

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

4 September 2019

Present:-

Councillors Drean (Chair), Coles (Vice-Chair), Biederman, Peart, Radford and Yabsley.

Apologies:-

Councillor Singh

In attendance:-

Councillor Randall Johnson (Authority Chair) - in accordance with Standing Order 38

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

RESOLVED that the non-restricted Minutes of the meeting held on 15 May 2019 be signed as a correct record.

* **RC/2** **Treasury Management Performance 2019-20: Quarter 1**

NB. Adam Burleton, representing Link Asset Services - the Authority's treasury management adviser – was present for this item of business.

The Committee received for information a report of the Director of Finance & Resourcing (Treasurer) (RC/19/15) that set out the Authority's treasury management performance relating to the first quarter of 2019-20 (to June 2019) in accordance with the Treasury Management in Public Service Code of Practice (published by the Chartered Institute of Public Finance and Accountancy's – CIPFA) and the CIPFA Prudential Code.

The report set out how this Authority was demonstrating best practice in accordance with these Codes and notably:

- That the annual treasury management strategy continued on a prudent approach, being underpinned by investment priorities based on security of capital, liquidity and yield with investment income of £0.063m in quarter 1 (to June 2019) outperforming the LIBID benchmark rate of 0.68% by 0.13bp;
- None of the Prudential Indicators (affordability limits) had been breached in quarter 1 with external borrowing at 30 June 2019 being £25.537m, forecast to reduce to £25.444m by the end of the financial year with no new borrowing undertaken.

The Committee noted that there was concern in respect of the general weakening of growth in the major world economies. The UK had seen growth of 0.5% in quarter 1 as opposed to 1.4% in 2018 with CPI inflation at around 2% although this could rise to around 4% if there was a "no deal" Brexit. There was still a lot of uncertainty as a result of Brexit and markets were suffering with potential volatility predicted for the 2nd quarter. For the UK, however, the Public Works Loan Board (PWLB) rate was at its lowest with local authorities able to borrow at 1.5%.

In response to a question in respect of further borrowing to assist the proposed new service operating model, the Director of Finance & Resourcing (Treasurer) advised that the Authority could only borrow for capital projects although this had to be within its affordability limits. The Authority was seeking to reduce its level of debt, however, and although it was much cheaper to borrow currently, provision had to be made for repayment of debt charges out of revenue with the current repayment charge being £3m per year. This was being reduced to free up funding for front line services. The Authority had prudently set aside £20m in reserves for capital projects so no new borrowing would be required within the next 5 years. The Director of Finance & Resourcing (Treasurer) advised that the Authority's Capital Strategy was available on the website for reference.

RC/3

Financial Performance Report 2019-20: Quarter 1

The Committee considered a report of the Director of Finance & Resourcing (Treasurer) (RC/19/16) that set out the Service's financial performance during the first quarter of 2019-20 against the targets agreed for the current financial year. The report provided a forecast of spending against the 2019-20 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 £0.175m (0.22%) less than budget. The Director of Finance & Resourcing (Treasurer) advised this was attributable largely to the savings on wholetime pay costs due to a high number of expected retirements during this year.

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

Reference was made to the following points:

- Resourcing of hydrants installation and maintenance - there had been an increase in staffing within the hydrants team and more efficient approach had been instigated with risk based inspections to achieve safe water supplies at a total cost of about £400k per year (including staffing and supplies) and the Director of Finance & Resourcing agreed to clarify this position separately;
- costs of the Fire Service pensions - costs of the scheme were met by the Authority together with employee contributions, with the balance being funded by a central government grant. Under the 2015 Firefighters' Pension Scheme, the 'Normal Retirement Age' was increased from 50 (in the 1992 Scheme) to 60 and, because of the transition regulations, a lot of staff now had a pension split between the two schemes. The Director of Finance & Resourcing (Treasurer) stated that she had been working on a briefing on this matter for Members of Parliament which would explain the Authority's position more clearly and that she would circulate this by email to the Committee for reference;
- the terminology in Table 3 was questioned in terms of "uniformed" and "non-uniformed" staff because it was felt that it was not inclusive. However, it was reported that it was not a simple issue to resolve as there were 'front line' and 'support' staff under both Grey Book (uniformed) and Green Book (non-uniformed) conditions of employment. This made it difficult to distinguish between the two groups of employees (as required under national accounting reporting arrangements) in a way that it could be easily understood in public reports. The Finance Team was asked to review this and consider whether it was possible to make the terminology more inclusive in future reports.

RESOLVED

- (a) That the budget transfers shown in Table 3 below be recommended to the Devon & Somerset Fire & Rescue Authority for approval;

Line Ref	Description	Debit £m	Credit £m
	<i>Transfer of budget relating to the Airwave Grant moving it to match where the income has been credited.</i>		
31	Decrease Grants and Reimbursements	0.949	
36	Increase Transfer to (from) Earmarked Reserve		(0.949)
	<i>An additional amount of grant was received to assist with the impact of the pension costs increase. It is proposed to move this to the Pensions earmarked reserve.</i>		
31	Increase Grants and Reimbursements		(0.559)
36	Increase Transfer to (from) Earmarked Reserve	0.559	
	<i>Savings from the middle management restructure were invested in Prevention and Protection activities, at 2019/20 budget setting funds were held within wholetime pay line. Transfer will move budet to the correct heading</i>		
1	Decrease Wholetime Uniformed Staff		(0.479)
3	Increase Non uniformed staff	0.400	
12	Increase Vehicle Running costs and insurances	0.035	
14	Increase Equipment and furniture	0.044	
	<i>To align on-call pay budgets to match changes to Group structure</i>		
2	Increase on-call budget (Cost Code changes only)	1.029	
2	Decrease on-call budget (Cost Code changes only)		(1.029)
		3.016	(3.016)

- (b) That the monitoring position in relation to projected spending against the 2019-20 revenue and capital budgets be noted;
- (c) That the performance against the 2019-20 financial targets be noted.

* RC/4

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 exception of Dr Sian George {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 may involve the likely disclosure of exempt information as defined in the following paragraphs of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 3 – information relating to the financial and business affairs of any particular person – including the authority holding that information.

* **RC/5** **Restricted Minutes of the Resources Committee held on 15 May 2019**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public [with the exception of Dr Sian George, [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).

NB. Councillors Saywell and Thomas were present for this item in a non-voting capacity as Non-Executive Directors of Red One Ltd. (in support of Dr Sian George) but did not speak.

RESOLVED that the Restricted Minutes of the meeting held on 15 May 2019 be signed as a correct record.

* **RC/6** **Red One Limited Financial Performance 2019-20: Quarter 1**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public [with the exception of Dr Sian George, [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).

NB. Councillors Saywell and Thomas were present for this item in a non-voting capacity as Non-Executive Directors of Red One Ltd. (in support of Dr Sian George) but did not speak.

The Committee received for information a report of the Director of Finance & Resourcing (Treasurer) and Dr Sian George (Chair of the Board of Red One Ltd.) (RC/19/17) on the financial performance of Red One Ltd. in quarter 1 of 2019-20.

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