

# Shropshire and Wrekin Fire and Rescue Authority Strategy and Resources Committee

Held in the Oak Room, Headquarters  
On Wednesday, 16 November 2022 at 2.00 pm

## Present

### Members

Councillors Aldcroft, Carter, Hartin, Jhawar, Offland, Pardy and Wynn

### Officers

Rod Hammerton	Chief Fire Officer	CFO
Simon Hardiman	Assistant Chief Fire Officer (Service Support)	ACFO (SS)
Joanne Coadey	Head of Finance	HoF
Germaine Worker	Head of Human Resources and Administration	HHRA
Natalie Parkinson	Equality, Diversity and Inclusion Officer	EDIO
Lynn Ince	Executive Support Officer	ESO

## 1 Apologies

Dan Quinn, Assistant Chief Fire Officer (Service Delivery)  
James Walton, Treasurer

## 2 Disclosable Pecuniary Interests

None

## 3 Public Questions

None

## 4 Non-Exempt Minutes

**Resolved**, with Councillors Aldcroft and Carter abstaining as they had not been present at the meeting, that the non-exempt minutes of the Strategy and Resources Committee meeting, held on 21 September 2022, be agreed and signed by the Chair as a correct record.

## 5 Financial Performance to September 2022, including Annual Treasury Review 2021/22 and Mid-Year Treasury Review 2022/23

This report provided information on the financial performance of the Service, and sought approval for action, where necessary.

The HoF presented this report and advised the Committee that this is the second financial monitoring report for 2022/23. The HoF then highlighted the following points in the report.

- 45% of the revenue budget and 49% of pay budgets had been spent to the end of September 2022.
- The average spend across all budgets for non-pay budgets is 34% which is in line with estimated spend for this point in the year.
- The chart for Executive and Resources Other on page 3 of the report shows that 14% of the budget has been spent so far. This includes several subscriptions that have been fully paid and the payment of rates bills across all sites.
- **Variance to budget**, are shown in the table on page 4 of the report
  - It is understood that fixed term contracts for watches have ceased but the impact of this will be seen until the end of September.
  - Pay – Overtime is being monitored and will be fed into next year's budget
  - The overspend on Operational Hours is due to the extreme heat during the summer period
  - There will be an underspend on Debt Charges until borrowing is needed.
  - Spend on furniture will be factored into future budgets
  - The rates of return on current investments are improving, with £40k additional income being received in the period covered by the report. Provision for these increasing returns will be made in the budget going forward
  - The Head of Resources will review the increased spend on hydrants and increased budget provision will be made if needed
  - Overall, there is a net underspend of £147k for the period
- **Pay Awards and Inflation**  
**Green Book** - a pay award for Green Book employees has been agreed nationally; this averages 6% across posts concerned which is 3% higher than the predicted award. The Green Book pay award equates to 6% of the Authority's pay bill due to employees being awarded a flat cash amount rather than a percentage of their pay.

**Grey Book** - the national Grey Book pay offer has been rejected by the Fire Brigades Union, and it is not clear what will happen next with this, but it is known that any award agreed from this point on will be higher than the Authority's agreed contingencies. The difference in pay awards for Green and Grey Book employees is due to the different National Joint Councils (NJC) who negotiate on behalf of employees

It is likely that all agreed contingencies will be exceeded in this area. The Authority will, therefore, look at funding pay awards from reserves and underspends in this year, but any increases will need to be factored in the budget for coming years.

- **Capital Programme** – The main areas of capital expenditure during the reporting period have been ongoing works at Tweedale, investment in ICT equipment and further payments for work completed at Tweedale.

The estimated cost of the Firekit Scheme has increased to £1.270m, from £1.20m due to inflationary increases. The Committee is therefore, requested to approve a virement of £70k to update the total amount of the scheme. approved at £1.2m increased to £1.27m due to inflationary pressures.

- The Annual Treasury Review as set out at Section 7 of the report shows the Authority has operated within the appropriate financial limits and boundaries during 2021/22.
- The Mid-Year Treasury Review as detailed in Section 8 of the report shows that the Authority is also operating with financial limits so far in 2022/23

Members queried if interest investment would increase if invested funds are left for longer than the 7-day rate that is mentioned in the report. The HoF explained that those funds that are held by Treasury Services will be left invested for as long as possible.

Members also asked if any investments can be released quickly should the Authority need to use the invested funds. The HoF explained that the investments are purely the money that the Authority has available in its bank accounts so this will be kept invested if cashflow forecasts have indicated that it is not needed immediately. Debt Management Office monies can be accessed at short notice if needed.

