E. Jackman
CLERK TO THE AUTHORITY

To: **The Chair and Members of the Resources Committee**

(see below)

SERVICE HEADQUARTERS
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Your ref :
Our ref : DSFRA/RC/SS
Website : www.dsfire.gov.uk

Date : 25 August 2023
Please ask for : Sam Sharman
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Telephone : 01392 872200
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RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

Tuesday, 5th September, 2023

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

E. Jackman
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 11 May 2023 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 Treasury Management Performance 2023-24: Quarter 1 (Pages 7 - 18)

Report of the Director of Finance & Corporate Services (Treasurer) (RC/23/12) attached.

5 Financial Performance Report 2023-24: Quarter 1 (Pages 19 - 30)

Report of the Director of Finance & Corporate Services (Treasurer) (RC/23/13) attached.

6 Environmental Strategy Update (Pages 31 - 44)

Report of the Assistant Chief Fire Officer – Service Delivery (RC/23/14) attached.

7 His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) Areas for Improvement Action Plan Update (Pages 45 - 48)

Report of the Chief Fire Officer (RC/23/15) attached.

8 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 Officers of Red One Ltd. and Councillor Radford {Authority appointed Non- Executive Director of Red One Ltd.}) be excluded from the meeting for the following item of business on the grounds that it involves 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

9 Red One Ltd. Financial Performance 2023-24: Quarter 1 (Pages 49 - 50)

Report of the Director of Finance & Corporate Services (Treasurer) (RC/23/16) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Peart (Chair), Best (Vice-Chair), Fellows, Gilmour, Power, Slade and Sully

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 Chair - 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 Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	**<u>Declarations of Interests at meetings (Authority Members only)</u>** If you are present at a meeting and you are aware that you have either a disclosable pecuniary interest, personal interest or non-registerable interest in any matter being considered or to be considered at the meeting then, unless you have a current and relevant dispensation in relation to the matter, you must: (i) disclose at that meeting, by no later than commencement of consideration of the item in which you have the interest or, if later, the time at which the interest becomes apparent to you, the existence of and – for anything other than a “sensitive” interest – the nature of that interest; and then (ii) withdraw from the room or chamber during consideration of the item in which you have the relevant 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 an interest of a sensitive nature. You must still follow (i) and (ii) above. Where a dispensation has been granted to you either by the Authority or its Monitoring Officer in relation to any relevant interest, then you must act in accordance with any terms and conditions associated with that dispensation. Where you declare at a meeting a disclosable pecuniary or personal interest that you have not previously included in your Register of Interests then you must, within 28 days of the date of the meeting at which the declaration was made, ensure that your Register is updated to include details of the interest so declared.

	NOTES (Continued)
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 Orders, 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.
6.	**<u>Other Attendance at Committees)</u>** Any Authority Member wishing to attend, in accordance with Standing Orders, a meeting of a Committee of which they are not a Member should contact the Democratic Services Officer (see “please ask for” on the front page of this agenda) in advance of the meeting.

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 Standin 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 **<u>Provisional Financial Outturn 2022-23</u>**

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 2023-24to 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 sough 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 <u>His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) Areas for Improvement Action Plan Update</u>**

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 <u>Exclusion of the Press and Public</u>**

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 <u>Red One Limited Financial Performance 2022-23: Quarter 4</u>**

(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

REPORT REFERENCE NO.	**RC/23/12**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**5 SEPTEMBER 2023**
SUBJECT OF REPORT	**TREASURY MANAGEMENT PERFORMANCE 2023-24 – QUARTER 1**
LEAD OFFICER	**Director of Finance and Corporate Service (Treasurer)**
RECOMMENDATIONS	***That the performance in relation to the treasury management activities of the Authority for 2023-24 (to June 2023) be noted.***
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of Practice for Treasury Management. The Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's Code of Practice.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Investments held as at 30 June 2023.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) as approved at the meeting of the Fire & Rescue Authority held on the 15 February 2023 – Minute DSFRA/28D refers.

1. INTRODUCTION

1.1. The Treasury Management Strategy for Devon and Somerset Fire & Rescue Authority has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in Public Services Code of Practice (the Code) and the CIPFA Prudential Code. The Code recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Authority is implementing best practice in accordance with the Code and includes:

- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Authority's treasury management activities;
- The creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives;
- The receipt by the full Authority of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year;

1.2. The delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.3. Treasury management in this context is defined as:

"The management of the local authority's borrowing, investments, cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.4. The preparation of this report demonstrates that the Authority is implementing best practice in accordance with the code.

2. ECONOMICS UPDATE

2.1. The first quarter of 2023/24 saw:

- A 0.2% month on month (m/m) rise in real Gross Domestic Product (GDP) in April 2023, partly due to fewer strikes;
- Consumer Proce inflation (CPI) inflation falling from 10.1% to 8.7% in April 2023, before remaining at 8.7% in May 2023. This was the highest reading in the G7;
- Core CPI inflation rise in both April and May 2023, reaching a new 31-year high of 7.1%;
- A tighter labour market in April 2023, as the 3m/yy growth of average earnings rose from 6.1% to 6.5%;

- Interest rates rise by a further 75 base points (bps) over the quarter, taking Bank Rate from 4.25% to 5.00%;
- 10-year gilt yields nearing the “mini-Budget” peaks, as inflation surprised to the upside.

2.2. The economy has weathered the drag from higher inflation better than was widely expected. The 0.2% m/m rise in real GDP in April, following March’s 0.3% m/m contraction will further raise hopes that the economy will escape a recession this year. Some of the strength in April was due to fewer strikes by train workers and teachers in that month. Moreover, some of the falls in activity in other areas in April were probably temporary too. Strikes by junior doctors and civil servants contributed to the fall in health output (0.9% m/m) and the meagre 0.1% m/m increase in public administration.

2.3. The fall in the composite Purchasing Managers Index (PMI) from 54.0 in May 2023 to a three-month low of 52.8 in June (>50 points to expansion in the economy, <50 points to contraction) was worse than the consensus forecast of 53.6. Both the services and manufacturing PMIs fell. The decline in the services PMI was bigger (from 55.2 to 53.7), but it remains consistent with services activity expanding by an annualised 2%. The fall in the manufacturing PMI was smaller (from 47.1 to 46.2), but it is consistent with the annual rate of manufacturing output falling from -0.8% in April to around -5.0%. At face value, the composite PMI points to the 0.1% quarter on quarter (q/q) rise in GDP in Quarter 1 of 2023 being followed by a 0.2% q/q gain in Quarter 2 of 2023.

2.4. Meanwhile, the 0.3% m/m rise in retail sales volumes in May was far better than the consensus forecast of a 0.2% m/m decline and followed the robust 0.5% m/m rise in April. Some of the rise was due to the warmer weather. Indeed, the largest move was a 2.7% m/m jump in non-store sales, due to people stocking up on outdoor-related goods. But department stores also managed to squeeze out a 0.6% m/m rise in sales and the household goods sub-sector enjoyed a reasonable performance too. Overall, the figures were far better than analysts had expected. In addition, the Growth from Knowledge (GfK) measure of consumer confidence rebounded from -27 to a 17-month high of -24 in June 2023.

2.5. The recent resilience of the economy has been due to a confluence of factors including the continued rebound in activity after the pandemic, households spending some of their pandemic savings, and the tight labour market and government handouts both supporting household incomes. That said, as government support fades, real household incomes are unlikely to grow rapidly. Furthermore, higher interest rates will mean GDP is likely to contract later this year. Our central assumption is that inflation will drop to the 2.0% target only if the Bank triggers a recession by raising rates from 5.00% now to at least 5.5% and keeps rates there until at least mid-2024. Colleagues at Capital Economics estimate that around 60% of the drag on real activity from the rise in rates has yet to bite, and the drag on the quarterly rate of real GDP growth over the next year may be about 0.2ppts bigger than over the past year.

2.6. The labour market became tighter over the quarter and wage growth reaccelerated. Labour demand was stronger than the consensus had expected. The three-month change in employment rose from +182,000 in March to +250,000 in April. Meanwhile, labour supply continued to recover as the size of the labour force grew by 303,000 in the three months to April. That was supported by a further 140,000 decline in inactivity as people returned to work from retirement and caring responsibilities (while inactivity due to long-term sick continued to rise). But it was not enough to offset the big rise in employment, which meant the unemployment rate fell from 3.9% to 3.8%.

2.7. The tighter labour market supported wage growth in April 2023, although the 9.7% rise in the National Living Wage on 1st April 2023 (compared to the 6.6% increase in April last year) probably had a lot to do with it too. The 3myy rate of average earnings growth reaccelerated from 6.1% to 6.5% (consensus 6.1%) and UK wage growth remains much faster than in the US and the Euro-zone. In addition, regular private sector wage growth increased from 7.1% 3myy to 7.6%, which left it well above the Bank's forecast for it to fall below 7.0%. Overall, the loosening in the labour market appears to have stalled in April and regular private sector wage growth was well above the Bank's forecast.

2.8. CPI inflation stayed at 8.7% in May 2023 (consensus 8.4%) and, perhaps more worryingly, core CPI inflation rose again, from 6.8% to a new 31-year high of 7.1%. The rise in core inflation built on the leap from 6.2% in March 2023 to 6.8% and means it is accelerating in the UK while it is slowing in the US and the Euro-zone (both fell to 5.3%). A further decline in fuel inflation, from -8.9% to -13.1%, and the second fall in food inflation in as many months, from 19.3% to 18.7%, explained why overall CPI inflation didn't rise. And the scheduled fall in the average annual utility price from £2,500 to £2,074 on 1st July 2023 means overall CPI inflation will probably ease in the coming months. But the problem is that the recent surge in core inflation and the reacceleration in wage growth shows that domestic inflationary pressures are still strengthening.

