

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
held via Microsoft Teams
on Thursday, 28 January 2021 at 2.00 pm**

Present

Members

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

Officers

Rod Hammerton	Chief Fire Officer	CFO
Simon Hardiman	Assistant Chief Fire Officer	ACFO
Joanne Coadey	Head of Finance	HoF
Ged Edwards	Planning, Performance and Communications Manager	PPCM
Andrew Kelcey	Head of Resources	HoR
Germaine Worker	Head of HR and Administration	HHRA
Lynn Ince	Executive Support Officer	ESO

1 Apologies for Absence

James Walton, Treasurer

2 Disclosable Pecuniary Interests

None

3 Public Questions

None

4 Minutes

Resolved that the minutes of the Strategy and Resources Committee meeting, held on 12 November 2020, be agreed and signed by the Chair as a correct record.

5 Financial Performance to December 2020

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

The HoF presented this report and highlighted the following issues as detailed in the table on page 2 of the report:

- Retained Duty System variances are linked to the pandemic and will be included in the Covid-19 return that is submitted to the Home Office
- Investment Income is likely to be more than anticipated despite the effects of Covid-19. This may be due to returns on investments which were in place before the pandemic struck
- Spend on Pensions Consultancy will be monitored due to an overspend being identified
- Development overspend is due to the need to hold additional Career Progression Gateways (CPGs) to assist with officer recruitment
- The Pay and Price Contingency underspend is related to future pension costs. This is not required this year and the 2021/22 budget has been amended to reflect this.

The HoF also advised that £446k of Covid-19 grant had been received. To the end of December, £270k of this had been spent on the areas detailed on page 3 of the report. It is anticipated that there will be increased costs related to the pandemic going forward, including the cost of assisting with the vaccination programme.

Referring to the Appendix to the report, Members queried the spend of 356% against Business Continuity under the Executive & Resources Directorate. The HoF explained that this is related to Covid-19 issues; the money is only allocated as it used so spend against this does fluctuate throughout the year.

Members also queried the spend on hydrants under the Executive & Resources Directorate and asked if the lower level of spend was due to the pandemic. The HoR explained that there were two reasons for the reduced spend: firstly the contractor who undertakes hydrant maintenance suspended their operations due to Covid-19, the contractor has now however recommenced operations; and secondly there had been delays in billing for work completed by Severn and Trent Water.

The Committee asked for an explanation of the rationale for the variances, set out on page 3 of the report, that had been approved within the limits of delegated powers. The HoF explained some of the variances, such as the re-roofing and re-surfacing at stations, were one-off costs that had been funded from reserves; others such as those related to recruitment were part of an ongoing programme during the year and required quick decisions; and the spend on equipment and uniform requests was related to one-off projects rather than being an ongoing budgetary requirement. The HoF advised that further details on these variances could be provided to Members outside the meeting if required.

The Committee queried the Pay and Prices Contingency line in the Revenue Budget Directorate Summary which shows no spend or committed spend. The HoF explained that money is allocated to this contingency and then moved within the budget as needed so there is never any spend shown against this contingency.

The Committee also raised concerns about the investments as detailed on page 4 of the report, including a £2m investment with Thurrock Council. There are currently concerns about the financial position of Thurrock Council and Members sought assurance that officers were satisfied that this investment was secure. The HoF responded that the Fire Authority's Treasury advisors view Thurrock Council as safe for investment, but they would obviously be removed from the safe counterparty list if a s114 notice was issued to them. The HoF also said that Treasury Management training will be provided to the Committee as part of its ongoing training programme.

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 2020/21.

6 Revisions to the 2021/22 Revenue Budget

This report presented a final revenue budget package for 2021/22 for consideration by the Committee, and recommendation to the Fire Authority, taking into account latest information.

