

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

30 November 2021

Present:

Councillors Coles, Drean (Vice-Chair), Long, Peart (Chair), Randall Johnson (vice Chesterton) and Thomas.

Apologies:

Councillors Chesterton and McGeough.

* **RC/21/10** **Minutes**

RESOLVED that the Minutes of the meeting held on 9 September 2021 be signed as a correct record.

* **RC/21/11** **Treasury Management Performance 2021-22: Quarter 2**

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/21/15) that set out the Authority's performance relating to the second quarter of 2021-22 (to September 2021) in accordance with the Treasury Management in Public Service Code of Practice (published by the Chartered Institute of Public Finance and Accountancy {CIPFA}) and the CIPFA Prudential Code. The report set out how this Authority was demonstrating best practice in accordance with these Codes.

During consideration of this item, the following points were noted:

- The UK bank base rate remained at 0.10% with quantitative easing in place although the Bank of England (the Bank) was looking to tighten monetary policy in light of recent wage rises, energy cost increases and supplies issues which had caused inflation to rise (currently 4.2%). It was forecast that inflation was likely to reach 5% before returning to the Bank's target of 2% in 2023/24;
- The interest rate was unlikely to rise imminently as had been forecast as there was uncertainty in the market due to the onset of the new Omicron variant of Covid albeit that it was expected still to rise in the next two years;
- The annual treasury management strategy had continued on a prudent approach, underpinned by investment priorities based on security of capital, liquidity and yield;

- Investment income of £0.023m in quarter 2 outperformed the LIBID benchmark rate of -0.05% by 0.20bp. It was forecast, however, that the Authority would underperform on the target set for year-end of £0.100m by £0.015m; and
- None of the Prudential Indicators (affordability limits) had been breached in quarter 2 with external borrowing at 30 September 2021 being £24.804m, forecast to reduce to £24.757m by the end of the financial year with no new borrowing undertaken.

Reference was made to the point that the Authority needed to ensure that it was tightening its budget management and treasury management policy in light of the impact of rising costs and associated inflationary pressures. The Director of Finance & Resourcing (Treasurer) advised the Committee that the Service was already experiencing the effects of the rising costs of timber and energy coupled with the planned rise in National Insurance due in 2022 so he was acutely aware of the need for tight management of the budget. The Treasurer stated that he would be looking to repay existing loans as soon as it was prudent to do so.

Whilst the Authority was responsible for approving the strategic policy on Treasury Management, the Treasurer would also be taking a steer from this Committee on a potential move to a policy of including more socially responsible investments following an internal review of treasury management which was being undertaken currently.

* **RC/21/12** **Financial Performance Report 2021-22: Quarter 2**

The Committee received for information a report of the Director of Finance & Resourcing (Treasurer) (RC/21/16) that set out details of the second quarter performance (to September 2021) against the agreed financial targets for 2021-22.

The Director of Finance & Resourcing (Treasurer) advised the Committee that, at this point in the financial year, it was projected that spending would be £0.514m under budget of £78.222m, representing an underspend of 0.69% of total budget. He indicated that he had commissioned a full review to be undertaken in preparation for the budget in 2022-23 which had been completed and taken account of in the figures presented in this report to the Committee.

It was noted that the main variances in budget were set out at page 22 of the report circulated but notably, they were due to a forecast underspend on service delivery staff costs (£0.211m), an underspend on training investments costs (£0.163m) although both timber and energy costs had increased resulting in an overspend in both of these areas.

In terms of the capital programme, this was due to underspend by £4.9m in 2021-22 as a result largely of delays in delivery of the refurbishment/rebuild of the station at Camelshead. This was linked to the requirement for an in depth, structural report that had been commissioned to identify the potential lifetime left on the building which would subsequently facilitate a decision on whether it was viable to refurbish the building or to go for a rebuild.

Reference was made to an amendment required in the figure for other income set out on line 31 of table 2 on page 21 of the report circulated (-£412k). The Director of Finance & Resourcing (Treasurer) advised that he would look into this and report back on the accuracy of the figures presented.

The Committee also sought an explanation on the costs of utilising agency staff when there were internal vacancies held to which staff could be employed directly. The Director of Finance & Resourcing (Treasurer) advised that this was due to the need to source experienced staff to undertake development work in the Information and Technology department on the Change & Improvement Programme. Current market conditions had meant that the staff with the requisite skills were only available at premium rates due to current market conditions. These costs were accounted for within an earmarked reserve in the Capital Programme and thus did not feature in the revenue budget directly. Concern was expressed that the Service was undertaking bespoke development work in house when there may be off the shelf solutions available at less cost. The Chief Fire Officer stated that there were instances where a bespoke solution would be required but that current strategy was to develop the capability for in house expertise whilst looking to purchase off the shelf wherever possible. He undertook to cover the solutions already utilised by the Service, such as the performance dashboards and how they were utilised within the Service, at a future Members' Forum.

The Committee expressed the view that such costs were not evident within the Capital Programme. The Director of Finance & Resourcing (Treasurer) replied that he would provide a more detailed breakdown of the information contained within the Capital Programme in future reports to the Committee.

* RC/21/13

Green Performance Measures

The Committee considered a report of the Director of Finance & Resourcing (Treasurer) that set out details of the environmental data that had been collected to date to provide measures against which the Service's performance on delivery of its Green Strategy could be measured. The report also provided an update of performance based on a Red Amber Green Blue rating (RAGB) against the Action Plan agreed by the previous Audit & Performance Review Committee.

The Director of Finance & Resourcing (Treasurer) made reference to an Environmental Review that had been undertaken on behalf of the Service recently by an external consultant. He indicated that he would be bringing a set of revised performance measures to this Committee for consideration once the report on the Environmental Review had been worked through and digested.

The Committee expressed the view that the Service could improve the way in which it sold the environmental impact of its activities and Strategy to the public. The Chief Fire Officer replied that the assistance of the Communications Team could be sought to improve the way in which this information was imparted to the public.

RESOLVED

- (a). That the environmental measures set out at Appendix A of report RC/21/17 be endorsed; and
- (b). Subject to (a). above, the report be noted.

* **RC/21/14** **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 the Officers of Red One Ltd. and Councillors Radford and Shayer [Authority appointed Non-Executive Directors on the Board of Red One Ltd.]) be excluded from the meeting for the following item 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/21/15** **Restricted Minutes of the meeting held on 9 September 2021**

(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 Officers of Red One Ltd.) were excluded from the meeting).

RESOLVED that the Restricted Minutes of the meeting held on 9 September 2021 be signed as a correct record.

* **RC/21/16** **Red One Performance 2021-22: 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 exception of Officers of Red One Ltd.) were excluded from the meeting).

The Committee considered a report of the Officers of Red One Ltd. (RC/21/18) on the financial performance of Red One Ltd. in quarter 2 of 2021-22.

Following a discussion on this matter and consideration of information presented verbally to the Committee, Councillor Thomas **MOVED** (seconded by Councillor Drean:

“The addition of a part (b). to the recommendation to the effect that a full report on the matter discussed at the meeting be submitted to the Committee in quarter 3”.

Upon a vote, this motion was **CARRIED** unanimously, whereupon it was:

RESOLVED

- (a). That the recommendation set out at report RC/21/18(a) be approved;
- (b). That a full report on the matter discussed at the meeting be submitted to the Committee in quarter 3; and

- (c). Subject to (a). and (b). above;
 - (i) That the financial performance of Red One Ltd. for the quarter ended September 2021 be noted;
 - (i) That the year to date performance against agreed budget for 2021-22 be noted.

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

The meeting started at 2.00 pm and finished at 4.50 pm