

## RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

20 November 2014

### Present:-

Councillors Dyke (Chair), Burridge-Clayton, Chugg, Ellery (vice Brooksbank), Greenslade, Singh and Yeomans.

### Apologies:-

Councillor Brooksbank

#### \*RC/8. **Minutes**

**RESOLVED** that the Minutes of the meeting held on 1 September 2014 be signed as a correct record.

#### RC/9. **Treasury Management Performance 2014-2015: Mid Year Review**

(Adam Burleton [CAPITA] – Treasury Management Adviser to the Authority – in attendance for this item).

The Committee considered a report of the Treasurer (RC/14/14) on Authority treasury management activities for the first two quarters of the current (2014-15) financial year in accordance with the best practice recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management.

The report set the Authority's treasury management performance against the UK and global economic performance and outlook. Particularly in this respect, the report identified potential changes, linked to levels of sovereign support, to credit ratings operated by Fitch, Moody and Standard and Poor (the main credit rating agencies). It was proposed that the Authority may wish to amend its Treasury Management Strategy, to the effect that the credit element of the Authority's future methodology for determining credit worthy investment counterparties should focus solely on Short- and Long-term ratings, to account for these changes.

The report concluded that no prudential indicators had been breached and that a prudent approach had been adopted to investment decisions with priority given to liquidity and security over yield. While investment returns were still low due to the fall in interest rates, it was still anticipated that Authority investment returns would exceed the budgeted target.

#### **RESOLVED**

- (a) That the Authority be recommended to approve an amendment to its approved Treasury Management Strategy to reflect changes to credit methodology to cease monitoring the Viability and Financial Strength standalone ratings and assessing Support ratings, with the future focus for determining creditworthy investment counterparties being the Short- and Long-term ratings of an institution, as detailed paragraphs 3.7 to 3.11 of report RC/14/14; and,
- (b) that, subject to (a) above, the Authority treasury management performance for the first two quarters of the current (2014-2015) as set out in the report be noted.

**RC/10. Financial Performance Report 2014-2015: Quarter 2**

(Councillor Brian Greenslade declared a personal, non-pecuniary interest in this item in so far as it related to Exeter Airport, by virtue of his being a non-executive Director on Exeter Airport).

The Committee considered a report of the Treasurer to the Authority (RC/14/15) on the financial performance of the Service for the first two quarters of the current (2014-15) financial year as against agreed targets.

An underspend of £0.862m (1.1%) was forecast against the approved revenue budget. This was net of a proposed transfer of £1.5m from to an Earmarked Reserve intended to fund a contribution to capital spending which in turn would deliver a further £195,000 recurring savings from 2016-17. The report identified major variations against the approved budget and particular reference was made to:

- the current position in relation to the impact of the Employment Tribunal decision on application of the Part Time Workers (Less than Favourable Working Conditions) Regulations. Individuals affected by this decision had until March 2015 to confirm whether they would wish to buy into the Firefighters Pension Scheme, by which time the Service would be in a better position to assess the financial impact;
- that income from commercial services was likely to exceed the budgeted target. In line with the Authority's earlier, in principle, decision any such excess against the budgeted target would be ring-fenced to provide further direct revenue funding towards capital spending.

Expenditure of £5.557m was projected against a revised Capital Programme of £7.154m. The revised programme had increased by £60,000 from the programme of £7.094m approved by the Authority at its last meeting (Minute DSFRA/ refers) to allow for the purchase of six community safety vehicles to be funded from the Earmarked reserve established to fund revenue contributions to capital spending. This increase in the overall programme, however, did not result in any increase in the external borrowing requirement.

The slippage of £1.597m against the revised Capital Programme would be carried forward to following years, as permitted by the Prudential Code, and would have a positive impact against the revenue account in that it deferred borrowing requirements and associated debt charges.

No prudential or treasury management indicators had been breached and the report also identified the current position in relation to outstanding debt, payment of supplier invoices and the Reserves and Provision balances held by the Authority.

**RESOLVED**

- (a) that the Authority be recommended to approve the transfer of £1.5m forecast underspend against the 2014-15 approved Revenue Budget into the Earmarked Reserve established to fund further revenue contributions to capital spending;
- (b) that, subject to (a) above, the monitoring position in relation to projected spending against the 2014-2015 revenue and capital budgets as set out in report RC/14/15 be noted; and
- (c) that the performance against the other 2014-2015 financial targets as indicated in the report be noted.

**\*RC/11. Firefighters' Pension Scheme 2015: Consultation on Proposals for New Governance Arrangements**

The Committee considered a report of the Director of People and Commercial Services (RC/14/16) on the consultation issued by the Department for Communities and Local Government (CLG) on proposed governance arrangements for the Firefighters Pension Scheme 2015. A draft Authority response to the consultation, for which views were invited by 21 November 2014, was appended to the report.

**RESOLVED** that the Authority response to the CLG consultation on governance arrangements for Firefighters Pension Scheme 2015, as set out at Appendix A to report RC/14/16, be approved and the Clerk authorised to submit it on behalf of the Authority.

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

The meeting started at 14:00hours and finished at 15:26hours