2.9. This suggests the Bank may have more work to do than the Federal Bank (Fed) or European Central Bank (ECB). Indeed, the Bank of England sounded somewhat hawkish in the June 2023 meeting. This came through most in the Monetary Policy Committee's (MPC's) decision to step up the pace of hiking from the 25bps at the previous two meetings. The 7-2 vote, with only two members voting to leave rates unchanged at 4.50%, revealed support for stepping up the fight against high inflation.

2.10. That said, the Bank has not committed to raising rates again or suggested that 50bps rises are now the norm. What it did say was that "the scale of the recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required at this particular meeting". Moreover, the Committee did not strengthen its forward guidance that any further rate hikes would be conditional on the data.

2.11. It looks highly probable, however, given the on-going strength of inflation and employment data, that the Bank will need to raise rates to at least 5.5% and to keep rates at their peak until the mid-point of 2024. We still think it is only a matter of time before the rise in rates weakens the economy sufficiently to push it into recession. That is why instead of rising to between 6.00%-6.25%, as is currently priced in by markets, we think rates are more likely to peak between 5.50-6.00%. Our forecast is also for rates to be cut in the second half of 2024, and we expect rates to then fall further than markets are pricing in.

2.12. Growing evidence that UK price pressures are becoming increasingly domestically generated has driven up market interest rate expectations and at one point pushed the 10-year gilt yield up to 4.49% in late June, very close to its peak seen after the "mini-budget". Yields have since fallen slightly back to 4.38%. But growing expectations that rates in the UK will remain higher for longer than in the US mean they are still more than 70 bps above US yields. While higher interest rates are priced into the markets, the likely dent to the real economy from the high level of interest rates is not. That's why we think there is scope for market rate expectations to fall back in 2024 and why Link expect the 10-year Public Loans Works Board (PWLB) Certainty Rate to drop back from c.5.20% to 5.00% by the end of 2023 and to 4.20% by the end of 2024.

2.13. The pound strengthened from $1.24 at the start of April 2023 to a one-year high at $1.26 in early May 2023, which was partly due to the risks from the global banking issues being seen as a bigger problem for the US than the UK. The pound then fell back to $1.23 at the end of May, before rising again to $1.28 in the middle of June 2023 as the strong core CPI inflation data released in June suggested the Bank of England was going to have to raise rates more than the Fed or ECB in order to tame domestic inflation. However, sterling's strong run may falter because more hikes in the near term to combat high inflation are likely to weaken growth (and, hopefully, at some point inflation too) to such a degree that the policy rate will probably be brought back down, potentially quite quickly, as the economic cycle trends downwards decisively. This suggests that additional rate hikes are unlikely to do much to boost the pound.

2.14. In early April 2023, investors turned more optimistic about global GDP growth, pushing up UK equity prices. But this period of optimism appears to have been short-lived. The FTSE 100 has fallen by 4.8% since 21st April, from around 7,914 to 7,553, reversing part of the 7.9% rise since 17th March. Despite the recent resilience of economic activity, expectations for equity earnings have become a bit more downbeat. Nonetheless, further down the track, more rate cuts than markets anticipate should help the FTSE 100 rally.

MPC Meetings 11th May and 22nd June 2023

2.15. On 11th May 2023, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 4.50%, and on 22nd June 2023, moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none.

2.16. Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a difficult task in convincing investors that they will be able to dampen inflation pressures anytime soon. Talk of the Bank's inflation models being "broken" is perhaps another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds, for example.

2.17. Of course, what happens outside of the UK is also critical to movement in gilt yields. The US Federal Open Market Committee (FOMC) has already hiked short-term rates to a range of 5.00%-5.25%, but a further increase is pencilled in for July 2023, whilst the ECB looks likely to raise its Deposit rate at least once more to a peak of 3.75%, with upside risk of higher to come.

Interest Rate Forecasts

2.18. The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

2.19. The latest forecast, made on 26th June, sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, against a backdrop of a stubbornly robust economy and a tight labour market.

2.20. You will note that our forecasts have steadily increased during the quarter as the data continued to spring upside surprises, and the Bank of England continued to under-estimate how prevalent inflation is, and how tight the labour market is. The Government has also noted that despite immigration increasing markedly, high levels of ill-health amongst the workforce has led to wage demands remaining strong until such time as there is a loosening in demand for business services.

2.21. The current and previous PWLB rate forecasts below are based on the Certainty Rate.

Link Group Interest Rate View	26.06.23												
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

A Summary Overview of The Future Path of Bank Rate

2.22. Our central forecast for interest rates was previously updated on 25th May and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened to a degree, especially as it moved to a more aggressive 0.5% hike in June but, with inflation remaining elevated, we anticipate that Bank Rate will need to increase to at least 5.5%, if not higher, to sufficiently slow the UK economy and loosen the labour market.

2.23. Moreover, we also still anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but timing on this will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Our current judgment is that rates will have to increase and stay at their peak until the second quarter of 2024 as a minimum.

2.24. In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine and whether there are any further implications for Russia itself following the recent aborted mutiny by the Wagner group.

2.25. On the positive side, consumers are still estimated to be sitting on excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, most of those excess savings are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

3. TREASURY MANAGEMENT STRATEGY STATEMENT

Annual Investment Strategy

3.1. The Authority's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement (TMSS) was approved by the Authority on the 15 February 2023. It outlines the Authority's investment priorities as follows:

- Security of Capital
- Liquidity
- Yield

3.2. The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Authority's risk appetite. In the current economic climate it is considered appropriate to keep investments short-term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information. (Amend if you use your own creditworthiness approach.)

3.3. As shown by the interest rate forecasts in section 2, rates have improved dramatically during Quarter 1 and Quarter 2 of 2023 and are expected to improve further as Bank Rate continues to increase over the next year or so.

Creditworthiness

3.4. The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Authority's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information. (Amend if you use your own creditworthiness approach.)

3.5. As shown by the charts below and the interest rate forecasts in section 2, investment rates have improved dramatically during the first quarter of 2023/24 and are expected to improve further as Bank Rate continues to increase over the next few months.

3.6. There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

Benchmark	Benchmark Return	Authority Performance	Investment interest to Quarter 1
3 Month SONIA	4.38%	4.87%	£0.028m.

3.7. As illustrated above, the Authority outperformed the 3-month Sterling Overnight Index Average (SONIA) benchmark by 0.49bp. SONIA replaced LIBID at the end of December 2022 and has traded at a higher average rate than the previous LIBID benchmarks. Based on current market deposit rates on offer, it is currently anticipated that the actual investment return for the whole of 2023-24 will over recover the Authority's budgeted investment target of £0.525m by £0.807m. However, there is much volatility with interest rates at the moment, so this forecast is likely to be revised.

Borrowing Strategy

Prudential Indicators:

3.8. It is a statutory duty for the Authority to determine and keep under review the “Affordable Borrowing Limits”. The Authority’s’ approved Prudential Indicators (affordability limits) are outlined in the approved TMSS.

3.9. A full list of the approved limits (as amended) are included in the Financial Performance Report 2023-24, considered elsewhere on the agenda for this meeting, which confirms that no breaches of the Prudential Indicators were made in the period to June 2023 and that there are no concerns that they will be breached during the financial year.

Current external borrowing

3.10. The Authority has not taken any external loans since June 2012 and has been using cash resources to meet any capital expenditure. The amount of outstanding external borrowing as at 30 June 2023 was £24.264m, forecast to reduce to £23.771m by the end of the financial year as a result of standard loan repayments. All of this debt is at fixed rate with the remaining principal having an average rate of 4.25% and average life of 23.2 years.

Loan Rescheduling

3.11. No debt rescheduling was undertaken during the quarter. As per previous updates. the Authority will continue to work closely with our treasury advisors to explore any opportunities to repay existing loans, however the differential between current Public Works Loan Board early repayment rates and new loan rates, mean there is no financial benefit in undertaking premature loan repayment at this time. A number of options were run during Q1 2022 and will be kept under review. Savings could materialise following the increases in the UK Bank Rate.

