

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

3 February 2014

### Present:-

Councillors Greenslade (Chairman), Brooksbank, Chugg, Dyke, Gordon, Healey (vice Burr ridge-Clayton) and Yeomans.

#### **\*RC/12. Minutes**

**RESOLVED** that the Minutes of the meeting held on 13 November 2013 be signed as a correct record.

#### **\*RC/13. Treasury Management Performance 2013-14: Quarter 3**

The Committee received for information a report of the Treasurer (RC/14/1) that detailed the Authority's performance on treasury management activities in Quarter 3 of the financial year (2013/14) in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) 2011 Treasury Management in Public Services Code of Practice.

The Authority's treasury management adviser, Adam Burleton of Capita, was in attendance at the meeting and he highlighted the following points:

- That economic growth in 2013 had surpassed all expectations, with signs that Gross Domestic Product may have accelerated, inflation was at its lowest level (2.1%) since November 2009 and unemployment was approaching the Monetary Policy Committee's 7% forward guidance threshold;
- Interest rates were unlikely to increase before June 2016;
- The Authority was performing well against its investment strategy and was outperforming the 3 month LIBID rate of 0.40% with a return of 0.43%;
- External Borrowing as at 31 December 2013 was £26.368 million, which was well within the Authority's agreed authorised limit.

It was noted that none of the prudential indicators had been breached and that the Authority had continued with a prudential approach to investment decisions with priority given to liquidity and security over yield.

**RESOLVED** that the performance in relation to the treasury management activities of the Authority for 2013-2014 (to December 2013) be noted.

#### **\*RC/14. Financial Performance Report 2013/14: Quarter 3**

The Committee received for information a report of the Treasurer (RC/14/2) that set out details of the Authority's financial performance during the third quarter of the current year (2013/14) as compared with the approved financial targets. The report also provided a forecast of spending against the approved 2013/14 revenue budget.

In response to a question, the Chief Fire Officer gave an update at this point on the position in respect of the Service's response to the flooding in the Somerset Levels.

Councillor Greenslade extended congratulations on behalf of the Committee for the professionalism and dedication of staff shown and for the Service's commendable response to the flooding which had elevated its reputation as a direct result.

The Treasurer highlighted that spending was forecast to be £74.852 million at the year-end which was £1.932million less than the approved revenue budget of £76.784million, equivalent to 2.52% of the total budget. He added that a lot of effort had been made with budget holders to achieve this position and that he was confident of delivering an underspend at the year end, although the figures may vary, particularly in the light of the Service's response to the flooding. He added that it was anticipated that the response provided to the flooding should be cost neutral to the Service subject to funding through the Bellwin Scheme but this needed to be clarified in due course. It was noted that there was no recommendation set out within this report as to how the underspend should be utilised and that the Authority would need to determine this at the year-end following a recommendation from this Committee.

Reference was made to the issue of pensions liability for retained firefighters that was still outstanding as a result of the ruling on the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000. The Treasurer advised that, whilst the Authority had already established a reserve of £1.6 million for this liability, it was not clear at this stage as to whether or not this would be sufficient. Work was ongoing both within the Service and with Popularis (as appointed by the Fire and Rescue Services National Employers') to try to identify the number of firefighters who wished to claim the pension rights and thus to establish the extent of the liability more clearly. This liability rested with fire and rescue services but the point was made that the Government should be pressed to assist with this, perhaps by allowing the capitalisation of revenue over a fixed period to lessen the financial burden.

#### **RESOLVED**

- (a) That the monitoring position in relation to projected spending against the 2013-2014 revenue and capital budgets be noted;
- (b) That the performance against the 2013-2014 financial targets be noted.

(NB. Councillor Chugg left the meeting at this point).

#### **\*RC/15. Capital Programme 2014-15 to 2016-17**

The Committee considered a joint Report of the Chief Fire Officer and the Treasurer (RC/14/3) that set out a proposal for a three year Capital Programme covering the years 2014-15 to 2016-17 and which outlined the difficulties in meeting the full capital expenditure requirements for this Authority, given the size and nature of its assets.

