



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

To: The Chair and Members of the Resources
Committee

(see below)

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RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

Wednesday 11 April 2018

A meeting of the Resources Committee will be held on the above date, **commencing at 10.00 am in Committee Room B in Somerset House, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

A G E N D A

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

1 Apologies

2 Minutes (Pages 1 - 6)

of the previous meeting held on 8 February 2018 attached.

3 Items Requiring Urgent Attention

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

PART 1 - OPEN COMMITTEE

4 Additional Meeting Date 2018 (Pages 7 - 8)

Report of the Director of Corporate Services (RC/18/7) attached.

5 Exclusion of the Press and Public

RECOMMENDATION that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public (with the exception of Dr Sian George and Andrew Andreou of Red One Ltd.,) be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 3 (information relating to the financial and business affairs of any particular person – including the authority holding that information);

PART 2 - ITEMS WHICH MAY BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

6 Restricted Minutes of the meeting held on 8 February 2018 (Pages 9 - 10)

RECOMMENDATION that the Restricted Minutes of the meeting held on 8 February 2018 (attached) be signed as a correct record.

7 Red One Update

Report of the Director of Finance (Treasurer) (RC/18/8) TO FOLLOW.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Biederman, Chugg, Coles (Chair), Greenslade, Hendy, Hosking and Peart

NOTES

1.	<u>Access to Information</u> Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the "Please ask for" section at the top of this agenda.
2.	<u>Reporting of Meetings</u> Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority. Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	<u>Declarations of Interests (Authority Members only)</u>
	(a). <u>Disclosable Pecuniary Interests</u> If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority's Monitoring Officer, you must: <ul style="list-style-type: none">(i). disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest;(ii). leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and(iii). not seek to influence improperly any decision on the matter in which you have such an interest. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (ii) and (iii) above.
	(b). <u>Other (Personal) Interests</u> Where you have a personal (i.e. other than a disclosable pecuniary) interest in any matter to be considered at this meeting then you must declare that interest no later than the commencement of the consideration of the matter in which you have that interest, or (if later) the time at which the interest becomes apparent to you. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the precise nature of the interest but merely declare that you have a personal interest of a sensitive nature. If the interest is such that it might reasonably be perceived as causing a conflict with discharging your duties as an Authority Member then, unless you have previously obtained a dispensation from the Authority's Monitoring Officer, you must not seek to improperly influence any decision on the matter and as such may wish to leave the meeting while it is being considered. In any event, you must comply with any reasonable restrictions the Authority may place on your involvement with the matter in which you have the personal interest.
4.	<u>Part 2 Reports</u> Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.
5.	<u>Substitute Members (Committee Meetings only)</u> Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.

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RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

8 FEBRUARY 2018

Present:

Councillors Coles (Chair), Biederman, Chugg, Hendy, Hosking, Peart and Healey MBE (sub Greenslade).

Also in attendance:

Councillors Randall Johnson and Saywell. Councillor Thomas and Dr. Sian George (Independent Non-Executive Chair of the Board of Red One Ltd.) (for Minute *RC/18 only).

Apologies:-

Councillor Greenslade.

* **RC/11** **Minutes**

RESOLVED that the Minutes of the meeting held on 15 November 2017 be signed as a correct record.

RC/12 **Financial Performance Report 2017- 18: Quarter 3**

Councillors Healey MBE declared a personal, non-pecuniary interest in this item in view of his position as an Authority appointed Non-Executive Director of Red One Ltd.

The Committee considered a report of the Director of Finance (Treasurer) (RC/18/1) that set out the Service's financial performance during the third quarter of 2017-18 against the targets agreed for the current financial year. The report provided a forecast of spending against the 2017-18 revenue budget with explanation of the major variations.

The Committee noted that there had been a small reduction in forecast net expenditure since Quarter 2 of £0.214m (0.3%). The Director of Finance (Treasurer) advised that, whilst there was a forecast reduction in net expenditure, the outturn remained that spend would be to budget of £72.596m. The balanced budget position was being maintained because the forecast reduction in net expenditure served only to reduce the planned use of Reserves to balance the budget.

The Director of Finance (Treasurer) explained the accounting requirements behind the proposed budget transfers set out at Table 3 of the report, which resulted from the recording of receipts in advance and external audit recommendations regarding how the PFI equalisation fund should be shown.

RESOLVED

- (a) That the budget transfers shown in Table 3 of this report (and as set out at Appendix A to these Minutes for ease of reference) be recommended to the Devon & Somerset Fire & Rescue Authority for approval;

- (b) That the monitoring position in relation to projected spending against the 2017-18 revenue and capital budgets be noted;
- (c) That the performance against the 2017-18 financial targets be noted.