New Borrowing

3.12. Gilt yields and PWLB rates were on a rising trend between 1st April and 30th June.

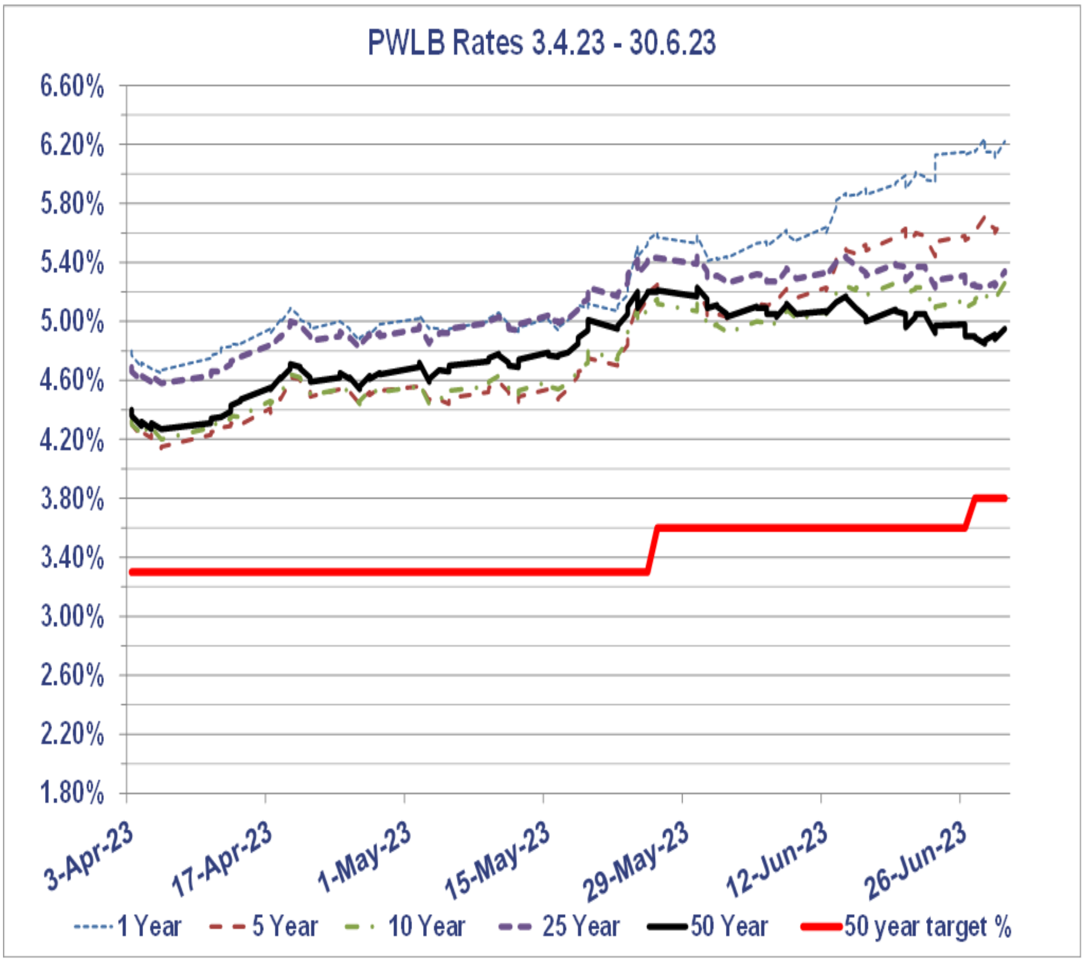
3.13. The 50-year PWLB target certainty rate for new long-term borrowing started 2023/24 at 3.30% before increasing to a peak of 5.23% in June. As can be seen, with rates elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.

3.14. No new borrowing was undertaken during the quarter, and none is planned during 2023-24 as a result of the Authority’s adopted financial strategy to utilise revenue funds (revenue budget and reserves) to finance capital investment needs for the medium term.

PWLB rates quarter ended 30 June 2023

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.24%	5.71%	5.28%	5.44%	5.23%
Date	28/06/2023	28/06/2023	20/06/2023	30/05/2023	30/05/2023
Average	5.32%	4.87%	4.78%	5.09%	4.82%
Spread	1.59%	1.57%	1.08%	0.86%	0.96%

3.15. Borrowing rates for this quarter are shown below:



<u>Borrowing in Advance of Need</u>

3.16. The Authority has not borrowed in advance of need during this quarter.

4. SUMMARY AND RECOMMENDATION

4.1 In compliance with the requirements of the Chartered Institute of Public Finance and Accountancy Code of Practice of Treasury Management, this report provides the Committee with the first quarter report on treasury management activities for 2023-24 to June 2023. As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns are high as a result of the increase in interest rates, the Authority is still anticipating that investment returns will meet the budgeted target, as rates were forecast to rise when the budget was set.

SHAYNE SCOTT
Director of Finance and Corporate Services (Treasurer)

Investments as at 30 June 2023						
Counterparty	Maximum to be invested	Amount Invested	Maturity Date	Call or Term	Period invested	Interest rate(s)
	£m	£m				
National Bank of Canada	7.000	-2.000	19/07/2023	T	6 mths	4.32%
Bayerische Landesbank	7.000	-2.000	31/07/2023	T	5 mths	4.19%
Lloyds	7.000	-1.000	30/08/2023	T	4 mths	4.74%
Helaba	7.000	-2.000	08/09/2023	T	12 mths	4.01%
First Abu Dhabi	7.000	-3.000	04/10/2023	T	12 mths	4.99%
Bayerische Landesbank	7.000	-3.000	31/08/2023	T	3 mths	4.56%
Bayerische Landesbank	7.000	-2.000	29/09/2023	T	4 mths	4.65%
Helaba	7.000	-2.000	29/02/2024	T	9 mths	5.31%
Natwest	7.000	-5.000	30/11/2023	T	5 mths	5.52%
Nationwide	7.000	-4.000	21/12/2023	T	6 mths	5.09%
Barclays Bank	8.000	-0.150		C	Instant Access	Variable
Aberdeen Standard	8.000	-7.190		C	Instant Access	Variable
Black Rock	8.000	-0.974		C	Instant Access	Variable
Total Amount Invested		**-34.314**				

REPORT REFERENCE NO.	**RC/23/13**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**5 SEPTEMBER 2023**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2023-24 – QUARTER 1**
LEAD OFFICER	**Director of Finance and Corporate Services (Treasurer)**
RECOMMENDATIONS	***(a) That the monitoring position in relation to projected spending against the 2023-24 revenue and capital budgets be noted;*** ***(b) That the performance against the 2023-24 financial targets be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the first quarter performance against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2023-24 revenue budget with explanations of the major variations. At this stage in the financial year, it is forecast that spending will be £0.051m less than budget, an underspend of 0.1% of total budget. The budgets have been increased by £2.8m to take account of the pay award agreed for Grey Book staff and an anticipated increase for Green Book staff as agreed by the Fire Authority in February 2023.
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY RISKS AND BENEFITS ANALYSIS	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Summary of Prudential Indicators 2023-24. B. Reserves Position by Reserve C. Reserves Position by Expense Code
BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1. This report provides the first quarterly financial monitoring report for the current financial year, based upon the position as at the end of June 2023. As well as providing projections of spending against the 2023-24 revenue and capital budget, the report also includes forecast performance against other financial performance indicators, including the prudential and treasury management indicators.

1.2. Table 1 below provides a summary of performance against the key financial targets.

TABLE 1 –PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2023-24

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 1	Previous Quarter	Quarter 1 %	Previous Quarter %
	Revenue Targets					
1	Spending within agreed revenue budget	£85.413m	£85.360m	n/a	0.01%	n/a
2	General Reserve Balance as % of total budget (minimum)	5.00%	5.01%	n/a	(0.01)bp*	n/a
	Capital Targets					
3	Spending within agreed capital budget	£12.751m	£10.698m	n/a	(18.25%)	(0.00%)
4	External Borrowing within Prudential Indicator limit	£25.155m	£24.426m	n/a	(2.90%)	(0.00%)
5	Debt Ratio (debt charges over total revenue budget)	5.00%	2.91%	n/a	(2.09)bp*	(0.00)bp*

**bp = base points*

1.3. The remainder of the report is split into the three sections of:

- **SECTION A** – Revenue Budget 2023-24.
- **SECTION B** – Capital Budget and Prudential Indicators 2023-24.
- **SECTION C** – Other Financial Indicators.
- **SECTION D** – Medium-Term Financial Plan.

1.4. Each of these sections provides a more detailed analysis of performance, including commentary relating to the major variances.

2. SECTION A - REVENUE BUDGET 2023-24

2.1. Table 2 below provides a summary of the forecast spending against all agreed subjective budget heads, e.g., employee costs, transport costs etc.

TABLE 2 – REVENUE MONITORING STATEMENT 2023-24

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY
Revenue Budget Monitoring Report 2023/24

		2023/24 Budget £'000	Year To Date Budget £'000	Spending to Month 3 £'000	Projected Outturn £'000	Projected Variance over/ (under) £'000	Projected Variance over/ (under) %
	Employee Costs						
1	Wholetime	36,802	8,812	8,462	36,282	(520)	-1.4%
2	On-Call	21,410	4,782	3,444	21,402	(8)	0.0%
3	Fire Control	1,675	396	394	1,685	11	0.6%
4	Professional & Technical	16,528	3,956	3,786	16,308	(220)	-1.3%
5	Training	752	191	561	766	15	1.9%
6	Fire Service Pension costs	2,401	782	335	2,446	45	1.9%
		79,566	**18,919**	**16,982**	**78,889**	**(677)**	
	Premises						
7	Repair and maintenance	1,133	283	412	1,131	(2)	-0.2%
8	Energy costs	1,104	187	176	1,098	(5)	-0.5%
9	Cleaning costs	626	157	414	619	(7)	-1.2%
10	Rent and rates	2,082	611	1,867	2,050	(33)	-1.6%
		4,945	**1,238**	**2,870**	**4,897**	**(47)**	
	Transport						
11	Repair and maintenance	713	178	141	721	8	1.1%
12	Running costs and insurances	1,710	726	472	1,614	(96)	-5.6%
13	Travel and subsistence	1,608	310	326	1,469	(139)	-8.6%
		4,031	**1,214**	**938**	**3,803**	**(227)**	
	Supplies & Services						
14	Equipment and furniture	3,697	939	1,378	3,738	41	1.1%
15	Hydrants-installation and maintenance	196	49	43	196	0	0.0%
16	Communications Equipment	2,716	679	2,035	2,799	83	3.1%
17	Protective Clothing	605	151	47	604	(1)	-0.1%
18	External Fees and Services	125	31	37	131	6	5.1%
19	Partnerships & regional collaborative projects	310	81	85	306	(3)	-1.1%
20	Catering	24	6	5	23	(1)	-3.0%
		7,672	**1,937**	**3,631**	**7,798**	**126**	
	Establishment Costs						
21	Printing, stationery and office expenses	247	101	98	257	10	4.2%
22	Advertising including Community Safety	31	8	0	30	(1)	-3.0%
23	Insurances	504	502	290	504	0	0.0%
		781	**611**	**388**	**790**	**9**	
	Payments to Other Authorities						
24	Support service contracts	1,091	237	263	969	(122)	-11.2%
		1,091	**237**	**263**	**969**	**(122)**	
	Capital Financing						
25	Loan Charges & Lease rentals	3,140	-	19	3,160	20	0.6%
26	Revenue Contribution to Capital Spending	50	-	-	50	-	0.0%
		3,190	**-**	**19**	**3,210**	**20**	
	Income						
28	Investment Income	(525)	(131)	(28)	(1,332)	(807)	153.7%
29	Grants and reimbursements	(11,671)	(2,917)	(10,162)	(11,756)	(86)	0.7%
30	Other income	(731)	(183)	(96)	(734)	(3)	0.4%
		(12,927)	**(3,231)**	**(10,286)**	**(13,823)**	**(896)**	
	Reserves						
32	Transfer to/(from) Earmarked Reserves	(2,937)	(61)	-	(1,173)	1,763	-60.0%
		(2,937)	**(61)**	**-**	**(1,173)**	**1,763**	
	NET SPENDING	**85,411**	**20,864**	**14,805**	**85,360**	**(51)**	-0.1%

