

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

15 November 2018

Present:-

Councillors Coles (Chair), Drean (Deputy Chair), Radford, Hook and Wheeler (vice Peart)

Also in attendance:-

Dr. Sian George and Lisa Compton – Red One Ltd. and Councillor Saywell – Authority appointed Non-Executive Director of Red One Ltd.

Apologies:-

Councillors Biederman and Hendy

* **RC/8** **Minutes**

RESOLVED that the Minutes of the meeting held on 5 September 2018 be signed as a correct record.

* **RC/9** **Treasury Management Performance 2018-19 - Quarter 2**

The Committee received for information a report of the Director of Finance (Treasurer) (RC/18/17) that set out details of the treasury management performance for the second quarter of 2018-19 (to September 2018) as compared to the agreed targets for the year.

Adam Burlton, 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:

- The first half of 2018/19 had seen UK economic growth post a modest performance at 1.5% with the interest rate remaining at 0.75% currently. The quarterly inflation report forecast was that growth might rise to 1.8% in 2019 albeit with a caveat in terms of Brexit. The Bank Base rate needed to be in the region of 1.5% by March 2021 for inflation to stay on track;
- The bank base rate was currently 0.75% with a further rate rise forecast for the second half of 2019;
- The Authority's focus remained on security and liquidity of its assets over yield;
- The Authority had outperformed the 3 month LIBID benchmark of 0.61% with a return of 0.86% in quarter 2 and investment interest of £0.043m; and
- There had been no new borrowing in this quarter with none planned and current external borrowing reducing to £25.537m by the end of the financial year; and
- the Authority had not breached its Prudential Indicators (affordability limits).

* **RC/10** **Financial Performance Report 2018-19 - Quarter 2**

The Committee considered a report of the Director of Finance (Treasurer) (RC/18/18) that set out the Service's financial performance during the second 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 it was forecast that spending would be £0.825m (1.12%) less than budget. The Director of Finance (Treasurer) advised this was attributable largely to the savings on uniformed pay costs made as a result of the pay settlement for 2018-19 which was 2% instead of the 3% that had been included within the budget.

The Director of Finance (Treasurer) also explained the reasons behind the proposed budget transfers (£0.081m) as set out at Table 3 of the report.

Reference was made to the Community Infrastructure levy (CIL) and the Director of Corporate Services elaborated upon the utilisation of this within Devon & Somerset Fire & Rescue Service. He undertook to submit a report to the Committee on this matter in due course.

RESOLVED

- (a) That the budget transfers shown in Table 3 of this report be approved;
- (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/11** **Reserves Benchmarking**

The Committee received for information a presentation given by the Director of Finance (Treasurer) in respect of the benchmarking survey that had been led by Devon & Somerset Fire & Rescue Service (DSRS) across the Fire Sector (for English Fire & Rescue Authorities {FRAs}) and which would be used to inform the submission to be made by the National Fire Chiefs Council (NFCC) for the next Spending Review.

The presentation covered the following areas:-

- The level of total useable reserves held as compared with the revenue budget;
- General fund reserves as compared with the revenue budget;
- The reserves make up.

The Committee noted that the Service had a higher level of useable reserves held than the average for English FRAs, which was due largely to the strategy to invest in capital (58% of total reserves) as compared with the average (45%) and in Digital Transformation (16% of total reserves) compared with the average (2%). The Committee commented that this reflected the Authority's forward thinking strategy to invest in change that would help to secure a sustainable operating model. The Committee also noted that the Authority's total reserves was forecast to dip by 2022-23 in line with the national trend.

It was further noted that the Authority's General Fund reserve was 7.1% currently compared to the English FRA average of 8.75% and it was expected that this would remain fairly static (dipping to 6.8%) compared to the English FRA average which was forecasting a dip to about 5% by 2022-23. It was noted that 5% was the CIPFA recommended level for General Fund reserves. An assessment had been undertaken which indicated that the Authority's reserves needed to meet potential financial risks should be £5.329m with the Authority's General Fund reserves currently held being ££5.315m.

In terms of the make-up of reserves, the Authority was not dissimilar to the other FRAs although the notable variance was that the Authority had invested substantially in Digital Transformation (16%) compared with the other FRAs (2%).

Councillor Drean expressed thanks on behalf of the Committee for the excellent work that had been undertaken by the Director of Finance and her team on the reserves benchmarking survey.

* **RC/12** **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 and Lisa Compton [Red One Ltd.] and Councillors Saywell [Authority appointed Non-Executive Director 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 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/13** **Restricted Minutes of the Resources Committee held on 5 September 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 and Lisa Compton [Red One Ltd.] and Councillor Saywell [Authority appointed Non-Executive Director on the Board of Red One Ltd], were excluded from the meeting.

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

RESOLVED that the Restricted Minutes of the meeting held on 5 September 2018 be signed as a correct record.

* **RC/14** **Red One Financial Performance 2018-19 - Quarter 2**

(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 and Lisa Compton [Red One Ltd.] and Councillor Saywell [Authority appointed Non-Executive Director on the Board of Red One Ltd], were excluded from the meeting.

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

The Committee received for information a report of the Director of Finance (Treasurer) (RC/18/19) that gave an update on the current financial position in respect of Red One Ltd. for Quarter 2 of 2018-19.

* **RC/15** **Red One Limited Credit Risk**

(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 and Lisa Compton [Red One Ltd.] and Councillor Saywell [Authority appointed Non-Executive Director on the Board of Red One Ltd], were excluded from the meeting.

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

The Committee received for information a report of the Director of Finance (Treasurer) (RC/18/20) that set out details of the credit risk assessment.

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

The meeting started at 10.00 am and finished at 12.55 pm