

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

18 May 2022

Present:

Councillors Peart (Chair), Coles, Drear (Vice-Chair), Long, McGeough and Thomas.

Apologies:

Councillors Chesterton

* RC/21/27

Minutes

RESOLVED that the public Minutes of the budget meeting held on 8 February 2022 be signed as a correct record.

RC/21/28

Provisional Financial Outturn 2021-22

The Committee considered a report of the Director of Finance, People & Estates (RC/22/8) on the draft financial outturn position for 2021-22 against agreed financial targets, together with explanations of major variations. It was indicated that spending would be £1.379m over budget, net of transfers to earmarked reserves as noted in the report, equivalent to 1.86% of the total budget.

There had been some significant challenges during the 2021-22 financial year, most notably the nationally agreed pay awards (1.5% to firefighters and 1.75% to support staff), the cost of which to the Authority was in the region of £0.800m and which were previously not budgeted for in light of the Government's expectation that there would be a public sector pay freeze in that year.

The majority of the balance of the overspend related to an expedited implementation of the new Pay for Availability pay system introduced for on-call firefighters and aimed at securing Service improvements.

The figures as presented were subject to external audit of the financial statements for the year.

RESOLVED

- (a). that the Authority be recommended to approve that the provisional overspend against the 2021-22 revenue budget of £1.379m be met by a transfer from the General Reserve;
- (b). That, subject to (a) above, the following be noted:
 - (i). The draft position in respect of the 2021-22 Revenue and Capital Outturn position, as indicated in report RC/22/8;

- (ii). That the net overspend figure of £1.379m was after the removal of the Pensionable Allowances Provision (£0.409), which was deemed no longer required, together with a transfer of £2.013m to the Grants Unapplied Reserve as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised as per Appendix C of the report.

RC/21/29 **Revision to Capital Programme 2022-23 to 2024-25**

The Committee considered a report of the Director of Finance, People & Estates (RC/22/9) on a proposed revision to the Capital Programme and associated Prudential Indicators 2022-23 to 2024-25, as approved by the Authority at its budget meeting on 19 February 2022 (Minute DSFRA/21/39(b) refers).

The proposed revision would allow for an amount of money not spent in 2021-22 to be carried forward to 2022-23. This would not require any adjustments to the Authority's external borrowing requirement but it was noted that, while the Authority had not borrowed any external funding in the last ten years, the Capital Programme would, unless otherwise adjusted, require further borrowing from 2024-25.

RESOLVED that the Authority be recommended to approve the revised capital programme and associated prudential indicators for 2022-23 to 2024-25, as set out report RC/22/9 and summarised in the tables at Appendices A and B respectively to these Minutes.

* **RC/21/30** **Treasury Management - Quarter Four and Annual Report 2021-22**

(Adam Burleton [Link Group] in attendance for this item).

The Committee received for information a report of the Director of Finance, People & Estates (RC/22/10) on the performance of the Authority's borrowing and investment activities during the 2021-22 financial year as compared to the treasury management strategy adopted. Such reporting was required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

The report highlighted that no prudential indicators had been breached and that a prudent approach had been taken in relation to investment decisions, with priority being given to liquidity and security over yield.

Despite uncertainties in the aftermath of the 2008 financial crises and unusual Brexit conditions, the Authority returns were above the benchmark returns for short-term investments (the London Inter-Bank Bid Rate three-month rate).

* **RC/21/31 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 representatives of Red One Ltd.) be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined 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/21/32 Restricted Minutes of the meeting held on 8 February 2022**

(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 representatives from Red One Ltd.) were excluded from the meeting).

RESOLVED that the Restricted Minutes of the budget meeting held on 8 February 2022 be signed as a correct record.

* **RC/21/33 Red One Limited Financial Performance 2020-21: Quarter 4**

(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 representatives from Red One Ltd.) were excluded from the meeting).

The Committee received for information a report of the Chief Executive and the Finance Director of Red One Ltd. on the financial performance of the company during the 2021-22 financial year.

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

**APPENDIX A TO THE MINUTES OF THE RESOURCES COMMITTEE
MEETING 18 MAY 2022**

PROJECT	2022/23	2022/23	2023/24	2024/25
	£000	£000	£000	£000
	Approved Budget	Revised Budget	Budget	Budget
Estate Development				
Site re/new build	0	693	4,700	0
Improvements & structural maintenance	3,923	3,957	2,600	900
Estates Sub Total	3,923	4,650	7,300	900
Fleet & Equipment				
Appliance replacement	3,861	4,593	4,500	2,400
Specialist Operational Vehicles	820	820	6,000	2,200
ICT Department	250	317	0	0
Fleet & Equipment Sub Total	4,931	5,730	10,500	4,600
Optimism bias Sub Total	(1,800)	(1,800)	(1,800)	2,500
Overall Capital Totals	7,054	8,580	16,000	8,000
Programme funding				
Earmarked Reserves:	4,189	5,715	12,417	900
Revenue funds:	1,500	1,500	2,300	2,300
Borrowing - internal	1,365	1,365	1,283	1,370
Borrowing - external	0	0	0	3,430
Total Funding	7,054	8,580	16,000	8,000

**APPENDIX B TO THE MINUTES OF THE RESOURCES COMMITTEE
MEETING 18 MAY 2022**

PRUDENTIAL INDICATORS	INDICATIVE INDICATORS				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£m Estimate	£m Estimate	£m Estimate	£m Estimate	£m Estimate
Capital Expenditure					
Non - HRA	8.580	16.000	8.000	6.600	6.400
HRA (applies only to housing authorities)					
Total	8.580	16.000	8.000	6.600	6.400
Ratio of financing costs to net revenue stream					
Non - HRA	3.80%	3.48%	3.52%	3.82%	3.52%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Requirement as at 31 March	£000	£000	£000	£000	£000
Non - HRA	24,264	23,771	26,743	28,910	31,087
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	791	656	509	349	182
Total	25,055	24,426	27,252	29,259	31,269
Annual change in Capital Financing Requirement	£000	£000	£000	£000	£000
Non - HRA	(610)	(628)	2,825	2,008	2,010
HRA (applies only to housing authorities)	0	0	0	0	0
Total	(610)	(628)	2,825	2,008	2,010
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT					
Authorised Limit for external debt	£000	£000	£000	£000	£000
Borrowing	26,071	25,553	28,638	30,549	33,335
Other long term liabilities	947	823	681	527	359
Total	27,018	26,376	29,319	31,076	33,693
Operational Boundary for external debt	£000	£000	£000	£000	£000
Borrowing	24,857	24,364	27,301	29,104	31,780
Other long term liabilities	907	791	656	509	349
Total	25,765	25,155	27,957	29,613	32,130
Maximum Principal Sums Invested over 364 Days					
Principal Sums invested > 364 Days	5,000	5,000	5,000	5,000	5,000

TREASURY MANAGEMENT INDICATOR	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2022/23		
Under 12 months	30%	2%
12 months and within 24 months	30%	4%
24 months and within 5 years	50%	13%
5 years and within 10 years	75%	1%
10 years and above	100%	80%

This page is intentionally left blank