2.2. This table indicates that spending by the year end will be £85.360m, representing a predicted underspend of £0.051m, equivalent to 0.1% of the total budget. It should be noted that ‘Spending to month 3’ represents actual year to date expenditure and those which have already been committed but not spent as yet. Additionally, the budget profile and actual costs for Service Delivery staff (i.e. Wholetime and On-call) appear low due to the time lag in claiming the hours worked – for instance, time worked in June is paid in July. This naturally catches up at year-end when there are two payroll entries for March relating to claims worked in February and March.

2.3. These forecasts are based on the spending position at the end of June 2023, historical trends and information from budget managers on known commitments. It should be noted that, whilst every effort is made for projections to be as accurate as possible, some budget lines are susceptible to volatility in spending patterns during the year e.g. on-call pay costs which are linked to activity levels. It is inevitable, therefore, that final spending figures for the financial year will differ than those projected in this report.

2.4. Reporting of variances has switched from a flat rate (previously £0.050m) to a percentage of the budget of either 2% for pay lines or 5% for non-pay lines. This is to ensure the narrative is more meaningful and to also hone-in on the major variances. That said, the Treasurer reserves the right to report on budgets that fall outside of this. (e.g. based on materiality etc.)

Wholetime pay: underspend of £0.520m – 1.4% of budget.

2.5. A number of vacancies, within the Service has resulted in a modest forecasted underspend. Notable vacancies are; a Business Change Manager (£0.100m), two posts within Prevention and Protection totalling £0.160m. Learning and Development have a vacancy which is forecast to save £0.045m. This budget was built on the requirement to use casual trainers within the Academy. These are being used at a smaller rate than anticipated and will be contracted on green book conditions which will result in a saving of £0.201m.

Professional & Technical pay: underspend of £0.220m – 1.3% of budget.

2.6. A number of vacancies across the Service has resulted in this forecasted underspend position. Notable posts are; Democratic Services Officer (£0.069m), an Organisational Development Practitioner (£0.046m), the Admin Officer post that covered both Taunton and Yeovil Group (£0.055m) and posts within DaAT (£0.063m).

Transport running Costs and Insurance: underspend of £0.096m - 5.6% of budget.

2.7. There is a large underspend associated with the reduction in wholesale vehicle fuel prices. This is currently forecasting an underspend of £0.096m.

Travel and Subsistence: £0.139m underspend - 8.6% of budget.

2.8. The largest underspend is on lease car rental of £0.132m due to a delay in the ordered replacement vehicles. The budget was built on the basis that the replacement vehicles were more expensive. As these have been delayed, the cheaper current vehicles have been extended producing the savings. A saving on casual mileage of £0.007m has also been forecast.

External Fees & Charges: £0.006m overspend – 5.1% of budget

2.9. A modest overspend relating to specialist advice procured relating to the disposal of the Redwoods site at SHQ and a review of the site at Plympton have resulted in a small forecasted overspend.

Support Service Contracts: £0.139m underspend – 12.7% of budget

2.10. A new contract that offered better value-for-money coupled with closer management of the provision has resulted in a forecasted underspend on occupational health costs of £0.139m.

Investment Income: £0.807m over-recovery – 153.7% of budget

2.11. The expectation when the budget was set was for interest rates to fall during Q3 of 2023. The opposite has happened which has seen bank base rates rise from 4% in February 2023 to 5.25% in August of this year with no sign of a downward reduction until 2024. This has meant the returns on investments are much healthier than anticipated. Coupled with this is the delay in the Capital programme which means the Authority have more cash available to invest. More detail can be found within the Treasury Management paper elsewhere within the agenda.

Transfer to/(from) Earmarked Reserves: £1.492m under budget – 50.8% of budget

2.12. At the budget setting meeting for the Authority held on the 15 February 2023, delegated authority was given to the Treasurer to fund the additional pay awards (5% for grey book staff and an anticipated 5% for green book staff) up to a maximum of £2.8m (Minute DSFRA/22/31 refers).

2.13. This has been actioned in order that budget holders have the correct devolved budget allocated to them. However, it is not anticipated the whole amount will be required in year (mainly due to better than anticipated returns on investments) so the actual amount required to be funded from Reserves will be flexed based on need.

3. <u>RESERVES AND PROVISIONS</u>

3.1. As well as the funds available to the Authority by setting an annual budget, the Authority also holds reserve and provision balances.

Reserves

3.2. There two types of Reserves held by the Authority:

Earmarked Reserves – these reserves are held to fund a **specific** purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required, and the amount is greater than the delegated limited allocated to the Treasurer, then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

General Reserve – usage from this Reserve is **non-specific** and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant retained pay costs.

Provisions

3.3. In addition to reserves, the Authority may also hold provisions which can be defined as:

Provisions – a Provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

3.4. A summary of predicted balances on Reserves and Provisions is shown in Table 3 overleaf.

TABLE 3 – FORECAST RESERVES AND PROVISION BALANCES

RESERVES AND PROVISIONS						
RESERVES	**Balance as at 1 April 2023 £'000**	**Approved Transfers £'000**	**Proposed Transfers £'000**	**Spending Month 3 £'000**	**Forecast Outturn 2023/24 £'000**	**Forecasted Balance as at 31 March 2024 £'000**
Earmarked reserves						
Grants unapplied from previous years	(1,137)	-	-	36	764	(373)
Invest to Improve	(1,878)	-		574	1,413	(465)
Budget Smoothing Reserve	(644)	-	-	-	666	22
Direct Funding to Capital	(15,446)	2,800	-	(10)	8,166	(4,480)
Projects, risks, & budget carry forwards	-	-	-	-	-	-
PFI Equalisation	(50)	-	-	-	-	(50)
Emergency Services Mobile Communications Programme	(1,050)	-	-	-	10	(1,040)
Breathing Apparatus Replacement	-	-		-	-	-
Mobile Data Terminals Replacement	(145)	-	-	-	145	-
Pension Liability reserve	(1,218)	-	-	-	150	(1,068)
Budget Carry Forwards	(890)	-	-	277	875	(14)
Environmental Strategy	(243)	-	-	107	243	(0)
Uncategorised	-	-	-	-	-	-
MTA Action Plan	(76)	-	-	-	-	(76)
Total earmarked reserves	**(22,777)**	**2,800**	**-**	**984**	**12,432**	**(7,545)**
General reserve						
General Fund (non Earmarked) Balance	**(4,280)**	**-**	**-**	**-**	**-**	**(4,280)**
Percentage of general reserve compared to net budget						
TOTAL RESERVE BALANCES	**(27,057)**	**2,800**	**-**	**984**	**12,432**	**(11,825)**
PROVISIONS						
Doubtful Debt	(55)		-	-	-	(55)

4. SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2023-24

Monitoring of Capital Spending in 2023-24

4.1 Table 4 provides a summary of anticipated expenditure for this financial year and demonstrates the funding requirements.

4.2 At the end of Quarter 1, we are forecasting to underspend of £2.388m – which includes an optimism bias built in to allow for some timing differences. Timing differences (slippage into next year) are forecast to be £2.388m of which £1.794m relates to the rebuild of Camels Head Fire Station – the estimate is for the contractors to be on-site during Q1 of 2024-25.

TABLE 4 – FORECAST CAPITAL EXPENDITURE 2023-24

Capital Programme 2023-24					
PROJECT	**2023/24 £000 Revised Budget**	**2023/24 £000 Forecast Outturn**	**2023/24 £000 Actuals**	**2023/24 £000 Timing Differences**	**2023/24 £000 (Savings)/ Over-spend**
Estate Development					
Site re/new build	1,919	125	(54)	(1,794)	0
Improvements & structural maintenance	5,009	4,039	99	(970)	0
Estates Sub Total	**6,928**	**4,164**	**45**	**(2,764)**	**0**
Fleet & Equipment					
Appliance replacement	4,522	4,063	0	(459)	0
Specialist Operational Vehicles	2,266	1,901	0	(365)	0
ICT Department	570	570	0	0	0
Fleet & Equipment Sub Total	**7,358**	**6,534**	**0**	**(824)**	**0**
Optimism bias	(1,200)		0	1,200	0
Overall Capital Totals	**13,086**	**10,698**	**45**	**(2,388)**	**0**
Programme funding					
Earmarked Reserves:					
Earmarked Reserves:	11,753	9,365	0	(2,388)	(331)
Revenue funds:	50	50	0	0	331
Borrowing - internal	1,283	1,283	0	0	0
Total Funding	**13,086**	**10,698**	**0**	**(2,388)**	**0**

Prudential Indicators (including Treasury Management)

4.3 Total external borrowing with the Public Works Loan Board (PWLB) as at 30 June 2023 stands at £24.264m and is forecast to reduce to £23.771m as at 31 March 2024. This level of borrowing is well within the Authorised Limit for external debt of £26.376m (the absolute maximum the Authority has agreed as affordable). No new external borrowing is planned in this financial year.

