

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
held in the Oak Room at Headquarters, Shrewsbury
on Thursday, 30 January 2020 at 2.00 pm**

Present

Members

Councillors Carter, Hartin (Vice-Chair), Mellings (Chair) Middleton, Pardy, Roberts and Wynn

Officers

Rod Hammerton	Chief Fire Officer	CFO
Dave Myers	T/Deputy Chief Fire Officer	DCFO
Simon Hardiman	T/Assistant Chief Fire Officer	ACFO
James Walton	Treasurer to Fire Authority	Treasurer
Joanne Coadey	Head of Finance	HoF
Germaine Worker	Head of HR and Administration	HHRA
Andrew Kelcey	Head of Resources	HoR
Sally Edwards	Head of ICT	HoICT
Lisa Vickers	HR Manager (Contracts)	HRM
Adam Matthews	Group Manager Shropshire Rural	GM
Lynn Ince	Executive Support Officer	ESO

The Chair welcomed Councillor Roberts back to the Fire Authority after his operation and thanked Councillor Phillips for his contribution during his time on the Authority.

1 Apologies for Absence

None

2 Disclosable Pecuniary Interests

None

3 Public Questions

None

4 Minutes

Resolved that the minutes of the Strategy and Resources Committee meeting, held on 18 November 2019, be agreed and signed by the Chair as a correct record.

5 Financial Performance to December 2019

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

The HoF presented this report and explained that it is a continuation of the ongoing monitoring of the budget throughout the financial year and that a budget summary by service area is attached at the appendix to the report.

The HoF then talked through variances to the budget as set out on pages two and three of the report. In addition, the HoF explained that there are two proposed changes to the capital programme which will affect the budget. These are the removal of the Major Incident Room project and a £40k increase in capital funding for the Tweedale Building Improvements project

The HoF also confirmed that the Authority is working within its prudential indicators for 2019/20 and that it is currently earning higher than expected interest rates on its investments.

In relation to the table on page 2 of the report, Members asked how many stations were currently operating the locally managed shift system and if the Service is looking to roll this out across all its stations. The GM responded that he did not have a definite number at present, but it is believed that approximately six stations are using a locally managed shift system although there are slight variations in the systems being used. The forthcoming On Call Sustainability Review will provide a full assessment of the situation. It does seem that the stations concerned are only tending to operate such a system at weekends but there are issues that need to be considered with On Call employees who work on a shift system in their primary employment.

Members then asked if the results of the sustainability review will come to the Authority. The CFO explained that it is likely that the Review will lead to changes in the On Call contracts which will need to come to the Fire Authority. The CFO added that any changes will be pre-empted by the Sustainability Project and the Service would not want to force changes onto a station, if they were not comfortable with them. The CFO also added that this Service currently has the second highest level of availability in the country, only the Scilly Isles is higher, so it has the space to consider any changes in a timely and fully engaged manner.

Members also queried the reasons for the savings that have been made on the cleaning contract as they had concerns about whether the cleaning staff are being paid the living wage. The HoR confirmed that the cleaning staff have always been paid above the minimum wage and that they are paid the living wage. He also explained that the savings set out in the report have been achieved by the removal of management costs from the cleaning contract.

Members asked what the lifespan of the improvements at Tweedale, as set out on page three of the report, was. The HoR explained that it is hoped that the changes to the capital scheme for Tweedale will provide a permanent solution to the issues with the drill tower with a lifespan of 25 years or more.

Councillor Carter commented that On Call availability is a real issue across the country and added that he is very proud of what this Service has achieved. He also added that the Service has proved that prudence in budget management pays off with the savings that have been achieved on the pay and price contingency.

Members commented that they appreciated the Treasury Management training session which they attended at Shirehall last week. They felt that it was useful for this year's budget setting and for future planning.

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) Approve proposed changes to the current capital programme; and
- d) Note performance against prudential indicators to date in 2019/20.

6 Revisions to the 2020/21 Revenue Budget

This report presented a final revenue budget package for 2020/21 for consideration by the Committee, and recommendation to the Fire Authority, taking into account latest information.

