

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

30 September 2024

Present:

Councillors Peart (Chair), Best (Vice-Chair), Carter, Gilmour, Lugger and Coles (Vice Sully)

Apologies:

Councillor Power

* **RC/24/1** **Minutes**

RESOLVED that the Minutes of the meeting held on 9 May 2024 be signed as a correct record.

* **RC/24/2** **Treasury Management Performance 2024-25: Quarter 1**

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 Head of Finance (Treasurer) (RC/24/14) on the Treasury Management activities of the Authority for 2024-25 (to end June 2024) in accordance with The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice.

The report provided an economics update, setting the scene for the reporting period, highlighting the following points:

- The Bank of England's Monetary Policy Committee's decisions regarding Bank Rates had remained unchanged since May 2024;
- Current predictions would see the Interest Rate fall to 4.5% by December 2024 with further decreases anticipated thereafter;
- Potential impacts of the above on the Service included a slight decrease in returns from investments, but borrowing would become cheaper; and
- Service Officers were updated daily with regards to forecast interest rates, enabling them to make informed investment decisions.

Regarding Investments and Borrowing, the report highlighted:

- The Authority's agreed investment priorities;
- The Authority had outperformed the 3-month Sterling Overnight Index Average (SONIA) benchmark by 0.05bp. It was anticipated that the actual investment return for the whole 2024-25 would match the Authority's budgeted investment target of £1.2m;

- This prediction came with the caveat that there was presently much volatility in the interest rates. Consequently, the above forecast was likely to alter which may then make it challenging for the Authority to achieve its investment target;
- The Authority had maintained, and worked within, its borrowing ability;
- There had been no breaches of the Prudential Indicators in the period to June 2024;
- The Authority had not undertaken external borrowing since June 2012, instead choosing to use cash resources to meet Capital expenditure;
- External debt was reducing year on year. At 30th June 2024, external debt totalled £23.771m and was forecast to fall to £23.313 by the end of the current financial year;
- Link Group advised that the Authority should focus on short term borrowing, were borrowing required at all; and
- The Authority had not borrowed in advance of need during this reporting period.

The report concluded that:

- A prudent approach was being taken by the Service in relation to investment decisions;
- Priority was being given to liquidity and security over yield; and
- Investment returns were anticipated to meet target by the end of the financial year.

The Committee was apprised that the current cash balance was relatively low as the Service had been using its reserves rather than borrowing externally. Link Group advised that, as investments matured, the Service should consider reinvestment even though there was an anticipated performance drop off towards the end of the next quarter.

The Committee welcomed the positive report on the investment returns and detail about future financial predictions.

* **RC/24/3** **Financial Performance Report 2024-25: Quarter 1**

The Committee considered a report of the Head of Finance (Treasurer) (RC/24/15) setting out the first quarter performance against agreed financial targets for the current financial year. The report provided a forecast of spending against the 2024-25 revenue budget with explanations of the major variations.

The report highlighted that there had been a Revenue Budget underspend of £0.629m but the Service anticipated most budgets to be spent as predicted by the end of the financial year.

The most significant variances from budget predictions were as follows:

- Professional and Technical pay: Recruitment challenges had created an underspend. Some of the challenges had now been overcome but there would be a continued significant underspend against this budget line at the end of the year;
- Premises repair and maintenance: Since budget formulation additional, yet necessary, costs had been identified against the Contingency Response Team (CRT) and Hot Villa Building; and
- Hydrants – installation and maintenance: Even though this budget line had been increased at budget setting, it was thought that there would still be an overspend for 24/25. Water Companies were working through their backlogs of inspection work, resulting in increased invoicing to the Service.

Reserves were currently healthy (£21.5m at the start of 2024/25) with just over £13.7m being set aside for the Capital Programme. The Service did not anticipate needing to borrow externally for at least 2 – 3 years. Capital Expenditure showed a neutral forecast position due to the in-built Optimism Budget of £1m. There was £0.057m of outstanding debt at the end June 2024. The Committee was assured that the Service regularly reviewed outstanding debt, sending debt recovery letters where needed, and that it fully anticipated much of the outstanding debt to be recovered in full.

The Treasurer provided an overview at the meeting of the current financial position, namely:

- At 30th June 2024, the Service's investments had totalled £25.6m;
- Currently, that position was much improved at £54m due to receipt of a £20m grant from the Government to cover the cost of the on-call pensions remedy issue. Until such time that that grant was needed (gradually over the next 2 years) the Service had invested the funds; and
- The Treasurer was anticipating a £2m underspend for 2024/25 and would submit recommendations on utilisation of these funds to the Committee at its meeting in November 2024.

* RC/24/4

Environmental Strategy Update

The Committee considered a report of the Assistant Chief Fire Officer – Service Delivery Support (RC/24/16) on key aspects of the Environmental Board Action Plan and the annual reporting of Service Carbon Footprint compared to previous years.

The report highlighted that:

- Electric Vehicle charging infrastructure works were complete at four pilot sites, with work currently underway for phases 2 and 3 alongside the introduction of electric pool vehicles;
- A Heating Decarbonisation Plan had been developed following receipt of funds from the Low Carbon Skills Fund (LCSF);

- Applications were ongoing to the Public Sector Decarbonisation Scheme (PSDS) with the Service having been successful in its application; and
- The Service was starting to see positive impacts in reducing its Carbon Footprint as observed in the Greenhouse Gas Emissions Reporting (2023/24).

Identified next steps included:

- Installing Telematics on operational vehicles;
- Considering renewable fuel options; and
- Submitting applications as grant funding became available.

The Committee enquired if the Service had considered standardising the heating the systems it installed to simplify future maintenance requirements. It was acknowledged that solutions for sites were tailored, pertinent to the nuances of each, so there may not be a one size fits all solution. The Service took advice from external consultants/agencies so that it could reach net zero in a financially viable way.

Identifying from the report that Service Head Quarters (SHQ) had low energy efficiency, the Committee also enquired about plans for the site. Recognising that SHQ was a high impact site, the Service was developing appropriate applications in readiness for the next funding round.

In relation to the Service's Carbon Footprint, the Committee noted:

- Scope 1 & 2 emissions had decreased overall with this trend expected to continue; and
- Scope 3 emissions had significantly increased due to the Service broadening its scope 3 categories to include everything purchased (i.e. good/services). Work was in progress for this scope with the publication of a sustainable buying guide and this was considered a positive increase to carbon footprint reporting.

The Committee was pleased to hear that the Service was working collaboratively with the National Fire Chiefs Council Environmental Sustainability and Emergency Services Environmental Sustainability Groups to cross check DSFRS' Carbon Footprint and share best practice.

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