

## RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

5 September 2018

### Present:-

Councillors Coles (Chair), Biederman, Drean, Hendy, Peart and Radford

### Apologies:-

Councillors Hook.

### Also in attendance:

Cllr. Randall Johnson

Dr Sian George, Andrew Andreou, Lisa Compton [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd] (for Minutes \*RC/12 and \*RC/13 only)

#### \* RC/1

#### Minutes

**RESOLVED** that, subject to the amendment of the attendance list to add “(vice Peart)” after Councillor Randall Johnson, the Minutes of the meeting held on 16 May 2018 be signed as a correct record.

#### \* RC/2

#### Treasury Management Performance 2018-19 - Quarter 1

The Committee received for information a report of the Director of Finance (Treasurer) that set out details of the treasury management performance for the first quarter of 2018-19 (to June 2018) as compared to the agreed targets for the year.

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

- That economic growth had been weak in the first quarter of 2018-19 at 0.1 to 0.2% although initial indications in quarter 2 were that this had picked up to around 0.4%. Whilst inflation had been running higher than pay growth until recently, this had changed which had impacted on growth although it was anticipated that this would fall back with inflation returning to around 2% later this year;
- There had been increase in the bank base rate to 0.75% in August 2018 although no further rises were forecast until around September 2019;
- The Authority’s focus in past years had been on security and liquidity of its assets over yield;
- The Authority had outperformed the 3 month LIBID benchmark of 0.53% with a return of 0.71% in quarter 1 and investment interest of £0.021m; and
- There had been no new borrowing in this quarter with none planned and current external borrowing reducing to £25.584m by the end of the financial year; and
- the Authority had not breached its Prudential Indicators (affordability limits).

Reference was made at this juncture to the level of Reserves held by the Authority and whether this was being reviewed in the light of statements in the media in terms of local authorities holding too much in Reserves at the expense of keeping precept increases low. The Director of Finance (Treasurer) advised the Committee that this was covered in a report later in the agenda (Minute RC/3 below refers). A Reserves Strategy had been approved by the Authority in July 2018 and it was noted that there would be expenditure of £6.4m from reserves this year which would bring down the level held. Councillor Biederman commented that it would be useful for Members to have a briefing note available to them in the event that they received questions on such media statements to enable them to make an immediate and informed response. The Director of Finance (Treasurer) undertook to action this.

A discussion was also held on the need to maximise the amount of income received and, in respect of the Community Infrastructure Levy (CIL) which could be applied for in terms of new housing developments in particular, that the Authority should ensure that it was on the 1-2-3 list for local authorities.

### **RC/3**

#### **Financial Performance Report 2018-19 - Quarter 1**

The Committee considered a report of the Director of Finance (Treasurer) (RC/18/15) that set out the Service's financial performance during the first quarter of 2018-19 against the targets agreed for the current financial year. The report provided a forecast of spending against the 2018-19 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 £0.750m (1.02%) less than budget. The Director of Finance (Treasurer) advised this was attributable largely to the savings on wholetime pay costs due to high numbers of expected retirements together with additional grant income that had been received due to late changes in National Non-Domestic Rates (NNDR).

The Director of Finance (Treasurer) also explained the reasons behind the proposed budget transfers set out at Table 3 of the report.

#### **RESOLVED**

- (a) That the budget transfers shown in Table 3 of this report (and as set out at Appendix A to these Minutes for ease of reference) be recommended to the Devon & Somerset Fire & Rescue Authority for approval;
- (b) That the monitoring position in relation to projected spending against the 2018-19 revenue and capital budgets be noted;
- (c) That the performance against the 2018-19 financial targets be noted.

### **\* RC/4**

#### **Local Government Financial Settlement 2019-20: Technical Consultation**

The Committee considered a report of the Director of Finance (Treasurer) (RC/18/16) that set out a proposed response to the technical consultation issued by the Ministry of Housing, Communities and Local Government in respect of the 2019-20 Local Government Finance Settlement.

The Committee raised the need to comment on the point that flexibility was required in respect of the ability to raise the precept locally in the same way as the Devon & Cornwall Constabulary in 2018-19. The Director of Finance (Treasurer) advised that the Authority could request such changes if the parameters were clear but suggested that the Authority would be better requesting £5 as a cap due to the relative size of precept.

The Director of Finance (Treasurer) added that the complexities of local government funding precept flexibilities needed to be addressed and this had been covered in the paragraph at 4.7 of the report circulated. The Committee noted that an additional suggested comment was included in the response that would cover these matters.

**RESOLVED** that the proposed consultation response outlined in the report (together with the additional comment at paragraph 4.7) be approved by the Committee for submission to the Ministry of Housing, Communities and Local Government.

\* **RC/5**      **Exclusion of the Press and Public**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public, with the exceptions of Dr Sian George, Andrew Andreou and Lisa Compton [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd] be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the 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/6**      **Restricted Minutes of the Resources Committee held on 16 May 2018**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972, during which the press and public, with the exceptions of Dr Sian George, Andrew Andreou, Lisa Compton [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd], were excluded from the meeting).

**RESOLVED** that the Restricted Minutes of the meeting held on 16 May 2018 be signed as a correct record.

\* **RC/7**      **Red One Limited Financial Performance: Q1**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972, during which the press and public, with the exceptions of Dr Sian George, Andrew Andreou, Lisa Compton [Red One Ltd.] and Councillors Saywell and Thomas [Authority appointed Non-Executive Directors on the Board of Red One Ltd], were excluded from the meeting).

(Councillors Saywell and Thomas each declared a personal interest in this matter but participated in the debate in accordance with the dispensation granted by the Authority at its Annual Meeting on 8 June 2018 – Minute DSFRA/5(a) refers).

The Committee received for information a report of the Director of Finance (Treasurer) (RC/18/17) that gave an update on the current financial position in respect of Red One Ltd. for Quarter 1 of 2018-19.

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

**APPENDIX A – BUDGET TRANSFERS (MINUTE RC/3 ABOVE REFERS)**

<b>Line Ref</b>	<b>Description</b>	<b>Debit £m</b>	<b>Credit £m</b>
	<i>Transfer of budget for staff and office costs from Business Intelligence Hub to the newly formed Data Architecture and Management Team.</i>		
4	Non-Uniformed Staff	0.279	
5	Training	0.003	
14	Equipment & Furniture	0.004	
22	Publications/Subscriptions	0.001	
4	Non-Uniformed Staff		(0.279)
5	Training		(0.003)
14	Equipment & Furniture		(0.004)
22	Publications/Subscriptions		(0.001)
		<b>0.287</b>	<b>(0.287)</b>
	<i>Maintenance of the New Dimensions assets will no longer be charged or reimbursed through the Service accounts</i>		
30	Grants and Reimbursements	<b>0.273</b>	
12	Vehicle Repair & Maintenance		<b>(0.273)</b>
	<i>It was anticipated at budget setting that the full grant for the National Resilience New Dimensions grant would be received in advance in 2017/18 and transferred to an Earmarked Reserve. Only £129,713 was received in advance, with the remaining £815,586 to be received in year.</i>		
35	Reduce Transfer from Reserves budget	<b>0.816</b>	
30	Increase Grant budget		<b>(0.816)</b>
	<i>The Airwave grant for 2018/19 was budgeted as grant income whereas it was actually received in 2017/18 and transferred to an Earmarked Reserve.</i>		
30	Decrease Grant budget	<b>0.890</b>	
35	Increase Transfer from Reserves budget		<b>(0.890)</b>
		<b>2.265</b>	<b>(2.265)</b>