requirement stipulated by the Service Management Board that all budget holders across the organisation needed to trim their costs wherever possible with a view to reducing their budgets to secure £1 million of savings by the end of the financial year.

The Treasurer added that factors such as the final settlement on the Retained Duty System Part Time Firefighters settlement may impact on the level of savings achieved in 2012/13 and therefore there is no recommendation at this time on how the underspend may be utilised. The Authority would need to make a decision at the year-end as to how it wished to deal with the savings of £1.402 million. He commented that a Comprehensive Spending Review (CSR) Reserve had been established in 2010 to make provision for the cuts in Revenue Support Grant (RSG) that would be forthcoming in future years and the Authority may wish to consider adding to this Reserve.

In terms of the Capital Programme, the Treasurer reported that spending was projected to be £8.106million against an approved Programme of £10.060million, resulting in slippage in spending of £1.954million. Reference was made to 4 projects that had been added to the Capital Programme, namely:

- New ship structure at Service Training Centre, Plympton (£0.052million);
- Enhanced logistics command vehicle for the Urban Search and Rescue (USAR) fleet (£0.094million);
- Additional costs identified relating to the new facilities at Exeter Airport (£0.045million), and:
- USAR temporary building (£0.010million).

It was emphasised that each of these costs was to be funded entirely from revenue or grant income and thus, there was no associated increase in the Authority's external borrowing requirement.

It was noted that, in terms of the other financial performance indicators, the total debtor invoices outstanding as at 30 September 2012 was £99,920 as compared with £175,997 at 30 June 2012. The Treasurer suggested that, as the level of debt outstanding for more than 85 days was so small, this may be skewing the statistics and that he would look into an alternative means of reporting against this indicator.

#### **RESOLVED**

- (a) That the budget virement outlined in paragraph 10.1 of report RC/12/10, be approved;
- (b) That, in accordance with Financial Regulations, the increases in the 2012-13 capital programme (to be funded from revenue contributions), as outlined in paragraph 14.2 of the report be approved;
- (c) That, subject to recommendations (a) and (b) above, the monitoring position in relation to projected spending against the 2012-2013 revenue and capital budgets be noted.
- (d) That the performance against the 2012-2013 financial targets be noted.

#### **\*RC/12. Treasury Management Performance 2012/13: Quarter 2**

The Committee received for information a report of the Treasurer (RC/12/11) that set out the treasury management activities between 1 April and 30 September 2012 in accordance with the Authority's approved Treasury Management Strategy.

Adam Burleton, the Authority's Treasury Management Adviser, attended the meeting to update the Committee on the performance to date this year. He stated that the UK economy was still weak and was unlikely to improve significantly for some years. As a result, the Authority could expect to see slow growth and low interest rates to continue.

It was noted that, as a result of the investment priorities in place of security of capital and liquidity, the Authority had achieved a return of 0.67% against the benchmark of 0.60% on the 3 month LIBID rate. It was anticipated, therefore that the budget investment return for the year of £0.100million would be overachieved with a potential return of £0.227million.

In terms of borrowing, the Treasurer indicated that it was not intended that any further borrowing would be undertaken in the foreseeable future but the position would be monitored. Total borrowing as at 30 September 2012 was £28.637million.

**RESOLVED** that the performance in relation to the treasury management activities of the Authority for 2012-2013 (to September), as set out in report RC/12/11, be noted.

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

The meeting started at 10.00hours and finished at 10.50hours