

**AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN
CYMRU**



MID AND WEST WALES FIRE AND RESCUE AUTHORITY

**CYFARFOD O'R PWYLLGOR ADNODDAU
MEETING OF THE RESOURCES COMMITTEE**

DYDD LLUN, 20 EBRILL 2009

MONDAY, 20 APRIL 2009

**PENCADLYS Y GWASANAETH TÂN AC ACHUB
HEOL LLWYN PISGWYDD, CAERFYRDDIN
FIRE AND RESCUE SERVICE HEADQUARTERS,
LIME GROVE AVENUE, CARMARTHEN**

11.00 – 12.10

PRESENOLDEB/ATTENDANCE

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRMAN:	J J J Davies
IS-GADEIRYDD/VICE CHAIRMAN:	
AELODAU/MEMBERS:	Cyng/Cllrs: T E Evans, J Dinham, G Seabourne, J Newbury, R Ll. Smith, D Thomas, M Williams, J Dudley, G Thomas, F Torrens
YMDDIHEURIADAU/APOLOGIES:	Cyng/Cllrs: T Devichand, C Morgan
YN BRESENNOL /IN ATTENDANCE:	W Edwards, C Davies, B Bassett, E Aitken, A Howells

1 DECLARATION BY MEMBERS OF ANY PERSONAL INTEREST

None were declared.

2 TO CONFIRM AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 12TH JANUARY 2009

The minutes of the meeting held on 12TH January 2009 were received and confirmed as a true record.

3 TO RECEIVE THE BUDGET MONITORING REPORT FOR THE FINANCIAL YEAR 2008/09

The Director of Resources and Procurement introduced a report which compared the estimated revenue net expenditure for the year ended 31st March 2009 against the profiled working budget for the same period. The estimated net expenditure had been calculated by adding the actual figure shown in the financial records to the known commitments at 31st March 2009.

On that basis, a current under spend of £875k (2.05% of the budget) was estimated at 31 March 2009. It was noted however, that this position had been estimated before the year end adjustments had been finally calculated and was therefore subject to change.

It was highlighted that the figures represented an increase in the estimated under spend previously reported. The main reason for the overall increase in under spend was due to a £447k under spend on leasing costs. This under spend was due to the build completion of a number of high value operational vehicles being delayed. These vehicles were expected to be completed and leased so that the first full year full rental would be payable in 2008/09. Because of the delay, the first full year rental will not be payable until the financial year 2009/10. Also, some vehicles had been purchased rather than leased. The other main reasons for the variances were as previously reported.

It was noted that, at present, the Authority is prevented from holding reserves directly, however, it had been agreed that the six constituent Unitary Authorities would hold reserves earmarked for the use of the Fire and Rescue Authority. Balances are transferred annually between the reserves and the Fire and Rescues Authority's accounts on request.

Legislation had been considered by the Welsh Assembly Government to allow for the direct holding of reserves. This legislation had the support of all interested parties and it was anticipated that this legislation would be passed before the end of June 2009 and would have a retrospective effective date of pre 1 April 2009 enabling it to be applied to the 2008/09 accounts. The estimated under spend for 2008/09 could then be taken to earmarked reserves to meet identified pressures on the Authority's finances over the next year. If, however, the reserve legislation would not be enacted in time, it would be requested that the final under spend to be transferred to the reserves held by the Unitary Authorities on behalf of the Fire and Rescue Authority.

The total of the identified pressures was approximately £890k and consisted of:

Risk Management – it was noted that implementing programmes to address risks e.g. driver training would result in a reduction in premium payments.

Service Efficiencies – it was proposed to recreate a fund allowing for early retirement in order to allow for departmental restructuring.

Reduction in investment income due to economic conditions – this had resulted in the

requirement to set aside funds to cover this loss.

Conversion to International Financial Reporting project – this would require work to be undertaken across the whole Authority.

LNG – due to an identified shortage in training in the previous financial year.

