

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

15 November 2017

Present:-

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

Apologies:-

Councillor Hendy.

* **RC/6**

Minutes

RESOLVED that the Minutes of the meeting held on 1 September 2017 be signed as a correct record.

* **RC/7**

Treasury Management Performance 2017-2018: Quarter 2

The Committee considered a report of the Director of Finance (RC/17/8) that set out details of the treasury management performance for the second quarter of 2017 (to September 2017) as compared to the agreed targets for 2017/18.

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

- That inflation was currently running at 3% but it could be that wage rises may not be as strong as perhaps thought previously which may impact on the growth forecasts in future;
- There had been a recent 0.25% increase in the bank base rate with a further 0.25% increase predicted around December 2018 although some economists were forecasting more, possibly to 1.75% by 2019 in order to bring inflation back to the 2% target set by Government;
- The Authority's focus in past years had been on security and liquidity of its assets over yield, although it was noted that there was to be new guidance issued shortly by the Government in respect of treasury management strategy. In particular, this would cover alternative methods of investment such as on property acquisition with a continued focus on security and liquidity;
- The Authority had outperformed the 3 month LIBID benchmark of 0.17% with a return of 0.32% in quarter 2;
- There had been no new borrowing and the Authority had not breached its Prudential Indicators (affordability limits).

The Committee referred in particular to the new guidance to be issued by the Government on treasury management strategy and enquired if there was a different risk profile being suggested within this. Adam Burleton advised that there were already opportunities to do things differently within existing powers but the guidance was changing.

The Chair requested that a briefing paper be submitted to the Committee at its next meeting and the Director of Finance undertook to provide this. Reference was made to the report also on the agenda for this meeting on Treasury Management Strategy which also referred to the opportunity for the Committee to review the Authority's investment strategy (Minute RC/8 below refers).

RC/8

Treasury Management Strategy

The Committee considered a report of the Director of Finance (RC/17/9) that set out information in respect of opportunities to expand the Authority's portfolio of investments and the pursuance of an ethical investment strategy. The report also provided an overview of the current strategy together with information on potential alternative investment options and the risks and benefits of each one, including peer to peer platforms, property investment portfolios and ethical investment.

The Director of Finance advised that the Committee had responsibility for monitoring performance against the Treasury Management Strategy which it did on a quarterly basis. If it wished to pursue an alternate investment strategy in the future, this would need to be recommended to the Authority for approval. She added that, to facilitate this, it may be beneficial for the Committee to be able to consider the Treasury Management Strategy in advance of its consideration by the Authority. This would require an amendment to its Terms of Reference and thus the report included a recommendation to this effect.

RESOLVED

- (a) That the Devon & Somerset Fire & Rescue Authority be recommended to approve the following amendment to the Terms of Reference for this Committee, as set out within paragraph 6.3 of report RC/17/9:

to add to the "Advisory Only" section of the Terms of Reference the following:

To give preliminary consideration to and recommend to the Authority a provisional budget and Council Tax requirement **and the Treasury Management and Investment Strategy and MRP Statement** for the forthcoming year.

- (b) Subject to (a) above, the report be noted.

* **RC/9**

Water Misting System

The Committee considered a report of the Director of Finance (RC/17/10) that set out the proposal for funding of water misting equipment to support the Service's approach on Tiered Response and also to ensure Firefighter safety.

The Committee noted that there was already funding of £48.4k allocated for the fitting of 45 sets of this equipment to Rapid Intervention Vehicles in the Revenue budget and that an additional £95.5k of funding was required to facilitate the purchase. It was proposed that this be funded from the Comprehensive Spending Review earmarked reserve and that an appropriate budget transfer be instigated.

RESOLVED that the budget transfer from the Comprehensive Spending Review earmarked reserve to the Revenue Budget for 2017/18 to support the roll out of Water Misting Systems as outlined in paragraph 3.4 of report RC/17/10 be approved.

* RC/10

Financial Performance Report 2017-18: Quarter 2

The Committee considered a report of the Treasurer (RC/17/11) that set out the Service's financial performance during the second 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 it was forecast that spending would be £0.288m more than the approved revenue budget, equivalent to 0.40% which was a slight improvement on quarter 1. 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 Director of Finance advised that the offer had not been accepted as yet but provision needed to be made within the 2017/18 as well as 2018/19 budgets.

The Chairman drew attention to the need for the Authority to keep up the pressure on central Government to provide the additional funding to pay for the proposed additional 1% pay award for firefighters in view of the point that this was not included within the 4 year settlement.

RESOLVED

- (a). That the budget transfers shown in Table 4 of report RC/17/11 (as reproduced at Appendix A to these Minutes) to support the roll out of Water Misting Systems be endorsed;
- (b). That the action of the Chief Fire Officer in approving as a matter of urgency (following consultation with the Chair of the Resources Committee in accordance with Standing Order 37(4)) budget transfers shown in Table 3 of the report (as reproduced at Appendix A to these Minutes) to facilitate urgent repairs to the Service Fireboat be noted;
- (c). That, subject to (a) and (b) above, the monitoring position in relation to projected spending against the 2017-18 revenue and capital budgets be noted; and
- (d). that performance against the 2017-18 financial targets be noted.

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

The meeting started at 10.00 am and finished at 11.40 am

**APPENDIX A TO THE MINUTES OF THE MEETING OF THE RESOURCES
COMMITTEE HELD ON 15 NOVEMBER 2017**

TABLE 3 OF REPORT RC/17/11

Row in Table 2	Description	Debit	Credit
11	Repairs and Maintenance- Fire Boat repairs	70,000	
35	Transfer from Reserves - funding of Fire Boat repairs		(70,000)

TABLE 4 OF REPORT RC/17/11

Row in Table 2	Description	Debit	Credit
14	Equipment - Water misting systems	95,500	
35	Transfer from Reserves - funding of water misting systems		(95,500)