The Chief Fire Officer advised the Committee that the Service had, in recent years, reduced its funding for vehicle replacement in support of the Estates programme. This had created a backlog on the Service's vehicle replacement programme and it was proposed that this now be addressed with the reinstatement of funding within the Capital Programme for 2014-15 to 2016-17 for the Light Rescue Pumps, the cost of which was significantly less than the traditional Type B appliance. The Service was, however, undertaking a review of its entire estate in the long term and the outcome of this would be submitted to the Committee for consideration in due course.

The Treasurer stated that, in reviewing the Capital Programme, the Service needed to challenge what it could afford to do in the future, particularly in the light of the knowledge that future capital funding would be on the basis of a bidding process and not a grant allocation. The Government had already announced that for 2015-16, any capital funding would be allocated following a bidding process based on transformational projects and the Service was anticipating making several bids.

It was noted that the Capital Programme had been constructed on the basis of keeping within the self-imposed 5% borrowing limit. Whilst a forecast debt of £32.8million by 2017 was not considered to be excessive for this Authority given the size of its asset portfolio, the Treasurer suggested that the Authority should continue to monitor its exposure to further debt, particularly in the context of affordability within a reducing revenue budget.

In view of the point that the Authority had not as yet received all of the information needed to assess its revenue budget requirements for 2014-15, the Clerk suggested that the wording in the recommendation in report RC/14/3 be amended to reflect this.

Councillor Greenslade **MOVED**, with Councillor Gordon seconding, that the recommendation set out in report RC/14/3 be approved subject to it being amended to read (amendments shown in bold italics):

“that ***subject to the setting of the Revenue Budget for 2014-15, the Devon and Somerset Fire and Rescue Authority be recommended .....***”, with the remainder of the wording being as printed.

The motion was then put to the vote and CARRIED unanimously, upon which it was:

**RESOLVED** that, subject to the setting of the Revenue Budget for 2014-15, the Devon and Somerset Fire and Rescue Authority be recommended:

- (i) to approve a revenue contribution of £1.2m from the 2014-15 revenue budget towards the Light Rescue Pumps (LRP) project;
- (ii) to approve the draft Capital Programme 2014-15 to 2016-17 and associated Prudential Indicators, as detailed in report RC/14/3 and summarised at Appendices A and B respectively to this report; and
- (iii) to note the forecast impact of the proposed Capital Programme (from 2017-18 onwards) on the 5% debt ratio Prudential Indicator as indicated in report RC/14/3.

**\*RC/16. Proposed Disposal of Two End of Life Service Vehicles**

The Committee considered a joint report of the Director of Operations and the Treasurer (RC/14/4) that set out a proposal to dispose of two service vehicles (Ford Rangers) on a charitable basis that had reached the end of their operational service life in accordance with the provisions in Financial Regulations.

The Chief Fire Officer reported that, as a humanitarian gesture, it was proposed to donate these vehicles to Nepal, where the Service had already developed an association over a number of years. He added that the United Nations had shown an interest in this and was seeking to discuss the development of a comprehensive approach on search and rescue and the Service would be exploring this matter further.

**RESOLVED** that, in accordance with Financial Regulations, the Committee approves the gifting of the two “end-of-life” 4x4 Ford Ranger vehicles, with an estimated market value of £15,400, to Pokhara and Chitwarn in Nepal as a humanitarian gesture and given the opportunity at this time to have them transported at no cost to the Service.

**\*RC/17. Exclusion of the Press and Public**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 5 of Part 1 of Schedule 12A (as amended) to the Act, namely information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

**\*RC/18. Georgia Group Debt – Further Considerations**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded from the meeting.

The Committee considered a report of the Director of People and Commercial Services (RC/14/5) on action taken by the Service to recover a debt arising from services that had not been delivered by the Georgia Group.

**RESOLVED** that the settlement offer set out in report RC/14/5 as advanced by the Georgia Group under Part 36 of the Civil Protection Rules be accepted, and the consequential write off of the balance of £30,687 be approved in accordance with Financial Regulations.

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

The meeting started at 10.00hours and finished at 11.55hours.