

**RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)**

17 May 2016

Present:-

Councillors Dyke (Chair), Burridge-Clayton, Chugg, Greenslade, Singh, Thomas and Yeomans (Vice-Chair)

RC/16 Minutes of the previous meeting held on 10 February 2016*

RESOLVED that the Minutes of the meeting held on 10 February 2016 be signed as a correct record.

RC/17 Draft Financial Outturn 2015/16

The Committee considered a report of the Treasurer to the Authority (RC/16/6) that set out details of the Authority's financial performance during 2015/16 as compared with the approved financial targets. The report also provided a draft outturn spending position against the 2015-16 revenue budget with explanations of the major variations.

The Treasurer highlighted that net spending was £72.833m at the year-end in 2015/16 which was £1.878m less than the approved revenue budget of £74.710m. The saving of £1.878m was equivalent to 2.51% of the total budget. It was proposed that this underspend be utilised to fund the following transfer of funds to Earmarked Reserves:

- A transfer of £0.557m to an Earmarked Reserves to be utilised to fund Essential Spending Pressures not included within the 2016-17 base budget;
- The transfer of the remaining £1.321m to the Capital Funding reserve.

The Treasurer reported that the underspend figure of £1.878m was after:

- The transfer of £0.420m to the Grants Unapplied Reserve, as required under the International Financial reporting Standards relating to grants received during the financial year but not utilised (paragraph 12.5(a) of the report circulated);
- A transfer of £0.091m to Earmarked Reserves for 2015-16 budget carry forward to fund planned projects not completed by 31 March 2016 (paragraph 12.5(c) of the report circulated);
- A transfer of £1.677m to the Reserve for Capital Funding (paragraph 12.5(e) of the report circulated); and,
- Additional provision relating to pension liabilities of £0.066m (paragraph 12.5(g) of the report circulated).

Reference was made to the Prudential Indicators and the point that external borrowing was £25.817m in Quarter 4 of 2015/16 which was well within the £29.477m set by the Authority (as the absolute maximum that was agreed as being affordable). This figure was lower than the previous quarter (£26.864m) due to further principal repayments during the quarter. No further external borrowing was planned in the immediate future and the proposals above made provision for the transfer of some of the underspend into the Capital Funding Reserve. It was noted that the debt ratio was 3.76% of the revenue budget which was well within the 5% limit set by the Authority.

The Treasurer advised the Committee that spending against the 2015-16 capital programme was £6.171m against a revised programme of £8.202m. The slippage of £1.627m was attributable largely to several projects, including a delay in delivery of six Light Rescue Pumps.

Reference was made at this point to the amount of £1.6m that had previously been set aside in a ring-fenced provision to fund future pension liabilities, including the liability from the Part Time Workers (Prevention of Less Favourable Treatment) Employment Tribunal. All employees eligible for the backdated pension were notified and – if they submitted an expression of interest – were supplied with an estimate of their pension. In terms of funding, the Treasurer advised that it was anticipated that the Department for Communities and Local Government would make provision for any future liabilities through increased employer's pension contributions to be recovered over a longer period rather than being repaid as a lump sum.

The Committee expressed thanks to both operational officers and budget holders for the laudable position that had been achieved on the outturn at the year end, whereupon it was:

RESOLVED

- (a) That the Fire and Rescue Authority, at its meeting on the 26 May 2016, be recommended to approve:
 - (i) That the provisional underspend against the 2015-16 revenue budget of £1.878m be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 12.5 of report RC/16/6:
 - A. the transfer of £0.557m to an Earmarked Reserve to be utilised to fund Essential Spending Pressures not included in the 2016-17 base budget (paragraph 12.5(b) of report RC/16/6 refers);
 - B. the transfer of the remaining £1.321m to the Capital Funding Reserve (paragraph 12.5(f) of report RC/16/6 refers);
 - (ii) That following a review of Earmarked Reserve requirements, an amount of £0.011m be transferred from Earmarked Reserves to General Reserve (paragraph 12.5(d) refers)
- (b) That, subject to (a) above, the following be noted:
 - (i) The draft position in respect of the 2015-16 Revenue and Capital Outturn position, as indicated in report RC/16/6.

(ii) That the underspend figure of £1.878m was after:

- A. A transfer of £0.420m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards relating to grants received during the financial year but not utilised (paragraph 12.5(a) of report RC/16/6 refers);
- B. A transfer of £0.091m to Earmarked Reserves for 2015-16 Budget Carry Forwards to fund planned projects not completed by 31 March 2016 (paragraph 12.5(c) of report RC/16/6 refers);
- C. A transfer of £1.677m to the Reserve for Capital funding (paragraph 12.5(e) of report RC/16/6 refers);
- D. Additional provisions relating to pension liabilities of £0.066m. (paragraph 12.5(g) of report RC/16/6 refers).

NB. Minute RC/18 below also refers.

RC/18

Revision to Capital Programme 2016/17 to 2018/19

The Committee considered a report of the Chief Fire Officer and Treasurer (RC/16/7) that set out proposed revisions to the approved Capital programme to take account of:

- a) A variance to budget in 2015/16 of £1.307m more than had been anticipated when setting the original programme for 2016-17 to 2018-19, as outlined in the draft Financial Performance Report (RC/16/6). There was additional saving of £0.203m and budget unspent in 2015/16 of £1.104m. This budget was still required (carried forward to 2016-17) and reflected only a change to the timing of spend rather than an increase to funding requirements.
- b) An increase of £0.140m in 2016-17 to cover the cost of an additional capital scheme to be funded from earmarked reserves as outlined in the Financial Performance Report 2015-16 (RC/16/6);
- c) An increase of £0.031m to cover the purchase of a fire engine which had been leased previously to be funded from the 2016-17 revenue budget.

RESOLVED that it be recommended to the Devon & Somerset Fire & Rescue Authority that the revised capital programme and associated prudential indicators for 2016-17 to 2018-19 as set out within report RC/16/7 be approved.

NB. Minute RC/17 above also refers.

RC/19

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 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial or business affairs of a particular person, including the Authority.

RC/20

Red One Performance Report for 2015/16*

(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 received for information a report of the Treasurer (RC/16/9) that set out the draft financial outturn position for 2015-16 for the Authority's trading company, Red One Ltd.

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

The meeting started at 10:00hours and finished at 11.15hours