Increased training requirements

The Sustainability agenda

Asset Management plan and Facility Management project

PPE – Revenue implications of delay in replacing old kit. It was noted that an All-Wales procurement process had been undertaken and, following stringent assessment processes, the Service had identified value for money fire kit which was fit for purpose and complied with all H&S regulations. The delay in replacement of the fire kit was due to a set of legal challenges against the Integrated Clothing Project (ICP) which had since been resolved.

PPE – Corporate wear replacement – the existing contract was due for renewal and it was considered opportune to investigate the ICP framework contract in conjunction with operational kit.

Capital budget monitoring report for the period 1st April to 31 March 2009

The report summarised the expenditure on capital projects to date against the Approved Capital Programme and showed the likely position at the year end.

Prudential Indicators

It was noted that Capital financing was within the limits set by the Prudential Indicators.

RESOLUTION

It was RESOLVED that the Budget Monitoring Report be received and noted

4 TO RECEIVE A REPORT ON THE TREASURY MANAGEMENT POLICY AND STRATEGY 2009-2010 AND TREASURY MANAGEMENT PRACTICES

Committee considered a report which outlined the proposed Policy that would underpin the treasury management activities undertaken by Mid and West Wales Fire and Rescue Authority in 2009-2010. These activities would focus on the risk implications for the Authority and related to the management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. Members were provided with an overview of the Treasury Management Policy, Practices, Code of Practice and the Prudential Code for Capital Finance in Local Authorities.

The proposed Strategy and supporting Treasury Management Practices showing how the Policy would be adhered to was also considered. The strategy provided details of the expected activities of the Treasury Management function and Members were provided with a summary of the strategy which covered:

- **Borrowing limits and Prudential Indicators for 2009-2010** (these were approved by the Resources Committee at its meeting on 12 January 2009).
- **Prospects for interest rates** – based on the average projection from a number of sources the Authority expected the trend in base rate over the year to be 0.50%.
- **Borrowing strategy** - The result of this strategy was to reduce the need to borrow, saving on interest charges, while reducing the level of investments to minimal levels.

- **Investments strategy** - The Investment Strategy gave priority to the security and the liquidity of proposed investments and investments held over their yield.
- **Debt rescheduling opportunities** – to generate cash savings and to enhance the balance of the long-term portfolio.

It was noted that the Authority would, from time to time, borrow on a short term basis to assist with cash flow and to optimise any interest on investments, subject to a maximum of £2m.

RESOLUTION

It was RESOLVED that

The Resources Committee recommends to the full Authority the formal approval of the Treasury Management Policy and Strategy for 2009-2010.

5 TO RECEIVE A REPORT ON ATTENDANCE AT THE C.I.P.F.A. CONFERENCE HELD 23RD – 25TH JUNE 2009, MANCHESTER

Committee gave consideration to the selection of attendees for the forthcoming C.I.P.F.A. Conference to be held 23rd – 25th June 2009 in Manchester. Members endorsed the learning and development opportunity provided by the conference.

RESOLUTION

It was RESOLVED that

As a standing conference, the Chair of the Resources Committee would attend the C.I.P.F.A. conference 23rd – 25th June 2009.

6 TO RECEIVE A REPORT ON THE VEHICLE REPLACEMENT STRATEGY

The Director of Service Delivery reported that the Vehicle Replacement Programme was agreed, annually, by Members, including the full detail of numbers of vehicles due to be replaced each year. It was noted that although this provided a sound governance arrangement it did prevent a flexible approach to fleet management and could consequently stifle innovative approaches to fleet procurement.

RESOLUTION

It was RESOLVED that

- 1) *Once the Vehicle Replacement Programme has been approved by the Authority the Transport Manager will be given freedom to manage it, subject to approval of any changes by the Director of Service Delivery and the Director of Resources and Procurement.*
- 2) *Any changes to the Vehicle Replacement Programme that would increase the overall planned expenditure above the Authority's agreed level should be re-presented to the Authority.*

7 TO RECEIVE A REPORT ON THE RE-INTRODUCTION OF THE COMMERCIAL TRAINING FACILITY

The Head of Community Risk Reduction presented a business case for Members of the Resources Committee to consider the re-introduction of the commercial training capability. Considerable demand had been identified within the business community to support the provision of training and advice regarding the Fire Safety Order.