The Chair introduced the report by explaining that it builds on the work undertaken by this Committee in November and the Fire Authority in December. The report does ask the Committee to consider the precept although this is currently capped at 1.99%. The Chair also reminded the Committee that this is not the final version of the report as this will go to the Fire Authority on 12 February 2020 for final agreement.

The HoF presented the detail of the report and explained the following

- At its December 2019 meeting, the Fire Authority agreed the use of budget planning option 6 as set out on page 1 of the report.
- The Home Office has confirmed that the Pensions Grant will continue into 2020/21 but there is still no clarity about when this grant will cease. The planning assumption is that the grant will cease from 2021/22.

- Collection Fund balances have been confirmed as £189k for Shropshire Council and £139k for Telford & Wrekin Council. These figures are in line with the Service's assumptions and have been factored into budget planning.
- Officers are considering worst case scenarios in budget planning but have also recognised that the lack of certainty around the Revenue Support Grant means that the actual outcome may be different.
- The key issue is to have plans in place to deal with any potential surpluses / deficits that may occur.
- Debt charges will be added to the deficits shown on page 3 of the report when it goes forward to the Fire Authority.

The CFO commented that there was hope that the budget would enter a period of certainty, but this has not happened. Various potential scenarios have been considered during the budget planning process but there is quite a variation between the best- and worst-case outcomes. The likelihood of the worst-case scenario occurring is potentially low but plans to deal with this will be considered and built into the Integrated Risk Management Plan. The aim is to counterpoint any less desirable ideas with more desirable achievements.

The Chair commented that the key message from the report is that the budget for 2020/21 largely takes care of itself but for the years ahead of that, the budget is governed by factors beyond the Authority's control. The CFO added that the Authority is in a better position than it was 10 years ago and that is following the natural process to constantly review and amend.

Resolved that the Committee recommend that the Fire Authority approve

- a) A precept increase for 2020/21; and
- b) A revenue budget in line with the precept increase approved above.

7 Capital Programmes 2020/21 to 2024/25, Treasury Management Statement and Capital Strategy

This report presented the capital programmes for 2020/21 to 2024/25, for consideration by the Committee in the context of Prudential Guidelines.

The HoF explained that the Capital Strategy, which brings together all the elements considered by the Authority when planning its use of capital, was first presented to the Committee last year. It has been reviewed this year and there are no changes proposed to it. The HoF also advised that the Treasury Management Strategy Statement is as set out in the report,

The Chair advised the Committee that the Authority will be looking to borrow for the first time in a while to fund the Telford Central project and confirmed that all decisions around borrowing will be taken in conjunction with treasury advisors.

Members asked if there was any possibility of the interest rates for the Public Works Loan Board increasing further. The HoF advised that she was not aware if this was likely to happen, but officers will investigate further.

Members commented that the Authority has a number of reserves which could be utilised to fund the Telford project. The HoF confirmed that this was correct and that a large percentage of the reserves are held for capital projects. The reserves will cover the Telford Central Project and 2020/21 and the Authority will endeavour to cover costs with cash before entering into borrowing.

The Chair commented that whilst the reserves held by the Authority have been criticised, they do form part of a wider financial package. The CFO added that the Authority needs to move from being largely self-funding to borrowing, as it is currently underleveraged. This does feel riskier but saving money is not always the right method and it is good to reduce levels of reserves. There have also been discussions about how the capital budgets should be tailored in the future.

Resolved that the Committee recommend that the Fire Authority

- a) Approve the Capital Strategy for 2020/21 – 2024/25, set out in Appendix A;
- b) The decision relating to the 2020/21 onward programmes was deferred until item 12 on the agenda, as these were set out in exempt Appendix B to the report, and
- c) Approve the Treasury Strategy Statement for 2020/21.

8 Adequacy of Reserves and Robustness of Budget

This report undertook a full analysis of reserves, provided an assurance on the adequacy of reserves, and gave an assurance on the robustness of the budget.

