

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

1 September 2016

### Present:-

Councillors Dyke (Chair), Chugg, Greenslade, Hendy, Thomas, Yeomans (Vice-Chair) and Healey

\* **RC/21**      **Election of Chair**

An item taken in accordance with Section 100B(4) of the Local Government Act 1972.

Due to this item not being included on the agenda for this meeting for the Election of Chair, it was agreed that this matter should be taken as a matter of urgency.

**RESOLVED** that Councillor Dyke be elected Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in June 2017.

\* **RC/22**      **Minutes of the previous meeting held on 17 May 2016**

**RESOLVED** that the Minutes of the meeting held on 17 May 2016 be signed as a correct record.

\* **RC/23**      **Election of Vice Chair**

An item taken in accordance with Section 100B(4) of the Local Government Act 1972.

Due to this item not being included on the agenda for this meeting for the Election of Vice Chair, it was agreed that this should be taken as a matter of urgency.

**RESOLVED** that Councillor Yeomans be elected Vice Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in June 2017.

\* **RC/24**      **Treasury Management Performance Report 2016-17: Quarter 1**

The Committee received for information a report of the Treasurer (RC/16/11) that set out details of the treasury management performance for the first quarter of 2016 (to June 2016) as compared with the agreed financial targets for 2016/17. The report provided a forecast of spending against the 2016/17 revenue budget with explanations of any major variations.

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. The key points made were:

- That this was the first report to be submitted to the Committee for consideration post the Brexit vote;

- The growth outlook had weakened post Brexit and a revised interest rate forecast had been set out as a result as contained within paragraph 2.8 of the report circulated. The forecast for growth in 2017/18 had been cut from 2.3% to 0.8% as a result;
- treasury management performance during the first quarter of the current financial year demonstrated a prudent approach to investment decisions, with priority being given to liquidity and security over yield;
- Although investment returns were still small as a result of the continuing low interest rates, the Authority had invested £28.5million of its funds in quarter 1 of 2016/17 and had outperformed the LIBID 3 benchmark by 0.06bp giving a return of £22.2k. It was forecast that the Authority's budgeted investment target for 2016/17 of £0.154million would be achieved.
- External borrowing as at 30 June 2016 was £25.817m which remained the same as in the last quarter of 2015/16;
- No Prudential Indicators had been breached.

The Committee noted that it would be important to monitor carefully the next two quarterly treasury management reports to gauge the full impact of Brexit on the Authority's investment position.

#### **RC/25 Four Year Funding Allocations and Efficiency Plan**

The Committee considered a report of the Treasurer (RC/16/10) that set out details of the 2016-17 Local Government Finance Settlement, including the offer of a four year funding settlement to cover the years 2016-17 to 2019-20.

The Treasurer advised that the firm four year funding allocation was being offered to fire and rescue authorities in return for the submission of robust and transparent efficiency plans. This would provide funding certainty and stability and enable the Service to be more proactive in its planning of service delivery and support for strategic collaboration with local partners. He added that he was not aware of any fire and rescue authority that would be turning down this offer. An Efficiency Plan had been drawn up and was attached to the report circulated and it was recommended for approval by the Fire and Rescue Authority. This set out the proposals to bridge the current funding gap of £7.3million. The Plan had to be published on the Authority's website and a link setting this out had to be received at the Home Office by 17:00hours on Friday 14 October 2016.

It was noted that the Efficiency Plan that was submitted for approval had been populated with the figures already included within the Authority's Medium Term Financial Plan and the Change and Improvement Plan. It also included further commentary on the Service's approach to delivering savings over the requisite four year period in order to achieve a balanced budget.

Councillor Dyke made reference at this point to the PFCSO project that was underway and asked for details of this to be mentioned on page 30 of the Efficiency Plan, together with information in respect of the co-responding activities the Service was involved in.

Councillor Thomas drew attention to the fact that some of the figures included in the plan would inevitably be subject to change, particularly as the Service moved further into the four-year period and the levels of uncertainty increased.

It was **RECOMMENDED** to the Devon & Somerset Fire & Rescue Authority at its next meeting on 30 September 2016 that:

- (a) The Authority applies for the government offer of a four year funding settlement, and;
- (b) That it approves the draft Efficiency Plan circulated within Appendix A of report RC/16/10, as amended to take into account the points raised during the meeting.

\* **RC/26**     **Financial Performance Report 2016-17: Quarter 1.**

The Committee received for information a report of the Treasurer (RC/16/11) that set out the financial performance for the first quarter of 2016/17 (to 30 June 2016) as compared with the agreed financial targets for 2016/17. In particular, the report provided a forecast of spending against the 2016-17 revenue budget with explanations of any major variations.

It was noted that, at this early stage in the financial year, revenue expenditure was forecast to be £1.298million less than the approved budget of £73.977million, equivalent to 1.75% of the total budget. This underspend was aligned to the approved strategy to deliver in-year savings wherever possible to enhance reserve balances, with the underspend being largely attributable to savings on staffing costs arising primarily from continued implementation of Corporate Plan proposals approved in July 2013. The Treasurer reported that given the early stage in the financial year, no recommendation was made to the Committee in terms of how this predicted underspend should be utilised.

Reference was made to the position in respect of pensions which was forecast to be overspent at the year end. It was noted that this forecast overspend was due to the projected number of ill health retirements in 2016-17. The figure may be subject to change, however, as given the long term nature of these retirement cases, the leaving date may slip into future financial years. The Chief Fire Officer indicated that this matter would be reported to the Human Resources Management and Development Committee in due course to give further assurance on the position.

Attention was also drawn to the slippage on the Capital Programme and it was requested that the financial monitoring report should include more detailed narrative as to the reasons behind this.

**RESOLVED**

- (a) That the monitoring position in relation to projected spending against the 2016-17 revenue and capital budgets be noted;
- (b) That performance against the 2016-17 financial targets be noted.

**RC/27**     **Exclusion of Press and Public**

**RESOLVED** that, in accordance with Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it 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 or business affairs of a particular person, including the Authority.

\* **RC/28**     **Red One Ltd Performance Report 2016-17: Quarter 1.**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded from the meeting).

The Committee received for information a report of the Treasurer (RC/16/12) that set out the draft financial outturn position for quarter 1 of 2016-17 for the Authority's trading company, Red One Ltd.

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