



---

# CLEVELAND FIRE AUTHORITY

---

## MINUTES OF ORDINARY MEETING HELD ON FRIDAY, 4 FEBRUARY 2011

---

<b>PRESENT:</b>	<b>CHAIR:-</b> Councillor O'Donnell – Stockton on Tees Borough Council
	<b>HARTLEPOOL BOROUGH COUNCIL:-</b> Councillors Akers-Belcher, Atkinson, Payne
	<b>MIDDLESBROUGH COUNCIL:-</b> Councillors Brunton, Clark, Morby, Porley, Rogers, Thompson
	<b>REDCAR AND CLEVELAND BOROUGH COUNCIL:-</b> Councillors Briggs, Cooney, Dunning, Ovens
	<b>STOCKTON ON TEES BOROUGH COUNCIL:-</b> Councillors Kirton, Lewis, Stoker, Woodhead
	<b>AUTHORISED OFFICERS:-</b> Treasurer, Deputy Legal Adviser/Monitoring Officer, Chief Fire Officer, Director of Corporate Services
	<b>OFFICERS:-</b> Head of Corporate Support
<b>APOLOGIES FOR ABSENCE:</b>	Councillors Abbott, Forster (Redcar and Cleveland Borough Council) Councillor Salt (Stockton Borough Council)

### 120. DECLARATIONS OF MEMBERS INTEREST

It was noted that no declarations of interest were submitted to the meeting.

### 121. JOINT REPORT OF THE TREASURER AND CHIEF FIRE OFFICER

#### 121.1 Medium Term Financial Strategy 2011/2012 to 2014/2015 and 2011/2012 Council Tax Level

The Treasurer commented that the Medium Term Budget Strategy and the Budget for 2011/12 were particularly challenging due to the impact of the Comprehensive Spending Review (CSR) 2010. Following the initial CSR announcement, the Fire Minister wrote to Fire Authorities stating that the reduction to formula grant would be 25% over four years. He also stated that formula grant makes up around 50% of overall spend in the fire sector, however, this is not the case for Cleveland as formula grant equates to roughly two thirds of the Authority's spending.

The Treasurer outlined to Members:

- Implications of the grant settlement for the Authority
- Forecast Outturn 2010/11
- Capital Programme, Prudential Code and Treasury Management Strategy
- Treasury Management Strategy 2011/12
- Revenue Budget 2011/12 and Indicative Forecasts for 2012/13 to 2014/15
- 2011/12 Tax Base and Collection Fund
- Robustness of Budget Forecasts and Reserves
- New measurers within the Localism Bill

**121.1 Medium Term Financial Strategy 2011/2012 to 2014/2015 and 2011/2012 Council Tax Level (cont)**

The Treasurer reported that the Budget Strategy had been particularly difficult in view of the unprecedented grant reductions planned for the next four years and that the Strategy had attempted to address the issue of the Authority being over reliant on Government Grant to support its revenue expenditure, meaning any significant changes to grant levels have a disproportionate effect on the Authority. He reported that a key aspect of the 2011/12 budget was the achievement of the efficiency target and the determination of the Council Tax for 2011/12. He outlined the risks should a Council Tax increase be sought.

The Treasurer reported that uncommitted reserves should only be used over the next three years on an 'invest to save' basis to facilitate achievement of planned efficiencies and where necessary pump prime investment that will save money in the medium to longer term. He outlined the movement for the next five years which ensured that the level of reserves remained above the minimum of £1.25m and included an allocation for PFI, as investment in the Authority's buildings would still need to be made even if the PFI did not go ahead.

Councillor Morby requested clarification with regard to vacant operational posts and what were the savings from them. The Chief Fire Officer explained that in order to try and avoid the need for compulsory redundancies a recruitment freeze had been implemented which had led to a number of vacant posts both corporate and operational and that the requested information would be forwarded.

Members discussed the subject of Members Allowances and agreed that allowances for the year 2011/12 should remain unchanged and therefore there would be no need for the Treasurer to organise an Independent Remuneration Panel to discuss this matter.

**RESOLVED:**

- (i) That the proposal to earmark the 2010/11 underspend to support the budget in 2011/12 and beyond as the financial position becomes more challenging and the use of reserves as an 'invest to save' basis to address the need to significantly reduce the overall budget requirement over the next four years be approved.**
- (ii) That the provisional 2011/12 Capital Programme as set out in the report be approved.**
- (iii) That the inclusion within the budget plans for investment in the Authority's estate as originally proposed for the PFI which although not approved for funding by Government will still be needed in some form to address the deteriorating position of the Authority's operational and administrative buildings be approved.**
- (iv) That the 2011/12 revenue budget as detailed at Appendix A of the report be approved.**
- (v) That the recommendation of the Executive Committee to confirm the 2011/12 Council Tax freeze and take up the Section 31 Compensatory Grant, which equates to a Band D Council Tax of £63.97, and supporting statutory calculations as detailed at Appendix B of the report be ratified and that the Chair, in consultation with the Treasurer, be authorised to make any minor amendments to statutory Council Tax calculations with any major amendments to be brought back to the Authority**

**121.1 Medium Term Financial Strategy 2011/2012 to 2014/2015 and 2011/2012 Council Tax Level (cont)**

- (vi) That indicative Council Tax increases for 2012/13 and 2013/14 and 2014/15 of 7p per week (£3.83 per year), 12p per week (£6.70 per year) and 12p per week (£6.75 per year) respectively be approved. This would give indicative tax levels at Band D of £67.80 (£1.30 per week), £74.50 (£1.43 per week) and £81.25 (£1.56 per week respectively).
- (vii) That a freeze on Members Allowances for the year 2011/12 be implemented and therefore the Member Allowance Scheme would remain unchanged.

**122. REPORT OF THE TREASURER**

**122.1 Treasury Management Strategy 2011/2012**

The Treasurer outlined the Authority's Treasury Management Strategy for 2011/12, which included Prudential Indicators for 2011/12 – 2013/14 and confirmed that the Strategy fulfilled four key legislative requirements. He then detailed:

- The Background
- Outlook for Interest Rates
- Prudential Indicators and Treasury Limits
- Capital Financing Requirement and Borrowing Strategy
- Investment Strategy

The Treasurer stated that the Strategy was subject to scrutiny by the Audit & Governance Committee, who will monitor it on behalf of the CFA. Councillor Briggs confirmed that the Audit & Governance Committee will bring any necessary reports regarding the Treasury Management Strategy to the Authority.

Councillor Thompson referred to the amount of money which is planned to be borrowed in 2011/12 for capital expenditure and queried the borrowing limits for major investments. The Treasurer confirmed that the Authority could borrow what it can afford to repay under the Prudential Code and that within the prudential indicators there are a number of key indicators to ensure the Authority operates its activities within well defined limits.

**RESOLVED:**

- (i) That the Prudential Indicators and Limits relating to Capital Expenditure for 2011/12 to 2013/14 as detailed in Section 6 of the report be approved.
- (ii) That the Borrowing Strategy for 2011/12 to 2012/13 and related Treasury Prudential Indicators including the Minimum Revenue Provision (MRP) Statement in Section 7 of the report be approved.
- (iii) That the Investment Strategy for 2011/12 to 2012/13 and related Treasury Prudential Indicators in Section 8 of the report be approved.
- (iv) That the Investment Strategy Counterparty Criteria contained in Section 8 of the report be approved.
- (v) That the Treasury Management Strategy be scrutinised and monitored by the Audit & Governance Committee.

**COUNCILLOR JEAN O'DONNELL  
CHAIR**