The HoF presented this report and advised that it is likely that £10m will be spent from reserves over the coming years. The schemes to be funded will be chosen carefully and consideration will need to be given to any foreseeable revenue budget deficits that would be covered by reserves, usually the income volatility reserve.

The HoF reported that the Treasurer believes that the 2020/21 budget is robust.

Members questioned if the training reserve would still be needed in the future. The HoF confirmed that this reserve would be maintained as it is used to cover volatility in the training budget which may be an issue with succession planning.

Resolved that the Committee recommend to the Fire Authority

- a) The reserves, as set out in the appendix to the report; and

- b) The Treasurer's assurances, covering the robustness of the 2020/21 budget and adequacy of its reserves.

9 Capital Update on Activity and Finance

This report provided an overview of all of the capital schemes within the Brigade and their current status.

The HoR and the ICT Manager talked through the capital schemes for buildings, ICT and vehicles and equipment as set out in Appendix A to the report.

Councillor Carter commented that there have been discussions at the Fire Services Management Committee about the effects of climate changes for fire services and the issues of utilisation of electric appliances as larger vehicles.

Members queried if there would be changes to benefits in kind rules in the future with the increase in new electric vehicles coming onto the market. The HoR advised that changes are being considered but these tend to benefit larger companies initially then trickle down to smaller companies. The HoR explained that the major benefit of electric vehicles is on air quality so the focus for manufacturers tends to be on vehicles for shorter city journeys. The CFO added that there is an issue with the natures of risk as many electric vehicles are designed for urban areas and the associated levels of risk however changes to tax rules will drive the market and force adaption to vehicles to meet Service needs.

Resolved that the Committee note the progress so far on current schemes and agree to close the Fit Out of Major Incident Room scheme.

10 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 October 2018 to October 2019.

The HRM presented this report and highlighted some of the activities and developments that the EDI Steering Group have been involved with over the year covered by the report.

The CFO explained that a lot of the work undertaken by the EDI Steering Group feeds into the development of the Service's strategic plan. The Service's strategic advantage is its culture and its people. The 'purposefully diverse and inclusive' EDI Steering Group is a big cog in the machine and a driver to achieving a real change in the Service's culture. The power of that culture can then be used to improve the service at all levels. The CFO praised the fantastic work done by all involved with the EDI Steering Group and added that whilst it seems strange for this Committee to consider reports such as this, it is important as it lays foundations for the Service.

Members offered their congratulations to the Steering Group on the very high standards that are being set and achieved. They felt that this would aid the Service in achieving an 'outstanding' rating in future HMI inspections.

Members fed back to the Committee that the Suicide Prevention Action Group in Telford regards Shropshire Fire and Rescue Service as being very positive in its approach to mental health and suicide prevention.

The Committee discussed some of the initiatives that have been undertaken as part of the Positive Action strand of work including Black, Asian or Minority Ethnic and Women's Taster Days. Attendances have been low for these and the Service is looking to learn lessons about how it can increase attendance. There are however issues with the perception of accessibility to the Service and with the required fitness levels and physical requirements.

Members asked if the Service goes into schools as part of its recruitment campaigns. The HHRA confirmed that it does and that it is looking to do more of this during this year.

Resolved that the Committee note the report.

11 Exclusion of Press and Public

Resolved that the press and public 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 in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

12 Exempt Appendices to Capital Programmes 2020/21 to 2024/25, Treasury Management Statement and Capital Strategy (Paragraph 3)

The Committee received Appendices B and C to report 7 - Capital Programme 2020/21 to 2024/25, Treasury Management Statement and Capital Strategy paper which contained exempt information.

Resolved that the Committee confirm the 2020/21 onward programmes, as set out in Appendix B, and the associated revenue costs, as set out in Appendix C to the report, as part of its final precept deliberations.

13 Exempt Appendix to Capital Update on Activity and Finance (Paragraph 3)

The Committee received the second part of the appendix to report 9 – Capital Update on Activity and Finance, which contained exempt information.

Resolved that the Committee note exempt Appendix B to report 9.

The meeting closed at 3.25 pm.

Chair.....

Date.....