RC/13

Revenue Budget and Council Tax Level 2018/19

The Committee considered a report of the Director of Finance (Treasurer) and Chief Fire Officer (RC/18/2) on options for the Authority's revenue budget and associated council tax level in 2018-19. It was a legislative requirement for the Authority to set a balanced budget and determine an associated Council Tax level prior to 1 March each year and this report set out the necessary financial background on which to consider the appropriate way forward for this Authority.

The Director of Finance (Treasurer) advised that the Department for Communities and Local Government had announced that the Council Tax referendum level in both 2018/19 and 2019/20 had been raised to 3% (from 2% in previous years). Whilst there was some suggestion that this increase may have been because of a recognition of the inflationary pressures on local authorities (including pay), it was noted that the funding generated by an additional 1% in Council Tax would be less than the cost of an additional 1% on the Authority's pay bill.

Attention was also drawn to a supplementary paper circulated at the meeting (RC/18/7) setting out revised figures following receipt of a one off payment of £0.653m that had emanated from a significant NNDR appeal. Combined with an increase in the Council Tax base and changes to central government funding, this had resulted in an additional £0.842m being available to the Authority.

The revised net revenue budget requirement for the Authority emanating from the increase in funding was £73.871m (based on Option B, a Council Tax increase of 2.99%) or £72.409m (based on Option A, a Council Tax Freeze). The total savings requirement for 2018/19 had reduced to £1.3m under Option B or £2.8m under Option A. Each 1% increase in Council Tax provided £0.487m of funding. Given the additional funded that had been reported, it was noted that the proposed reduction to the revenue contribution to capital would cover the savings requirements in both Options A and B without any need to balance the budget through the use of reserves.

Councillor Hoskings **MOVED** (seconded by Councillor Chugg):

“that it be recommended to the Authority that the level of Council Tax in 2018-19 for a Band D property be set at £84.01, as outlined in Option B, representing a 2.99% increase over 2017 -18”.

Upon a vote, this was **CARRIED** unanimously.

RESOLVED that it be recommended to the Authority that the level of Council Tax in 2018-19 for a Band D property be set at £84.01, as outlined in Option B of report RC/18/7, representing a 2.99% increase over 2017-18.

RC/14

Capital Programme 2018-19 to 2020-21

The Committee considered a report of the Chief Fire Officer and Director of Finance (Treasurer) (RC/18/3) that set out the proposals for a three year Capital Programme covering the years 2018-19 to 2020-2021. The report outlined the difficulties in funding the full capital expenditure requirements without resorting to borrowing for this Authority given the number of fire stations, fire appliances and associated equipment required to be maintained and eventually replaced by the Authority.

It was noted that the Capital Programme had been constructed on the basis of the principle that debt charges emanating from capital borrowing were kept within the 5% Prudential Indicator limit (debt charges as a percentage of the Revenue Budget) as set by the Authority. It was noted that there had been difficulties in previous years of maintaining long-term capital programme that was affordable within the 5% Prudential Indicator against a reducing revenue budget and that the Authority had sought to identify alternative means of funding to external borrowing for future capital investment.

RESOLVED that the Devon and Somerset Fire and Rescue Authority be recommended:

- (a) to approve the draft Capital Programme 2018-19 to 2020-21 and associated Prudential Indicators, as detailed in the report and summarised at Appendices A and B respectively to this report; and
- (b) subject to (a) above, to note the forecast impact of the proposed Capital Programme (from 2021-22 onwards) on the 5% debt ratio Prudential Indicator as indicated in this report.

RC/15

Treasury Management Strategy 2018-19 (including Prudential and Treasury Indicators) Report 2018-19

The Committee considered a report of the Director of Finance (Treasurer) (RC/18/4) in respect of the Treasury Management Strategy which it had been agreed would be considered by the Resources Committee prior to submission to the Fire & Rescue Authority. The report set out the proposed treasury management strategy and investment strategy for 2018-19, including the Prudential Indicators associated with the capital programme for 2018-19 to 2020-21 considered elsewhere on the agenda of this meeting. A Minimum Revenue Provision Statement for 2018-19 was also included for approval.

Attention was drawn to the point that there had been changes to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. This followed a consultation exercise undertaken by the Department for Communities and Local Government (DCLG) on changes to key documents related to the Treasury Management and Investment Activities of Local Authorities. The key change was that the Authority would be required to publish an annual Investment Strategy and Capital Strategy which would be submitted to the Authority for approval once the final guidance had been issued by CIPFA.

RESOLVED

- (a) That the Devon & Somerset Fire & Rescue Authority, at its meeting on 16 February 2018, be recommended to approve:
 - (i) the Treasury Management Strategy and the Annual Investment Strategy;
 - (ii) the Minimum Revenue Provision statement for 2018-19, as contained as Appendix B of this report;
- (b) That the requirement to review the Treasury Management Strategy and Annual Investment Strategy, as outlined in Paragraph 1.8 of this report, following updated CIPFA guidance be noted;
- (c) That the requirement to develop a Capital Strategy for 2019-20, as outlined in Paragraph 1.11 of this report be noted.

