

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

11 May 2023

Present:

Councillors Peart (Chair), Aspinall, Coles, Long, Power and Sellis

In attendance (in accordance with Standing Order 39):

Councillors Cook-Woodman (via Teams) and Randall Johnson (in person).

* **RC/22/22** **Minutes**

RESOLVED that the Minutes of the meeting held on 6 February 2023 be signed as a correct record.

* **RC/22/23** **Treasury Management Performance 2022-23: Quarter 4 and Annual Report 2022-23**

NB. Adam Burleton, the Service's Treasury Management adviser (Link Group) was in attendance for this item.

The Committee received for information a report of the Director of Finance, People & Estates (Treasurer) (RC/23/7) on the performance of the Authority's borrowing and investment activities during quarter 4 of the 2022-23 financial year together with a summary of annual performance as compared to the treasury management strategy adopted. Such reporting was required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

The report highlighted the following points:

- Inflation remained a problem globally and was at 10.1% currently as measured by the Consumer Price Index (CPI), well above the Bank of England's target of 2% which had resulted in a number of interest rate rises during 2022-23 in a bid to control spending. Fuel costs, utility and pay rises continued to drive inflation, however, and a further increase in interest rate to 4.50% was expected to be announced by the Bank of England later on 11 May 2023;
- There had been no additional borrowing undertaken during 2022-23 with total debt at £25.055million at the year-end;
- no prudential indicators had been breached and a prudent approach had been taken in relation to investment decisions, with priority being given to liquidity and security over yield;

- The Authority's return on investments was above the benchmark returns set out within the Sterling Overnight Index Average (SONIA) with interest of £0.811million earned as compared to the anticipated £0.100m predicted in the Revenue Budget for 2022-23, a position which had contributed greatly to the reduction in overspend.

The Committee welcomed this improved performance on investment returns and noted the associated impact on the approved Revenue Budget.

NB. Minute RC/22/24 below also refers.

RC/22/24 Provisional Financial Outturn 2022-23

The Committee considered a report of the Director of Finance, People & Estates (Treasurer) (RC/23/8) on the provisional financial outturn position for 2022-23 against agreed financial targets, together with explanations of major variations.

It was indicated that spending would be £0.957m over budget, net of transfers to earmarked reserves as noted in the report, equivalent to 1.21% of the total budget.

There had been some significant challenges during the 2022-23 financial year, most notably the nationally agreed pay awards (7% to firefighters and £1925 to support staff), the cost of which to the Authority was in the region of £3.6 which was unbudgeted. The majority of the balance was as a result of the increases in energy and fuel costs as a result of rising inflation.

The Treasurer drew attention to the point that the figures as presented in the report circulated were subject to external audit of the financial statements but this was a positive outcome as compared to the predicted overspend of £1.8m at the start of the financial year.

RESOLVED

- (a). that the Authority be recommended to approve that the provisional overspend position of £0.947m be funded from a reduction in the Revenue Contribution to Capital; an element also to be transferred to the General Reserve to ensure it was within 5% of the revenue budget for 2023-24 as per (c). below;
- (b). That, subject to (a) above, the following be noted:
 - (i). The draft position in respect of the 2022-23 Revenue and Capital Outturn position, as indicated in report RC/23/8;
 - (ii). That the net overspend figure of £0.947m was after:
 - A. The transfer of £4.255m from reserves as set out in Appendix C of report RC/23/8;
 - B. The requirement to transfer £0.043m to the Grants Unapplied Reserve as required under International Financial reporting Standards (IFRS) related to a grant received during the financial year but not utilised as per Appendix D of report RC/23/8.

- (c). That a transfer of £0.225m be approved to increase the balance of the general fund balance reserve to ensure this was 5% of the revenue budget for 2023-24 as per paragraph 6.1 of report RC/23/8.

RC/22/25 Revisions to Capital Programme 2023-24 to 2025-26

The Committee considered a report of the Director of Finance, People & Estates (Treasurer) (RC/23/9) on a proposed revision to the Capital Programme and associated Prudential Indicators 2023-24 to 2025-26, as approved by the Authority at its budget meeting on 15 February 2023 (Minute DSFRA/22/31b refers).

The proposed revision would reduce the Authority's external borrowing requirement in the short term. The Authority had not borrowed any external funding for over ten years but the Capital Programme would, unless otherwise adjusted, require further borrowing from 2025-26 pushed back from 2024-25 as reported to the Authority's budget meeting on 15 February 2023.

The Committee sought an assurance that the reduction in capital spending would not impact on the Service's ability to continue its fleet replacement programme, particularly that of new Medium Rescue Pumps. The Treasurer gave an assurance that the fleet replacement programme was continuing but indicated he would give an in-depth update on this area of work at a future Members' Forum.

Reference was also made to the need to sweat all service assets to their full potential and whether the Service was engaging with all stakeholders and community groups to maximise potential usage and thus, income. The Treasurer confirmed that this did happen but that there may be scope to go further. A Condition Survey was underway on all stations from which initial indications suggested that some improvement work may be needed at some stations in due course and therefore investment required. There was a balance to be struck and difficult decisions may need to be taken in future

RESOLVED that the Authority be recommended to approve the revised capital programme and associated prudential indicators for 2023-24 to 2025-26, as set out in report RC/23/9 and summarised in the tables at Appendices A and B respectively to these Minutes.

NB. Minute RC/22/24 above also refers.

RC/22/26 Reserves Strategy 2023-24

The Committee considered a report of the Director of Finance, People & Estates (Treasurer) (RC/23/12) upon the Reserves Strategy for 2023-24.

It was noted that the report included a review of long-term sustainability together with a risk assessment on the adequacy of the General Fund which included a section on each of the Earmarked Reserves (which had been combined into broader categories to simplify the way that reserves were reported on). These included:

- Grants received in advance;

- Invest to improve;
- Capital funding;
- Specific projects – Budget carry forwards or risks identified; and
- An explanation of specific reserves.

RESOLVED that the Authority be recommended to approve the Reserves Strategy 2023-2024 for publication.

* **RC/22/27 His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) Areas for Improvement Action Plan Update**

The Committee received for information a report of the Deputy Chief Fire Officer (RC/23/10) upon the progress made by the Service in addressing the 14 Areas for Improvement (AFIs) identified by His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) and associated actions, of which two were linked to the Resources Committee, including:

- HMI-2.2-202206a - The Service needs to make sure that its fleet strategy is regularly reviewed and evaluated to maximise potential efficiency; and
- HMI-2.2-202206b – The Service needs to ensure that its estate strategy is regularly reviewed and evaluated to maximise potential efficiency.

The Committee noted that AFI-2.2-202206b was “in progress off track” currently but acknowledged the point that this was due largely to ensuring that the Estates Strategy aligned to work that was being undertaken on the Service’s Target Operating Model.

* **RC/22/28 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 Officers of Red One Ltd.) 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 and business affairs of any particular person – including the authority holding that information.

* **RC/22/29 Red One Limited Financial Performance 2022-23: Quarter 4**

(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 Officers from Red One Ltd.) were excluded from the meeting.

The Committee received for information a report of the Co-Chief Executives and the Finance Director of Red One Ltd. (RC/23/11) on the financial performance of the company during quarter four of the 2022-23 financial year.

The Committee commended the Officers of Red One Ltd. on the very positive performance of the company during both quarter 4 and the 2022-23 financial year.

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

The Meeting started at 10.10 am and finished at 12.12 pm