**Resolved** that the Committee recommend that the Fire Authority

- a) Note the position of the revenue budget;
- b) Approve virements to the revenue budget where requested;
- c) Note the update on pay awards and inflation;
- d) Note activity on capital schemes;
- e) Approve virements to capital schemes where requested;
- f) Note the annual review of treasury activities for 2021/22;
- g) Note performance against prudential indicators to date in 2022/23; and
- h) Note the mid-year review of treasury activities for 2022/23.

## 6 2023/24 and Later Years Revenue and Capital Budgets

This report brought together the elements of an initial revenue budget, based on current planning assumptions, and sought the Committee's approval for this outline to be recommended to the Fire Authority in December 2022.

The HoF presented this report and explained that this is the first stage in the budget setting process for 2023/24 and future years. The approved revenue budget for 2022/23 is £24.410m, which was based on the assumptions that are set out on page 2 of the report.

## **Efficiency Plan and Spending Round**

As set out on page 3 of the report, a Spending Review is expected on 17 November 2022, but it is not yet known whether this will include a single year settlement for individual authorities. It is expected that settlements for individual authorities will be announced in December 2022. The Treasury will expect fire and rescue services to provide evidence of efficiency and productivity improvements for future spending reviews. Work is being undertaken by the Home Office, the National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) to ensure this measurable and available for submission.

## **Base Budget and Committed Changes**

The table on page 4 of the report shows the committed changes that have been identified including increases in the Service's fitness and payroll contracts. Efficiencies, such as the reduction in insurance premiums and the wide area network (WAN) contract have also been identified. The savings from the WAN contract will be used for investment in crucial cyber security systems.

Members wondered if it was likely that the precept rate would be increased in the Spending Review, as this would help to cover some of the Authority's funding gap; with a 5% increase giving slightly more income than a £5 increase.

The Chair of the Authority suggested that it may be interesting to look at the Fire Alliance for further ways of working that may achieve efficiencies. The CFO advised that whilst the Alliance had been set up to increase capacity and resilience across both Services, it would be worth starting a dialogue to look at changing the focus of the Alliance.

The CFO also explained that careful consideration is being given to transformation projects are being looked at, such as the On Call Sustainability Review (OCSR). The focus of the OCSR is changing On Call contracts etc but the Service is not sure this can be done in the current climate. Officers will keep a watch on issues such as this and will direct them as much as they can.

The Committee stated that it understood that, in some circumstances, there is a need to invest achieve efficiencies and asked if the Authority was looking at other aspects of the funding issue. The CFO confirmed that it is. The Chair of the Authority has written to relevant Government Ministers setting out the Authority's position and both the Chair and the CFO have met with the local MPs, since this meeting Mark Pritchard MP has written to the Chair citing his support for the Fire Service's position. The Home Office are aware of the ongoing issue with fire funding at the national level.

## **Pay and Price Contingency**

Section 5 of the report details the methodology that officers have used to establish the pay and prices contingencies. Given the current situation with pay negotiations and the cost of living crisis, it seems prudent for the Authority to continue to budget for higher pay awards in the medium term.

The Office of Budget Responsibility has estimated that inflation will fall to levels nearer 2% in the medium term, Officers will amend the pay and price contingencies to reflect any such changes as and when they are announced.

### **Capital Programme**

The process for setting the Capital Programme is detailed in Section 6 of the report and the Programme will be brought to this Committee in January 2023 for agreement before final approval is given by the Fire Authority in February 2023.

The final Revised Budget Summary is shown at Section 7 of the report with circa £1m being added to revenue expenditure each year till 2025/26.

Officers will continue with scenario planning and will keep Members informed about changes affecting the revenue budget as they arise.

**Resolved** that the Committee recommend that the Fire Authority

- a) Notes the revisions and the committed changes to the base budget, as shown in section 4 of the report;
- b) Bases its pay and prices contingency in the revenue budget on the calculations set out in section 5 of the report;
- c) Notes the process for the approval of the capital programme; and
- d) Approves the expenditure figures associated with those approved assumptions as a basis for developing the budget at the meeting of the Fire Authority on 14 December 2022.

## **7 Reserves and Funds**

This report set out the issues, which the Fire Authority will need to consider as part of its annual review of reserves and funds.

The HoF presented the report and advised that, as shown on page 1 of the report, the Authority's currently has a total of £13.7 m in its reserves and funds, of which £9.1m is in the Capital: Major Projects reserve. The principles for holding reserve levels are set out on page 2 of the report.

Section 6 of the report provides a narrative for the Authority's earmarked reserves, and the HoF highlighted the following:

- Capital – Earmarked  
This reserve is fully depleted so any future capital schemes will either be funded from revenue, or by borrowing
- Capital Major Projects  
The decision about when borrowing is required will be taken in consultation with Treasury Management Services and it may be that it makes sense for borrowing to be allocated against the Telford Central Project. Members felt that it may be more prudent to lock into borrowing rates now rather than waiting. The HoF advised that debt charges will need to be weighed up against borrowing rates before any borrowing is agreed.