4.4 Investment returns in the quarter yielded an average return of 4.87% which outperforms the SONIA 3 Month return (industry benchmark) by 0.49bp. It is forecast that investment returns from short-term deposits will over achieve the budgeted figure by £0.807m at 31 March 2024.

4.5 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2023-24, which illustrates that there is no anticipated breach of any of these indicators.

5. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

5.1. Total debtor invoices outstanding as at Quarter 1 were £0.669m. Table 5 below provides a summary of all debt outstanding as at 30 June 2023.

5.2. Of this figure, an amount of £0.210m was due from debtors relating to invoices that are more than 85 days old, equating to 31% of the total debt outstanding.

TABLE 5 – OUTSTANDING DEBT AT END OF QUARTER

	Total Value £	**%**
Current (allowed 28 days in which to pay invoice)	291,721	44.0%
29-56 days	133,688	20.0%
57-84 days	33,674	5.0%
Over 85 days	210,176	31.0%
Total Debt Outstanding as at 30 June 2023	**669,259**	**100.00%**

5.3. Table 6 below provides further analysis of those debts in excess of 85 days old.

TABLE 6 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	**Total Value**	**Action Taken**
Red One Ltd	9	£209,959	A repayment plan for 2023-24 has been agreed with the subsidiary company and is reviewed each quarter.
Previous employee	1	£230	An invoice relating to an overpayment with a previous employee is under collection using standard procedures and will be pursued with our debt recovery office where appropriate.

6. SECTION D – MEDIUM-TERM FINANCIAL PLAN

6.1. The Medium-Term Financial Plan (MTFP) was presented to the Authority on 15 February 2023 where a number of scenarios were included based on the best, base and worse cases in relation to funding and costs.

6.2. The current MTFP identifies the need to reduce the costs for the Service over the next 3 years (2024-25, 2025-26 and 2026-27).

6.3. Table 7 below identifies the current position with regards to assumptions made regarding both funding and expenditure.

TABLE 7 – MTFP SHORTFALL FOR THE FOLLOWING 3 YEAR PERIOD.

2. FINANCIAL PLANNING MODELLING	2024/25	2025/26	2026/27
CORE REVENUE BUDGET	£91,285,967	£97,397,972	£101,019,098
REVENUE SUPPORT GRANT	£7,416,593	£7,557,508	£7,701,100
TARRIF TOP-UP	£11,055,140	£11,265,188	£11,479,227
NNDR	£5,497,139	£5,607,082	£5,719,223
COUNCIL TAX BASE	631,284	641,385	651,647
ANTICPATED INCREASE IN CT INCOME RESULTING FROM SECOND HOMES	1,353,615	1,353,615	1,353,615
COUNCIL TAX COLLECTION FUND SURPLUS	£0	£0	£0
COUNCIL TAX - BAND 'D' increased in-line with assumptions	£99.68	£101.66	£103.68
COUNCIL TAX - BAND 'D' remains as is	£96.79	£96.79	£96.79
3. SAVINGS REQUIRED TO MEET COUNCIL TAX FIGURE			
REDUCTION REQUIRED TO BASE BUDGET (CUMULATIVE)	(3,036,478)	(7,767,171)	(8,556,125)

6.4. A complete review of the operating model is being undertaken by the Service to identify where efficiencies can be made from both the operational side and the support side. These include a group administrative review, station status and crewing arrangements, the Payment for Availability (P4A) contractual terms and the provision of specialist teams, amongst others.

6.5. The MTFP is a dynamic tool that is amended and updated as and when intelligence is presented to the Service with regards to funding and costs. Funding can cover increases in sources such as council tax, national non-domestic rates or Government support. Costs will include items such as inflation or changes to legislation that have an impact.

6.6. Any findings and recommendations from the reviews will be presented to the Fire Authority in due course and reported to this committee on a quarterly basis.

SHAYNE SCOTT
Director of Finance and Corporate Services (Treasurer)

APPENDIX A TO REPORT RC/23/13

PRUDENTIAL INDICATORS 2023-24

Prudential Indicators and Treasury Management Indicators	Forecast Outturn £m	Target £m	Variance (favourable) /adverse £m
Capital Expenditure	**10.698**	**13.086**	**(2.388)**
External Borrowing vs Capital Financing Requirement (CFR) - Total - Borrowing - Other long term liabilities	**24.427** 23.771 0.656	**24.427** 23.771 0.656	**£0.000**
External borrowing vs Authorised limit for external debt - Total - Borrowing - Other long term liabilities	**25.055** 23.771 0.656	**26.376** 25.553 0.823	**(1.321)**
Debt Ratio (debt charges as a %age of total revenue budget	**1.88%**	**5.00%**	**(3.12)bp**
Cost of Borrowing – Total -Interest on existing debt as at 31-3-20 -Interest on proposed new debt in 2023-24	**1.030** 1.030 0.000	**1.030** 1.030 0.000	**(0.000)**
Investment Income – full year	**1.332**	**0.525**	**(0.807)**
	Actual (30 June 2023) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**4.87%**	**4.38%**	**(0.49)bp**

Prudential Indicators and Treasury Management Indicators	Forecast (31 March 2024) %	Target Upper limit %	Target Lower limit %	Variance (favourable) /adverse %
Limit of fixed interest rates based on net debt	100.00%	100.00%	70.00%	0.00%
Limit of variable interest rates based on net debt	0.00%	30.00%	0.00%	(30.00%)
Maturity structure of borrowing limits				
Under 12 months	2.03%	30.00%	2.00%	(28.01%)
12 months to 2 years	2.27%	30.00%	2.00%	(28.15%)
2 years to 5 years	13.25%	50.00%	14.00%	(36.75%)
5 years to 10 years	0.75%	75.00%	1.00%	(73.89%)
10 years and above - 10 years to 20 years - 20 years to 30 years - 30 years to 40 years - 40 years to 50 years	**81.43%** 17.31% 25.55% 38.57% 0.00%	**100.00%**	**81.00%**	**(20.19%)**

DSFRS Reserves in detail	Budget £'000	Committed spend £'000	Forecast spend £'000	Balance remaining £'000
Asset Management & Tracking	142	87	142	-
Attribute Based Response	29	-	-	29
Audit Assurance EMR	11	4	10	2
Availability Systems	162	-	12	150
Budget Smoothing Reserve	666	-	666	-
Capital Support from 2011/12	15,500	-	10,966	4,534
CLG USAR Grant	55	20	55	-
CT Irrecoverable Deficits	489	-	244	245
Digital Trans Strategy	407	216	291	116
Dignity At Work - HMICFRS	178	2	178	-
Environmental Strategy	243	107	243	-
ESMCP (reserve funding)	474	-	10	464
ESMCP Home Office Grant	576	-	-	576
Estate Conditional Survey	60	-	30	30
Future of Work	88	-	88	-
Grenfell Infrastructure grant	38	-	38	-
Haz Mat Det and ID Equip	17	-	17	-
Health and Safety Resource	16	4	15	-
HR Additional Resources	-	-	-	-
ICT Managed Switch Replacement	55	-	55	-
Information Governance FTC	3	3	3	-
Invest to Improve Reserve	417	-	307	110
Learn 2 Live	59	5	20	39
Livery and Blue Light fit out	15	-	15	-
Management of Risk Information	11	-	11	-
MDT Replacement	145	-	145	-
NNDR Additional Reliefs	334	-	334	-
Office 365 Project	58	48	58	-
Pay for avaliability	61	-	5	56
Pensions Admin Grant c/f	114	-	25	89
Pensions Reserve	1,218	-	150	1,068
People Services System	471	222	579	(108)
Personal Misting Systems	8	0	1	8
PFI equalisation reserve	50	-	-	50
Prev Accred grant c/f	4	0	4	-
Protection uplift grant c/f	43	11	43	-
Bequest Axminster Gym Equip	-	(10)	0	-
Station Mobilising Equipment	380	237	380	-
Temp accom for capital project	92	14	34	58
Topsham Relocation	33	-	20	13
Vehicle Telematics	49	12	36	13
Website Comp and Comms Strat	3	-	-	3
	22,777	**984**	**15,232**	**7,545**

DSFRS Reserves in detail	Committed spend £'000	Forecast spend £'000
Fire Protection Training Exter	-	4
External Trainer Hire	2	38
Retained Retainers Old	2	10
Admin/Manage Salary	21	230
Agency Staff Admin	266	251
Admin/Manage Salary NI	2	12
Admin/Manage Salary Superan	4	22
Unforseen Other Contractor	107	196
Refuse Collection loc. sourced	-	1
Rents - Non Building	2	2
Standard Equipment	113	2,259
ICT Desktop Service	-	196
ICT Application Services (Oth)	162	219
ICT Infrastructure Service	46	66
ICT Mobs Service Equipment	237	380
ICT Sat Nav Serv/Vehicle track	12	36
External Prof Support/Advice	18	168
Capital Exp from Rev Account	-	9,364
Other Miscellaneous Income	(10)	-
Transfer to/from Reserves	-	1,778
	984	**15,232**

REPORT REFERENCE NO.	**RC/23/14**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**5 SEPTEMBER 2023**
SUBJECT OF REPORT	**ENVIRONMENTAL STRATEGY UPDATE**
LEAD OFFICER	**ASSISTANT CHIEF FIRE OFFICER – SERVICE DELIVERY**
RECOMMENDATIONS	***That the report be noted.***
EXECUTIVE SUMMARY	The Service has calculated its annual greenhouse gas emissions (GHG) in accordance with the GHG protocols (Appendices A and B). Following reporting to the Resources Committee in September 2023, the 2022-2023 emissions statement will be published on the website. A summary statement is also included in the Statement of Accounts. An update on the progress of the Strategic Environmental Board and the action plan has been provided including plans for grant funding opportunities for consideration.
RESOURCE IMPLICATIONS	To be defined following PSDS grant funding considerations
EQUALITY RISKS AND BENEFITS ANALYSIS	To be defined following PSDS grant funding considerations
APPENDICES	A. Greenhouse Gas Emissions Statement B. Greenhouse Gas Emissions Calculations for 2022-2023.
BACKGROUND PAPERS	Environmental Strategy

1. INTRODUCTION

1.1 In October 2020, the Authority resolved to declare a climate emergency and to endorse an Environmental Strategy whereby the Devon & Somerset Fire & Rescue Service (the Service) would, through adaptation and mitigation, seek to address climate change issues.