It was noted that the Service was working in liaison with Risk Smart, an organisation that works with the local SMEs offering advice and risk assessment guidance to ensure statutory compliance with the Fire Safety Order. Arrangements are currently in place for Essex Fire and Rescue Service to undertake the training of SMEs on behalf of the Mid and West Wales Fire and Rescue Service. Revitalising the training function within the Service would mean that Mid and West Wales FRS would take over this work..

A discussion ensued on capacity issues whereby Members were informed that a recruitment campaign was currently underway thereby enabling the appointment of a Peripatetic Watch Manager, within the Community Risk Reduction department, to deliver the training throughout the Service area. Several venue options would be considered to deliver the training such as client premises, Fire Service premises e.g. Earlswood training facility or the Community Safety Theatre vehicle.

The business case identified a cost neutral provision, with a projected contribution to overheads in subsequent years.

RESOLUTION

It was RESOLVED that

Committee approve the re-introduction of the commercial training function for a three year trial, with annual reviews, to ensure zero cost to the organisation and monitoring of the anticipated reinvestment potential of efficiencies.

8 TO RECEIVE A REPORT ON EXEMPTIONS AND EXCLUSIONS FROM CONTRACT STANDING ORDERS

Consideration was given to a report on exemptions and exclusions from contract standing orders. It was noted that revisions to the Constitution, including the Standing Orders relating to contracts, were approved by the Fire Authority in September 2008.

The aim was to ensure that the Authority enters into contracts for the supply of goods, materials and services or for the execution of works on the most economically advantageous terms through the application of ethical, consistent and transparent practices and procedures which would also comply with best value principles and prevailing procurement good practice and the Corporate Procurement Strategy.

It was noted that Exemptions and Exclusions from the provision of such Standing Orders (in relation to tendering) in exceptional circumstances mainly fell into the following categories:

- Urgent maintenance or repairs to buildings and plant
- Where the goods, materials, works or services were of a unique or specialised nature, or were identical, or similar to or compatible with an existing provision, so as to render only one source of supply appropriate
- Where by reason of an emergency or similar situation there was an immediate need to have available the goods, materials or services, and in the opinion of the approved officer that need overrode all other considerations.

Members were informed that business cases had to be prepared to justify any exemptions and the Service would always ensure that best value is achieved. A schedule of exemptions from the provision of Standing Orders for 2008/09 was presented to Members for consideration.

RESOLUTION

It was RESOLVED that

Committee notes the exemptions under F.P.R.3 of the Authority's Contract Standing Orders for 2008/09.

9 TO RECEIVE A REPORT ON THE SERVICE INSURANCE RENEWAL 2009/10

Consideration was given to a report outlining the terms agreed with the Authority's brokers, Marsh UK, for the portfolio of insurance policies for the 2009/10 financial year. It was noted that this was the second year of a five year Long Term Agreement agreed in 2008. Committee were pleased to note that the Authority achieved a direct saving in excess of £1.3 million over the duration of the 5 year long term agreement (up to 2013) providing that the nominal premium forecast rates did not exceed normal predictions.

The Director of Resources and Procurement reported that the actual net cost to the Authority for its 09/10 Combined Liability Insurance Renewal would be £266,609.04, a saving of £6,817.62 against last year's premium figure.

Members were advised that it was likely that the Service's current Insurance Premium levels would marginally increase during the next regular renewal in 2010/11 at a rate higher than currently predicted under normal forecasted terms. This in the main would likely to be attributed to the current global economic climate as opposed to any deficiency on behalf of the Service in managing its liability risks effectively.

The Director of Resources and Procurement advised the Committee of the need to ensure that there was a clear and effective use of the net savings achieved from last year's renewal exercise to cover for any eventualities such as unexpected increases in premia or to address risk mitigation as part of its approach to effective business risk management.

RESOLUTION

It was RESOLVED that

1) The Service Insurance Renewal report 09/10 be received and approved.

2) Members acknowledged the prospect that future Insurance premium costs may increase in view of the current global financial climate and recommend that funding from premium savings be made available to meet any measured potential increases in future, as well as setting aside resources to mitigate risks.