

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

1 September 2017

Present:-

Councillors Biederman, Coles, Hendy, Hosking, Peart and Healey MBE

Apologies:-

Councillor Chugg

* **RC/1** **Election of Chair**

RESOLVED that Councillor Coles be elected Chair of the Committee until the Annual General Meeting of the Authority in June 2018.

* **RC/2** **Election of Vice Chair**

RESOLVED that Councillor Hoskings be elected Vice Chair of the Committee until the Annual General Meeting of the Authority in June 2017.

* **RC/3** **Minutes**

RESOLVED that the Minutes of the meeting held on 8 February 2017 be signed as a correct record.

RC/4 **Financial Performance Report 2017-18: Quarter 1**

The Committee considered a report of the Treasurer (RC/17/6) that set out the Service's financial performance for the first quarter of 2017-18 against the targets agreed for the current financial year. The report provided a forecast of spending against the 2017-18 revenue budget with explanation of the major variations.

The Committee noted that, at this early stage in the financial year, it was forecast that spending would be £0.449m more than the approved revenue budget, equivalent to 0.62%. The overspend was attributable largely to the potential increase to the pay award for Firefighters which was budgeted for at 1% but the National Joint Council had offered 2%. The Treasurer advised that the offer included the potential for a further 3% pay award from April 2018 which, if not supported by additional government funding, would add significant financial pressure to medium term financial planning.

It was suggested that it may be useful for the Revenue Monitoring Statement to show the comparison on figures from the same quarter in the previous year and the Head of Finance agreed to discuss with the Chair how this might be presented in future. The Treasurer advised that the Service would continue to identify in year savings to mitigate the overspend position currently predicted.

RESOLVED

- (a) That the Authority be recommended to approve the budget transfers shown in Table 5 of report RC/17/6 (and as appended to these minutes for reference);
- (b) That the transfers between Earmarked Reserves shown in Table 3 of report RC/17/6 be approved; and
- (c) That, subject to (a) and (b) above, the monitoring position of projected spending against the 2017-18 revenue and capital budgets and performance against 2017-18 financial targets as set out in report RC/17/6 be noted.

* RC/5

Treasury Management Performance 2017-18: Quarter 1

The Committee received for information a report of the Treasurer (RC/17/7) that set out details of the treasury management performance for the first quarter of 2017 (to June 2017) as compared to the agreed financial targets for 2017/18. A revised Appendix A to this report was also circulated at the meeting.

Adam Burleton, representing Capita – the Authority's Treasury Management Adviser – was present at the meeting and he gave an overview of the performance to date as measured against the approved Treasury Management Strategy. He made reference to the following points:

- The current interest rate forecast indicated that the bank rate was likely to remain stable at 0.25% until at least June 2019 followed by gradual increases possibly to 0.75% in March 2020, subject to the position on economic growth;
- The Authority was outperforming the 3 month LIBID benchmark return of 0.19% with investment interest at £23,973 (0.37%) in Quarter 1;
- There had been no additional external borrowing undertaken with the debt reducing slightly to £25.724m. The Authority was maintaining its prudential approach to investment decisions with priority being given to liquidity and security over yield and no prudential indicators had been breached.

Reference was made to potential alternative investment strategies that might result in a greater yield for the Authority such as property investment via a consortium. The Committee was advised that this would require a change to the approved Treasury Management Strategy. The Chief Fire Officer added that consideration had to be given to the key functions of the Service and the best use of its funding accordingly. He added that the new Integrated Risk Management Plan may result in changes in service delivery in the future but alternative investment strategies options could be considered and reported back to the Committee in due course.

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

APPENDIX TO THE MINUTES OF RESOURCES COMMITTEE HELD ON 1 SEPTEMBER 2017

Row in Table 2 (Reserves note)	Description	Debit £	Credit £
	Change to maintenance arrangements for USAR assets <i>The Home Office has devolved the financial management of maintenance for USAR assets to a local level so the Service is now required to make payments directly. A grant will be made to cover these costs.</i>		
11	Repair and maintenance	227,600	
30	Grants and Reimbursements		(227,600)
	Revise annual budget to include Private Finance Initiative accounting adjustments <i>As reported in the 2016/17 outturn position, PFI financing has historically been reported as a year end accounting adjustment. To improve synergy between financial reporting to the Authority and the year end accounts the PFI financing of the Tri-service training facility contract at Avonmouth will now be reported as part of the financial performance report. A budget adjustment is therefore required.</i>		
5	Training Expenses		(292,800)
26	Capital and Lease financing costs	203,000	
27	Revenue Contribution to Capital	7,500	
35 (c)	Transfers to Reserves (MRP already budgeted for)	82,300	
	Amend 2017/18 revenue budget to reflect Airwave Grant receipt in advance <i>The Home Office brought forward the timing of its grant payments to Fire Authorities for the Airwave Communications contract in March 2017 and so the Authority established an Earmarked Reserve of £714,100 for the 2017/18 grant received in advance. As the arrangement were changed post 2017/18 budget setting, a budget transfer is required to bring the funding back in to the revenue account.</i>		
30	Grants and Reimbursements	714,100	
35 (a)	Transfer to (from) Earmarked Reserve		(714,100)
	Amend 2017/18 revenue budget to reflect Airwave Grant receipt in advance - 2018/19 <i>As above, The Home Office has confirmed that Airwave grant payments will be made in March 2018 for the 2018/19 financial year and so in anticipation a budget transfer is requested to move the funding in to an Earmarked reserve for that purpose.</i>		
30	Grants and Reimbursements		(732,000)
35 (a)	Transfer to (from) Earmarked Reserve	732,000	
	Amend 2017/18 revenue budget to reflect change in classification of Appliance equipment <i>Following a review of Capital Expenditure conducted by Grant Thornton LLP as part of the year end financial audit 2016-17 it has been identified that planned capital expenditure would be better classified as revenue given the Authority de minimis limit for capital of £5,000. A budget transfer is required to move the allocated funding from the Capital Programme in to the revenue budget.</i>		
14	Equipment and Furniture	254,000	
27	Revenue Contribution to Capital		(254,000)

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