At its meeting on 29 September 2021 (Minute DSFRA/21/22 refers), the Authority approved the following additions to the Resources Committee's Terms of Reference regarding Environmental Strategy performance:

Advisory only

Acting as a Working Party, to consider with relevant officers the development of the Environmental Strategy and associated potential performance measures for forthcoming years for approval by the Authority;

Matters with Delegated Powers to Act

To scrutinise and monitor the effectiveness of the Service in meeting the Authority-approved Environmental Strategy objectives.

1.2. This paper provides the Committee with an update against the Environmental Strategy.

2. STRATEGIC ENVIRONMENTAL BOARD AND ACTION PLAN – UPDATE

2.1. The Service established a Strategic Environmental Board and dedicated working groups to develop, deliver and oversee progress of the Environmental Strategy and action plan. The action plan aligns to the goals and targets to be carbon net zero by 2030 and carbon positive by 2050, the environmental standards for ISO14001 and delivery of the recommendations in the Initial Environmental Review (IER).

2.2. The Strategic Environmental Board reviews progress of the plans and activities for the following working groups; Alternative Fuels, Estates and Energy, Behaviour Change, and now the Environmental Protection (Operations) which is newly formed. Board members are engaged in the NFCC and Emergency Services environmental and sustainability groups.

2.3. In the last year the working groups and environmental action plan has been focused on delivery of;

1. Environmental policy and procedures
2. Environmental Aspects, Legislative registers annual review
3. Action plan aligned to ISO14001 standard annual review
4. UK Climate Risk Assessment (2023) review
5. Implementation of electric vehicle charging points and electric vehicles
6. Undertaking an energy efficiency review across 10 sites and implementing activities
7. Establishing an environmental protection group (operations)

8. NFCC sustainability and environmental toolkit and group support
9. Small reductions in numbers of fleet and estates
10. Introducing fleet to latest Euro6 standards
11. Implementation of an electric vehicle salary sacrifice scheme
12. Delivering environmental awareness training to staff via e-learning.

3. GREENHOUSE GAS (GHG) EMISSIONS REPORTING

3.1. The Service calculates its GHG emissions (Appendix A and B using the GHG protocols and DEFRA conversion factors. The GHG statements are published on the website and a summary included in the Statement of Accounts.

3.2. The 2022/23 statement presents a reduction in scope 1 (gas and fuels), and scope 2 (electricity) emissions compared to the previous year as 5.5% and 4.4% respectively. This is a 14% reduction in scope1 and 36% reduction in scope 2 from the baseline year of 2019-2020. These reductions have been from specific and targeted activities to reduce energy consumption in delivery of the strategy and action plan.

3.3. We have undertaken an energy and decarbonisation study across 10 sites and worked with a consultant to develop a high-level approach to decarbonisation and consumption use. We have made changes to the heating of drying rooms and appliance bays and introduced LED lighting. These changes have been supported by our environmental matters e-learning module which has been undertaken by over 85% of our staff.

3.4. A limited but broader set of scope 3 emissions including water, waste and business travel have been included in 2022-2023 compared with the previous reporting year and this will continue to be expanded year on year as further data becomes available. An increase in scope 3 emissions has occurred with the inclusion of business travel by staff in their own vehicle and from vehicle hire.

4. GRANT FUNDING (ENVIRONMENTAL)

4.1. To deliver the environmental strategy aims and action plan, the working groups have progressed schemes which can be supported by grant funding opportunities. The grant funding schemes secured and proposed are outlined below:

5. THE OFFICE FOR ZERO EMISSION VEHICLES (OZEV) FUNDING

5.1. The introduction of Electric Vehicle Charging infrastructure (EVCI) has been procured by incorporation of the OZEV funding of £350 per connection. The Service will have secured £14K of OZEV funding from the implementation of phases 1-2 during 2023-2024.

Low Carbon Skills Funding (LCSF)

5.2. Whilst the Service has made and is planning a small reduction in the number of buildings there remain a significant number of ageing buildings with fossil fuel heating systems.

5.3. The energy and decarbonisation study identifies that the building fabrication and heat decarbonisation plans at a site-specific level are required to make effective investment in the decarbonisation of our buildings. Due to the condition and age of some of our estate all projects will need significant 'fabric first' energy generation solutions to help mitigate increased electricity consumption from low-carbon heat solutions.

5.4. To support progress of the energy and decarbonisation aims in May 2023 the Service applied for Low Carbon Skills Funding (LCSF) of £95K to provide external consultancy support for the development of heat decarbonisation plans for 13 sites. The 13 sites account for approximately 50% of the electricity utilisation and 60% gas utilisation across the estate and decarbonisation of these sites would make a significant contribution towards the environmental and efficiency aims.

5.5. The LCSF funding will enable us to start preparing for a building-by-building approach to decarbonisation. With limited internal resources, including finance and expertise in low-carbon solutions, we recognise that the LCSF funding has enabled us to source external support and develop our heat decarbonisation plan(s) for our main and heavy-use sites where a known opportunity for carbon and heat reduction can be achieved and which will make the greatest contribution to carbon reductions. The aim is to use the HDPs to develop our detailed designs and make our first bid for Public Sector Decarbonisation Scheme (PSDS) funding in autumn 2023. In the Southwest the following blue light services also received LCSF; D&C Police (£55k), SWAST (£99.9k) and Avon FRS (£23.5k).

5.6. Public Sector Decarbonisation Scheme (PSDS) Funding

5.7. The PSDS Phase 3C has been announced as opening this Autumn 2023. There will be £230M available for projects to be completed in FY24/25 with additional budget yet to be announced for FY25/26 for projects that are to be delivered over 2 years. The Service is considering proposals for development of 2-5 schemes from the heat decarbonisation plans developed with a potential opportunity to secure over £1M investment. Further information on the plans for the PSDC will be provided as development of the project and plans progress.

GERALD TAYLOR
Director of Service Delivery

APPENDIX ATO REPORT RC/23/14

Greenhouse gas emissions Statement

Greenhouse Gas Emissions Reporting (2022 / 2023)

The Service are reporting 2,766.7 tCO2e greenhouse gas emissions for the year 2022 / 2023.

The following information supports the stated emissions value.

1	**Organisational Information** Devon & Somerset Fire & Rescue Service is a public body.
2	**Reporting Period** The carbon footprint calculation relates to the reporting period: 1 April 2022 - 31 March 2023.
3	**Reasons for Change in Emissions** The main changes in emissions are: Scope 1 emissions have decreased by 122 tCO2e which is attributed to changes in set points and clock times on our gas systems (reduction by 119.2 tCO2e), reduced consumption of burning oil and gas oil (reduced by 26.8 tCO2e) and clearer reporting on petrol consumption with hire car refuelling moving to scope 3 emissions. Emissions have increased in respect of diesel (increased by 35.5 tCO2e) and refrigerant gas (increased by 27.5 tCO2e). Scope 2 emissions have decreased by 22.6 tCO2e which is attributed to the decarbonisation of the national grid as opposed to our own direct consumption of electricity, which has increased. Scope 3 emissions have increased by 153 tCO2e which is attributed to inclusion of a wider scope 3 data this year. The emissions data now includes business miles travelled by our staff in their own vehicles (92.5 tCO2e), and business travel through use of hire cars (48.8 tCO2e). Improvements have been made in emissions from business travel by air, rail and hotel stays which has reduced by 9.3 tCO2e. Our total emissions for the period 2022 / 2023 have increased by 8 tCO2e when compared with the 2021 / 2022 GHG emissions report due to inclusion of a wider scope 3 data on business miles and hire vehicles.