NB. Minute RC/14 above also refers.

* **RC/16** **Treasury Management Performance 2017-2018: Quarter 3**

The Committee received for information a report of the Director of Finance (Treasurer) (RC/18/5) that set out details of the treasury management performance for the third quarter of 2017-18 (to December 2017) as compared to the agreed targets for 2017/18.

Adam Burleton, representing Link Asset Services – the Authority’s Treasury Management Adviser – was present at the meeting and gave an overview of the Service’s performance to date against the approved Treasury Management Strategy. He made reference to the following points:

- That inflation was currently running at 3% and although still positive, growth had slowed to 1.8% this quarter. There was a risk that inflation may not fall back as predicted, however, due to pressure from wage rises;
- There had been increase in the bank base rate to 0.50% with further rate rises predicted to around 1% by November 2018;
- The Authority’s focus in past years had been on security and liquidity of its assets over yield;
- The Authority had outperformed the 3 month LIBID benchmark of 0.35% with a return of 0.59% in quarter 3 and investment interest of £0.082m; and
- There had been no new borrowing and the Authority had not breached its Prudential Indicators (affordability limits).

* **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 (with the exception of Dr Sian George, Independent Non-Executive Chair of the Red One Board) 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 the following Paragraph of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 3 (information relating to the financial and business affairs of any particular person – including the authority holding that information).

* **RC/18** **Red One Update**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public [with the exception of Dr. Sian George, Independent Chair of the Board of Red One Ltd.] were excluded from the meeting).

NB. Councillors Healey MBE, Saywell and Thomas attended in accordance with Standing Order 36(1) and spoke on this item with the consent of the Committee.

Councillors Healey MBE, Saywell and Thomas each declared a personal, non-pecuniary interest in this item by virtue of their being Authority appointed Non-Executive Directors of the Red One Board.

The Committee considered an update given by the Director of Finance (Treasurer) at the meeting and also a report (RC/18/6), circulated separately, that set out the position on the financial position of Red One Ltd. for 2017/18 to Quarter 2.

In addition, Dr Sian George, Independent Non-Executive Chair of the Red One Board, was in attendance at the meeting and gave a presentation to the Authority.

Following consideration of the report and presentation, Councillor Coles **MOVED** (seconded by Councillor Peart) that a special meeting of the Resources Committee on 23 March 2018 to receive a further report.

The Motion was then put to the vote and declared **CARRIED**, unanimously, whereupon it was:

RESOLVED to hold a special meeting of the Resources Committee on 23 March 2018 to receive a further report.

(NB. Councillors Chugg and Biederman left the meeting at 12.35hours before the above motion was put to the meeting and voted upon).

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

The Meeting started at 10.10 am and finished at 1.00 pm

**APPENDIX A TO THE MINUTES OF THE MEETING OF THE RESOURCES COMMITTEE
HELD ON 8 FEBRUARY 2018**

TABLE 3 – BUDGET TRANSFERS

Row in Table 2	Description	Debit	Credit
35	Create reserve for PFI equalisation fund	295,000	
5	Release provision for PFI equalisation fund		(295,000)
35	USAR Grant received in advance - transfer to reserves	945,300	
30	USAR Grant received in advance		(945,300)

Agenda Item 4

REPORT REFERENCE NO.	RC/18/7
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	11 APRIL 2018
SUBJECT OF REPORT	ADDITIONAL MEETING DATE 2018
LEAD OFFICER	Director of Corporate Services
RECOMMENDATIONS	<i>That a meeting of the Resources Committee be held on Wednesday 16 May 2018 at 15:00hours for the purpose of reviewing the year-end financial performance for 2017/18 prior to submission to the Authority.</i>
EXECUTIVE SUMMARY	<p>In previous years, a meeting of the Resources Committee has been held in May to consider the outturn reports for both financial and treasury management performance. This meeting was not included in the 2017/18 Calendar of Meetings; nonetheless the Director of Finance (Treasurer) has indicated that, due to shortened timescales for production of the year end accounts, the meeting be reinstated to ensure that appropriate governance is in place for year-end funding decisions. Thus, it is proposed that this meeting be reinstated in 2017/18 to enable the Resources Committee to review the financial outturn reports before they are submitted to the Authority.</p> <p>As a result, it is recommended that a meeting of the Resources Committee be held on Wednesday 16 May 2018 at 15:00hours for the purpose of reviewing the year-end financial performance for 2017/18 prior to their submission to the Authority.</p>
RESOURCE IMPLICATIONS	None.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	None.
LIST OF BACKGROUND PAPERS	None.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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