

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
held in the Oak Room, Headquarters
on Wednesday, 26 January 2022 at 2.00 pm**

Present

Members

Councillors Carter, Hartin (Vice-Chair), Lavery, Offland (Chair), Pardy and Wynn

Officers

Rod Hammerton	Chief Fire Officer	CFO
Simon Hardiman	Assistant Chief Fire Officer	ACFO
Joanne Coadey	Head of Finance	HoF
Guy Williams	Head of Service Delivery	HoSD
Germaine Worker	Head of HR and Administration	HHRA
Lynn Ince	Executive Support Officer	ESO

1 Apologies for Absence

Councillor Aldcroft
James Walton, Treasurer

2 Disclosable Pecuniary Interests

None

3 Public Questions

None

4 Minutes

Councillor Pardy abstained from voting on this issue, as he was not present at the previous meeting.

Resolved that the minutes of the Strategy and Resources Committee meeting, held on 18 November 2021, be agreed and signed by the Chair as a correct record.

5 Financial Performance to December 2021

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 that expenditure is broadly in line with where it should be at this point in the financial year, but it is likely that there will be some movement on expenditure during the remainder of the year.

Referring to the variances set out in the table on page 4 of the report, the HoF highlighted the following:

Overtime

The HoSD gave the following explanation of the overspend on wholetime overtime: £40k is directly attributable to Covid-19 impacts; with £75k being due to the very lean shift system operated by the Service which has had significant impacts where stations have acted as individual bubbles during the pandemic. Whilst this has given greater resilience and enable availability to be maintained, it has also created and an inefficiency. A new shift system is to be piloted during 2022 to address issues. The HoSD thanked crews for their work during the last two years as they have to want to do the overtime and the other covid-related duties that they have undertaken.

Councillor Lavery joined the meeting at this point (2.08 pm)

Members asked if covid expenditure could be claimed back. The CFO explained that there is still £50k of Covid grant remaining and that the Service can reclaim for positive work undertaken.

Members queried what the current situation with overtime is. The HoSD explained crews of 26 are factored into 2023/24. If 26 are available, then nights are discouraged and capacity in days are used for Safe and Well visits etc. The new system has resilience built in and allows for easier redeployment. The HoF also added that some overtime has been accrued in December 2021 and this will be seen in the budgets for Quarter 4 of the year.

Members asked if the Representative Bodies are happy with the proposed changes. The HoSD confirmed that the local Fire Brigades Union (FBU) are happy for the changes to be run as a six-month pilot. The interim policy for this has been agreed and will be refined as the pilot progresses.

The CFO explained that the Service reformed the wholetime duty system four years ago when it moved to optimum crewing. This saved £400k and reduced overtime but some parts of the system are too prescriptive and there is an element of 'gaming' within the system that needs to be removed. It should be noted that the original change to optimum crewing has never been formally signed off by the national FBU.

Retained Duty System – There are a number of underspends on the Retained Duty System budget which are attributable to the pandemic.

Fire Control – the overspends in this area are due to sickness and low staffing levels.

Pensions Consultancy – the overspend in this area is due to the stakeholder costs for data transfer related to the change of pension administrator.

£248k of Covid grant was received during 2021/22, which was in addition to the balance of £36k that remained at the end of 2020/21; there was a balance of £55k remaining at the end of December 2021.

Members queried the investment with Slough Council, as detailed on page 6 of the report, as they are believed to be in financial difficulties. The HoF undertook to provide further information on this issue outside of the meeting.

Members asked how much saving would be achieved from moving the Pension Contract supplier. The HoF did not have the exact figure to hand and undertook to provide this information to the Committee outside of the meeting. The saving is however enough to recruit an in-house Pensions Officer with the costs of the transition likely to be recouped early in Year two of the move.

Members asked about the use of the Pensions Officer at Shirehall. The ACFO explained that this will no longer be available to the Service so it is considered beneficial to have a dedicated in-house resource and the savings from the Pension Contract move will cover this resource without overspend. It is envisaged that there will be a seamless transition between providers; officers have met with the new provider, West Yorkshire Pension Fund, and all is in place for the change on 1 April 2022.

Members queried the ethical stance of the portfolio of pension investment. The HoF explained that the firefighters pension scheme is not a funded scheme and as such there are no investments involved.

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; and
- c) Note performance against prudential indicators to date in 2021/22.

6 Revisions to the 2022/23 Revenue Budget

This report presented a final revenue budget package for 2022/23 for consideration by the Committee, and recommendation to the Fire Authority, taking into account latest information.

The HoF presented this report and advised the following:

- Changed assumptions used as too pessimistic

- The provisional Grant settlement which was announced on 16 December 2021 only covers the 2022/23 financial year
- A one-off service grant of £270k has been awarded which is, in part, expected to cover National Insurance increases
- Confirmation of the continuing Pension Grant to cover increases in employer contributions is expected but has not yet been received
- The Service will launch six reviews of various areas in 2022/23 that will run through the four year strategic planning period. The reviews will need to be resourced properly and it is proposed that £200k be allocated to the Service Transformation Staff Reserve in 2022/23 to fund this. Consideration also needs to be given to resourcing the implementation of the Review findings following their completion, therefore an initial investment of £150k is factored into the 2023/24 budget with a further £150k each year after this. There is room for this figure to be flexed should this be necessary in future years
- Collection Fund totals are still being finalised with Shropshire Council and Telford & Wrekin Council
- The medium-term budget considerations are set out on page 4 of the report. The Service is still in an uncertain position with regard to the Fair Funding Review and possible changes to the precept referendum spending limits.