4	**Quantification and Reporting Methodology** The Service has followed the UK Government environmental reporting guidance to report its scope 1, 2 and 3 emissions. Presently it is not feasible to report on all categories that may be relevant within scope 3.
5	**Organisational Boundary** The Service has used the Financial Control boundary; reporting on sources of environmental impact over which it has financial control.
6, 8, 9	**GHG Scope inclusions** The Service has measured its scope 1 and scope 2 emissions and a partial measure of our Scope 3 emissions. Refer to Annex A below for detailed breakdown of scope inclusions.
10	**Conversion / emission factors used** The Service has applied the UK Government Greenhouse Gas (GHG) conversion factors 2022: condensed set (for most users) from the Department for Energy Security and Net Zero and the Department for Business Energy & Industrial Strategy.
11, 12	**GHG emissions country breakdown** The reported emissions are from the Services' UK operations only; there are no operations in other countries.
13	**Base year** The Service's base year is 2019 / 2020. The base year was selected as it represented the first year for which the organisation has reliable data that is typical of our operation.
14, 15	**Base year recalculation policy** The base year recalculation policy will be to recalculate the base year and the prior year emissions for relevant significant changes which meet the significance threshold of 5% of base year emissions.
16	**Targets** The Service has a green goal to be carbon net zero by 2030 and carbon positive by 2050. Targets will be set, however, at this time a tolerance of 50% reduction of gross scope 1, 2 and 3 emissions will be considered as a successful achievement towards our 2050 goal. Progress this year towards achieving reductions has been focused on:

	• Identifying and including data for scope 3 emissions • Implementing an Environmental policy and procedures • Annual review of the Environmental Aspects, Legislative registers • Annual review of the action plan aligned to ISO14001 standard • Review of the UK Climate Risk Assessment • Preparations for implementation of Electric vehicle charging points and introduction of Electric vehicles • Undertaking an energy efficiency review across 10 sites (mixed use) • Establishing an environmental protection group (operations) • Supporting the NFCC (National Fire Chiefs Council) sustainability and environmental toolkit and group • Planning small reductions in fleet and estates • Introducing HGV (Heavy Goods Vehicle) fleet to latest Euro6 standards • Implementation of the electric vehicle salary sacrifice scheme • Delivering environmental awareness training to all staff via e-learning • Applications of grant funding opportunities and reviewing future schemes
17	**Person(s) responsible for achieving target(s) and position in organisation** Gerald Taylor, Director of Service Delivery, is responsible for the achievement of the target, supported by the Strategic Environmental Board and associated working groups.
18, 19	**Intensity Measurement** The Service will use <u>tonnes of CO2e per Full Time Equivalent (FTE)</u> as its chosen intensity measurement for scope 1, 2 and 3 emissions. As of 31 March 2023, there were 1553 FTE's. The intensity measurement for this period is 1.8 <u>tCO2e per FTE</u>. The intensity ratio has increased since the 2021 /2022 GHG emissions report. The increase is attributed to an overall reduction of 72 FTE's and the increase of 8 tCO2e in our emissions.
20	**External assurance statement** The Service has not received independent external assurance.
21, 22	**Carbon credits / offsets** None applied this year.

23	**Electricity** Electricity purchased for the Service's own use or consumption: 2,476.71 MWh
24, 25, 26	**Green tariffs** Electricity purchased is not linked to any green tariffs.
27, 28	**Renewable Electricity Generation** The Service currently has eighteen (18) on-site solar arrays which can generate and export electricity. This export is not backed by REGOs (Renewable Energy Guarantee of Origin). There is one (1) CHP (Combined Heat and Power) unit which is gas fired that is primarily used for heat generation but also generates electricity which is exported. Renewable electricity generated from owned or controlled sources (MWh): generation figure not currently available. Electricity exported to the grid (MWh): export figure not currently available.
29	**Heat Generation** The Service has one (1) Combined Heat and Power unit (CHP) which is a gas fired unit that is primarily used for heat generation but also generates electricity which is exported. The Service has four (4) solar thermal systems installed which can generate heat (for hot water) and twelve (12) air source heat pumps which can generate heat and hot water. The Service does not currently export heat generation.

ANNEX A BREAKDOWN OF OPERATIONAL SCOPES

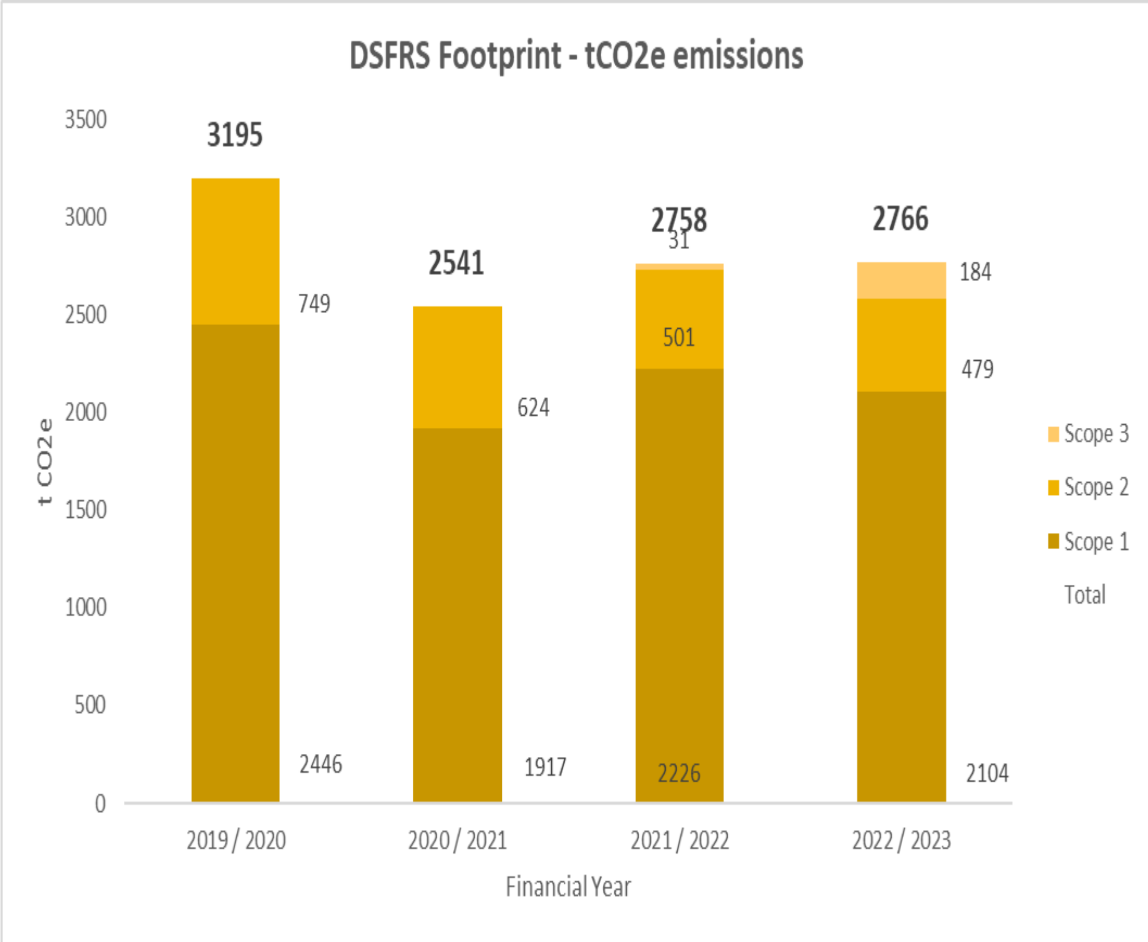
A breakdown is provided below of the inclusions made within each scope for the calculation of the greenhouse gas emissions for the reporting year.

Scope	Item incl.	Description	Calculation approach	% of data estimated	Exclusions	Metric tonnes of CO2e
1	Natural Gas	Gas purchased and used at our premises.	kWh (gross CV)		None	566.1
1	Diesel	Fuel used in our owned transport	Litres		None	1,396.8
1	Petrol	Fuel used in our owned transport	Litres		None	12.1
1	Burning Oil	Kerosine purchased for use in our premises.	Litres		None	11.0
1	Gas Oil	Red diesel used in diesel engines and heating systems	Litres		None	80.2
1	F-gas	Refrigerant top-ups to our air conditioning systems	kg		None	37.5
					Total Scope 1 tCO2e	**2,103.7**

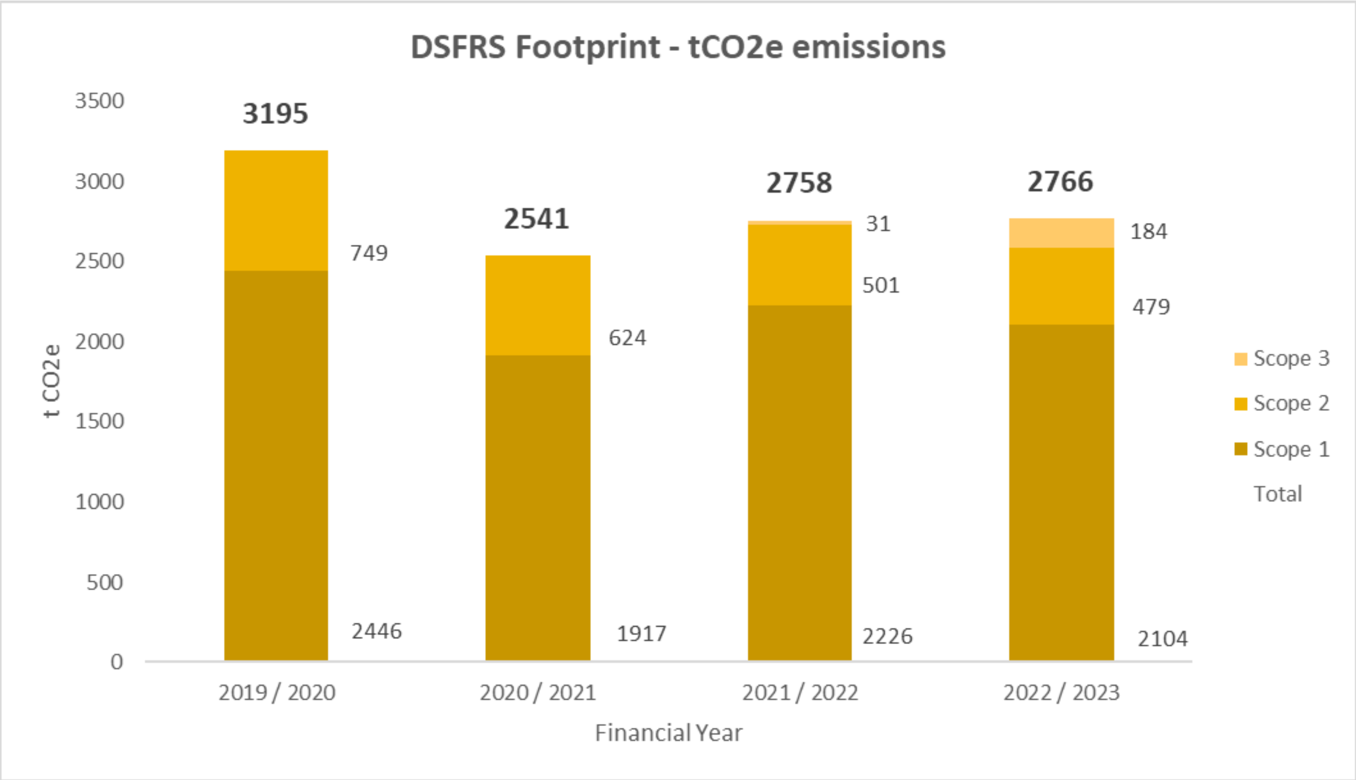
Scope	Item incl.	Description	Calculation approach	% of data estimated	Exclusions	Metric tonnes of CO2e
2	Electricity	Electricity purchased and used at our premises.	kWh (gross CV)		Minor fluctuations anticipated to March 2022 consumption figures due to pending invoices.	478.9
					Total Scope 2 tCO2e	478.9