- Income Volatility Reserve  
At the end of 2019/20, £450k was added to this Reserve, to address uncertainty around Covid-19 and the Authority's income streams. This was not required but increased pressures from pay and inflation may require funding from reserves as the revenue budget is built up.
- General Fund  
The balance of the General Fund at the end of 2021/22 was added to the Service Transformation Programme Staff Reserve to provide resources and capacity for Service projects from 2023/24.

The Chair of the Fire Authority commented that he is very proud and appreciative of the Finance Team's work which puts the Authority in a good position going forward.

**Resolved** that the Committee agree to propose to the Fire Authority that it confirms the current position of its reserves and funds.

## 8 Equality, Diversity and Inclusion Steering Group Update

This report provided an update on the work of the Equality, Diversity and Inclusion (EDI) Steering Group from November 2021 to October 2022.

The EDIO presented this report and highlighted some of the major elements of work that the Steering Group has undertaken since October 2021, which were listed in Section 4 of the report.

Members suggested that awareness of cervical screening and prostate cancer screening could also be promoted within the Service. The EDIO explained that key dates for awareness campaigns are promoted within the Service and these issues can be included as part of this.

Councillor Pardy stated that he feels that the Voices Group has been an absolute success and congratulated the EDIO and the EDI Team on establishing the Group. The CFO agreed with this comment and added that the Group has been set up in a low-key Shropshire way which is why it has worked where similar initiatives have not previously

Members commented that they are not aware of many of the EDI activities and events that are occurring and suggested that Fire Authority Members should be invited to attend, where appropriate. The EDIO and ESO undertook to do this in future.

Members also queried if there more that the Service can do to publicise its EDI activities and work. RH commented that publicity is one of the reasons for the Service going for awards. The EDIO confirmed that the Service website and social media sites are used to promote EDI activities. The EDIO also advised that there will be a social media campaign next week to highlight the Service's White Ribbon accreditation. The Executive Officers will be photographed for this on Monday and Members were invited to attend for the photo if they wished to get involved.

The CFO added that Members wish to get involved in EDI activities is fantastic feedback given the Service's recent discussion with the HMI. The ACFO (SS) also added that a recent meeting with the LGA had led to the EDIO being invited to present to the LGA's Leadership Essentials course.

**Resolved** that the Committee note the report.

## **9 Occupational Health Provision Annual Update**

This report provided the annual update on the Occupational Health Provision for the Service.

The HHRA presented this report and advised that there are currently three contracts in place for the different elements of the Service's Occupational Health (OH) provision. SHROPCOM, who provide the Occupational Health Nurse / Administration function, has advised the Service that it has been advised to cease all external contracts. Officers have started working to identify an alternative provider for this contract.

Page 3 of the report sets out the fitness tests figures for the year to date. The increase in operational employees achieving the required aerobic fitness standard reflects the work of staff and the Service's Fitness Advisor. There are, however, still many staff who need to be tested and this may change these figures going forward.

The Did Not Attend (DNA) rate for this period has increased by 6.2% on the same period last year. Individuals are contacted prior to attendance at appointments but there appears to be an issue with DNAs for asbestos medicals and the Human Resources Department are working with Area Command to investigate the reasons for this. Background work is also being undertaken to ensure that employees are properly notified of appointments

The data on page 6 of the report shows that mental health and musculoskeletal are the most common reasons for employee attendance at OH. The DNA rates for the OH Physician has increased to 30% which is mainly attributable to asbestos medicals.

Members asked what the Bruce Protocol Assessment is. The CFO explained that this is the cardiac tests that are carried out after an employee returns to work from a heart attack and which must be carried out with a doctor present.

Members asked if the fitness test has become harder. The ACFO (SS) explained that there has been a change in testing methodology with a treadmill now being used instead of the step test. This has made it easier to carry out fitness tests but has made them harder to actually do; however, there is a treadmill on every station which employees can use to test themselves as frequently as they wish to. The ACFO (SS) reassured Members that the Service is in a better position with the changes to the fitness tests to assure the Fire Authority that its employees are fit.

GO asked if the OH reports received by the Service are quite brief? The HHRA confirmed that they are and there is also the issue that they do not necessarily answer the questions posed by the Service. The HHRA assured Members that these issues will be addressed in future contracts.

**Resolved** that the Committee note the report.

## **10 Exclusion of Press and Public**

**Resolved** that the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

## **11 Exempt Minutes**

**Resolved**, with Councillors Aldcroft and Carter abstaining as they had not been present at the meeting, that the exempt minutes of the Strategy and Resources Committee meeting, held on 21 September 2022, be agreed and signed by the Chair as a correct record.

The meeting closed at 3.25 pm

Chair.....

Date.....