Members asked how much money was in the Income Volatility Reserve. The HoF answered that there is currently £650k in this Reserve but there may be a surplus and further detail on this will be brought to the next meeting of this Committee.

Members commented on the need to try to achieve a balance between increased costs for the Service and the needs of Shropshire residents which means that any precept increase needs to be carefully considered. Members acknowledged that the Service has been very prudent as it has increased precept amounts previously; and also, that the value of the Service is recognised by the public, especially during the pandemic. The CFO stated that it is not unusual to have conflict over the precept level and reminded the Committee that the Authority also needs to consider pay increase issues. The Service needs to invest in its On Call system and a revision of their pay structure is likely. If there is unprecedented financial volatility, then the Service will have to rethink its ambitions. Members stated that they did not disagree with a firefighter pay rise but recognised that this could be a 'no win' situation as increased revenue will be needed to fund this. Some members felt that little and often precept increases are better, and the CFO reminded Members that the budget will go out for public consultation.

It was suggested that a range of precept options be presented to the Fire Authority at its February meeting for consideration with the impacts of each option being clearly set out for the Authority. Members asked that this information also includes the impact of the range of increases on the average household.

The HoF explained that if the precept was not increased, there would be a deficit of circa £350k in Years 1 / 2 of the planning period which would require either the removal of growth and investment or moving money from reserves. It is also Important so show how increase would be allocated and that the precept funds part of the Service's investment in improvements.

Councillor Hartin proposed the recommendations in the report be amended so that the Fire Authority receives a range of precept increases for consideration with the impacts of each increase clearly set out. This was seconded by Councillor Wynn and

Resolved unanimously that the Committee recommend that the Fire Authority

- a) Receive a range of precept increases for consideration, with this Committee proposing that a precept increase of 1.99% for 2022/23 be approved; and
- b) A revenue budget in line with the precept increase approved above.

7 Capital Programmes 2022/23 to 2026/27, Treasury Management Statement and Capital Strategy

This report presented the capital programmes for 2022/23 to 2026/27, for consideration by the Committee in the context of Prudential Guidelines.

The HoF presented this report and advised that the Service's capital strategy remains relatively unchanged.

Capital Schemes have or will be aligned to tie in with the end of the planned reviews where possible, there is room to flex capital schemes if needed.

Regular reports on the Treasury Strategy are brought to this Committee and the Minimum Revenue Provision remains unchanged from 2021/22.

Resolved that the Committee recommend that the Fire Authority

- a) Approve the Capital Strategy for 2021/22 – 2025/26, set out in Appendix A;
- b) The decision relating to the 2021/22 onward programmes was deferred until item 11 on the agenda, as these were set out in exempt Appendix B to the report, and
- c) Approve the Treasury Strategy Statement for 2021/22.

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.

Members asked about the issue that the Her Majesty's Inspectorate (HMI) had raised in relation to reserves. The HoF explained that the HMI had

expressed concern that whilst the Authority's reserves are currently £17m, they will be reduced to £4-£5m after completion of the Telford Central project. Officers do not share this concern as there have been no changes in the risks that the reserves relate to; so, the reduced levels should still be adequate. The External Auditors will provide more detail on the reserve levels and their adequacy in their Value for Money conclusion.

Members commented that the Authority has faced accusations of having too high reserves in the past.

Members asked about the increase in material costs and how this is being factored into the Telford Central Project. The CFO explained that discussions are ongoing about capital programme easing to ensure best value for money. Any related changes to the capital schemes will be brought back to this Committee.

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 2022/23 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 ACFO presented this report which covered June to November 2021 and highlighted the following points

- Ellesmere, Market Drayton and Whitchurch refurbishments are progressing. There have been supply chain delays which has led to some changes being made to the construction materials used but all three projects are now nearing completion
- RDS Security and Solar Panels projects are being incorporated into station rebuild programmes where possible
- Telford Central Project is progressing well. Control measures are being put in place to mitigate risk from supply chain disruption. The project is still on track but there may be delays in the future
- Replacement appliances will be delivered in three batches to allow sufficient time for vehicle preparation and training to be undertaken
- There have been some supply chain issues with vehicles as well and these are being monitored
- A new boat has been purchased with the same capability as the current boat but with a flat bottom and a bigger engine.

Members queried the Light Vehicle Replacement Scheme and asked what vehicle was going to be tested. The ACFO responded that it is a 4x4 vehicle with increased wading height.

Members asked if the change of materials being used for the station refurbishments had any impact on the sustainability of the builds. The ACFO explained that this had all been assessed and there are no impacts from the change in materials.

Resolved that the Committee note the progress so far on current schemes.

10 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.

11 Exempt Appendix to Capital Programmes 2022/23 to 2026/27, Treasury Management Statement and Capital Strategy (Paragraph 3)

The Committee received Appendix B to report 7 - Capital Programme 2022/23 to 2026/27, Treasury Management Statement and Capital Strategy paper which contained exempt information.

Resolved that the Committee confirm the 2022/23 onward programmes, as set out in Appendix B, as part of its final precept deliberations.

12 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 3.30 pm.

Chair.....

Date.....