Scope	Item incl.	Description	Calculation approach	% of data estimated	Exclusions	Metric tonnes of CO2e
3	Water	Supply of water and wastewater treatment from our premises.	Cubic metres (m3)		None	28.9
3	Refuse	General & recycling waste collected and disposed from our premises.	Tonnes		Other waste streams yet to be identified and included.	2.6
3	Business Travel	Flights, rail, and overnight accommodation by our staff in support of their operations.	Bookings made		None	11.3
4	Business Travel	Our staff travelling on business purposes in their own vehicles.	Miles travelled (expense claims)		None	92.5
5	Business Travel	Our staff travelling on business purposes in hired vehicles.	Miles travelled		None	48.8
					Total Scope 3 tCO2e	**184.0**

Total reported tCO2e (Scope 1, 2 and 3)	**2,766.7**


DSFRS Footprint - tCO2e emissions
t CO2e
3500
3000
2500
2000
1500
1000
500
0
3195
749
2446
2541
624
1917
2758
31
501
2226
2766
184
479
2104
2019 / 2020
2020 / 2021
2021 / 2022
2022 / 2023
Financial Year
Scope 3
Scope 2
Scope 1
Total

Greenhouse gas (GHG) emissions calculations 2022-2023



GHG scopes as published FY 2022-2023 (summary within statement of accounts)

Scope	Item incl.	Description	Calculation approach	Metric tonnes of CO2e
1	Natural Gas	Gas purchased and used at our premises.	kWh (gross CV)	566.1
1	Diesel	Fuel used in our owned transport	Litres	1,396.8
1	Petrol	Fuel used in our owned transport	Litres	12.1
1	Burning Oil	Kerosine purchased for use in our premises.	Litres	11.0
1	Gas Oil	Red diesel used in diesel engines and heating systems	Litres	80.2
1	F-gas	Refrigerant top-ups to our air conditioning systems	kg	37.5
			Total Scope 1 tCO2e	**2,103.7**

Scope	Item incl.	Description	Calculation approach	Metric tonnes of CO2e
2	Electricity	Electricity purchased and used at our premises.	kWh (gross CV)	478.9
			Total Scope 2 tCO2e	**478.9**

Scope	Item incl.	Description	Calculation approach	Exclusions	Metric tonnes of CO2e
3	Water	Supply of water and wastewater treatment from our premises.	Cubic metres (m3)	None	28.9
3	Refuse	General & recycling waste collected and disposed from our premises.	Tonnes	Other waste streams yet to be identified and included.	2.6
3	Business Travel	Flights, rail, and overnight accommodation by our staff in support of their operations.	Bookings made	Land travel	11.3

3	Business Travel	Business travel by staff using their own vehicles in support of their operations.	Miles travelled	None	92.5
3	Business Travel	Vehicle hire by our staff in support of their operations.	Miles travelled	None	48.8
				Total Scope 3 tCO2e	**184.0**

Total reported tCO2e (Scope 1, 2 and 3)	**2,766.7**

REPORT REFERENCE NO.	**RC/23/15**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**5 SEPTEMBER 2023**
SUBJECT OF REPORT	**HIS MAJESTY'S INSPECTORATE OF CONSTABULARY & FIRE & RESCUE SERVICES (HMICFRS) AREAS FOR IMPROVEMENT ACTION PLAN UPDATE**
LEAD OFFICER	**Chief Fire Officer**
RECOMMENDATIONS	***That the Committee reviews progress in delivery of the action plan.***
EXECUTIVE SUMMARY	On Wednesday 27th July 2022, HMICFRS published the Devon & Somerset Fire & Rescue Service (DSFRS) 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs). Of these AFIs, two have been linked to the Resources Committee. The paper appended to this report outlines the progress that has been made against the HMICFRS Areas for Improvement action plan since the last update to the committee in May 2023. The key highlights are that: • One action within the areas for improvement action plan is marked as 'In Progress – Off Track'. This is due to the following factors: - 06b.01: Dependencies associated with the Target Operating Model.
RESOURCE IMPLICATIONS	Considered within the Action Plan where appropriate.
EQUALITY RISKS AND BENEFITS ANALYSIS	Considered within the Action Plan where appropriate.
APPENDICES	A. HMI Resources Committee Update
BACKGROUND PAPERS	None

HMICFRS ACTION PLAN – RESOURCES COMMITTEE UPDATE

1. INTRODUCTION

1.1. On Wednesday 27th July 2022 HMICFRS published the DSFRS 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs).

1.2. This report provides an update on the Areas For Improvement action plan that has been produced following the inspection, which concluded in October 2021.

2. AREAS FOR IMPROVEMENT ACTION PLAN COMPLETION STATUS

2.1. Table 1 lists the Areas For Improvement linked to the Resources Committee and their individual implementation status.

Table 1:

Reference	Description	Target Completion	Status
HMI-2.2-202206a	The service needs to make sure that its fleet strategy is regularly reviewed and evaluated to maximise potential efficiencies.	31/01/2024	Closed
HMI-2.2-202206b	The service needs to make sure that its estates strategy is regularly reviewed and evaluated to maximise potential efficiencies.	31/01/2024	In Progress – Off Track

2.2. Figure 1 below outlines the completion status of all actions designed to address the Areas For Improvement linked to the Resources Committee, as outlined above.

2.3. Table 2 below outlines the completion status of these actions in table view.

Figure 1: Resources Committee Action Status - August 2023

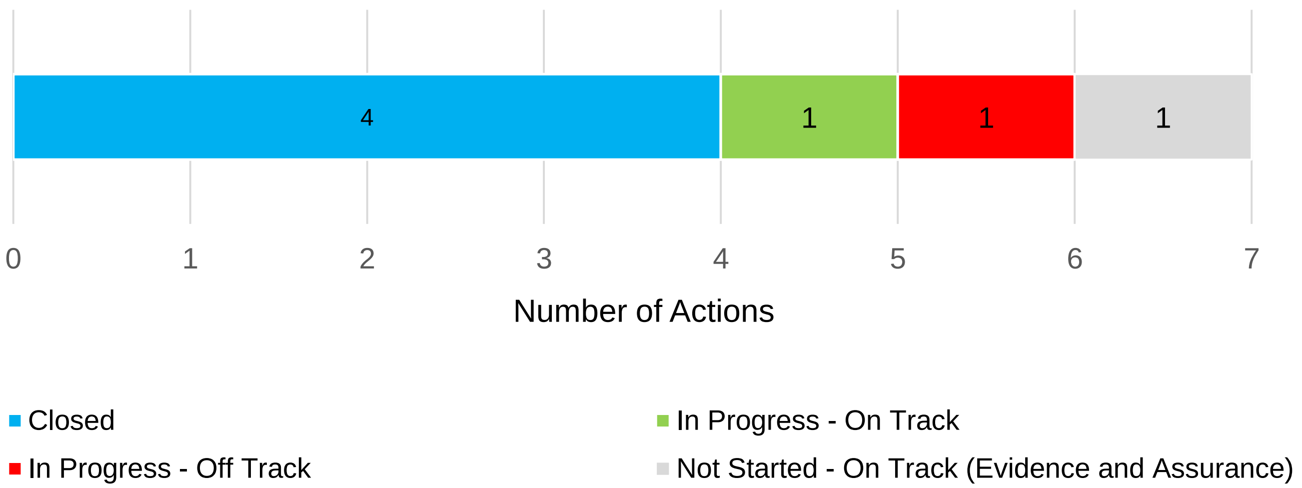


Table 2: Summary of progress against the individual actions					
Areas For Improvement (Resources Committee)					
Not started (on track)	Not started (off track)	In progress (on track)	In progress (off track)	Completed	Closed
1 * (→ at 1)	0 (↓ from 1)	1 (→ at 1)	1 (→ at 1)	0 (↓ from 3)	4 (↑ from 0)

∗ Please note that the action which has not yet started is the evidence and assurance required (for HMI-2.2-202206b) once all other actions have been completed.

3. IMPROVEMENT AREAS WHICH ARE 'OFF-TRACK'

3.1. Table 3 below outlines the improvement areas which are currently marked as 'In Progress – Off Track'.

Table 3:

Improvement Area	**Status**
HMI-2.2-202206b – Estates Strategy (Area for Improvement)	In Progress – Off Track
Factors impacting delivery	
The Estates strategy has been drafted and the Head of Estates is currently in discussion with the Chief Fire Officer and Assistant Chief Fire Officer (Director of Service Delivery Support) on how to progress this moving forward, aligned to the Target Operating Model.	

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