The HoF presented this report and highlighted the following:

- A one-year settlement has been confirmed for 2021/22. The details of this provisional settlement are set out on page 2 of the report
- The Pension Grant for 2021/22 has been confirmed and it is likely that this will be rolled into the base budget in future years
- Council Tax bases for both Shropshire and Telford & Wrekin Councils have been approved with a confirmed growth of 0.3% which is equal to £50k. The Council Tax base will be reviewed going forward and factored into the budget planning options
- The Authority had budgeted for nil movement in the Collection Funds from the constituent authorities but it has been reported that there will be deficits in these due as a result of the pandemic. 75% of these reported deficits will be covered by Government grant with the remaining 25% paid over three years.
- With regard to medium term financial planning, the years beyond 2021/22 are purely estimates and will be updated as and when information becomes available

The HoF advised that consultation on the precept increase will be done through the Service's social media channels. A press release regarding this will be issued after this meeting and will be sent to Members for information.

The CFO added that budget consultation has previously been low-key which has led to a missed opportunity in terms of raising the Service's profile in its communities. The Chair commented that how the Service uses its budget is part of the public accountability process and it should also be highlighted to the public that the Service's performance is recognised at the national level.

Members asked what information is included in the contents of the consultation. The CFO advised that the consultation does include details of the Service's activities hence the press release is also being shared with Fire Authority Members in case of any queries from the public.

The Chair commented that the figures in the report exclude capital consequences beyond 2021/22. It was also commented that it is almost impossible to predict what will happen in coming years, but the Service has a solid foundation to build on based on its budget work in previous years. The Authority is also keen to avoid seeking a bigger precept increase than it needs and the suggested increase of 1.99% equates to a cash increase of 4 pence per week. The Chair of the Authority thanked the HoF for the work undertaken by the Finance Team to keep this increase to a minimum.

The CFO reported that there is appetite in the Home Office for a multi-year settlement, but this is obviously prohibited by the current pandemic situation.

The Chair thanked the Finance Team and officers for their work for their work on producing the budget proposals.

Councillor Hartin proposed the recommendations in the report with a precept increase of 1.99%. This was seconded by Councillor Carter and

Resolved unanimously that the Committee recommend that the Fire Authority approve

- a) A precept increase of 1.99% for 2021/22; and
- b) A revenue budget in line with the precept increase approved above.

7 Capital Programmes 2021/22 to 2025/26, Treasury Management Statement and Capital Strategy

This report presented the capital programmes for 2021/22 to 2025/26, for consideration by the Committee in the context of Prudential Guidelines.

The HoF presented this report and advised that the Capital Strategy has been reviewed and amendments are proposed as shown in Appendix A to the report. These amendments provide a consistency of narrative across the Integrated Risk Management Plan and Service Plan.

The HoF also advised that the costs for the Telford Central Project are still to be confirmed but indicative costs are included in the report. The majority of the Scheme will be funded from borrowing.

The HoF also explained that the Authority's prudential Indicators are set out in the report and the Minimum Revenue Provision remains unchanged for 2021/22.

The future capital schemes will be discussed when the meeting moves into exempt session due to the commercial sensitivity of the information.

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 12 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.

The HoF presented this report and advised that the Reserves Strategy is set out on page two of the report with the Schedule of Reserves attached at the Appendix to the report.

Current reserve levels are considered to be adequate and the Telford Central Project Capital Programme will see the Authority's reserves decrease to £3m at the end of the planning period set out in the report. The Income Volatility Reserve was increased due to the Covid-19 pandemic, but it looks unlikely there will be a need to use this in 2021/22 but there is the option to review and/or reallocate reserves as necessary.

The Chair commented that the Authority's reserves are healthy due to the policy of building up the levels and saving money on capital but there is a rationale for holding these levels and the effect of the Telford Central Programme will reduce the levels in future years.

The Chair of the Authority advised that there has been correspondence from the Fire Minister regarding the reserve level, but the Authority is able to evidence why these levels are held and an appropriate response has been sent to the Minister. The Authority has always had a prudent approach to its reserves, and they are included as part of the financial management strategy.

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.

Members commented that the renovation of On Call fire stations shows the positive side to investment in buildings and they are proud that On-Call employees have the facilities they require.

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

10 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 explained the impact of the Covid-19 pandemic on Occupational Health (OH) provision, as follows:

- The fitness contract went out to tender in early 2020 and was awarded prior to lockdown
- Good progress has been made on completing fitness assessments and plans are in place to address any backlog
- There has been an impact on three yearly and asbestos medicals and plans will need to be implemented to address these once the pandemic is controlled
- Steps have, however, been taken to ensure that recruitment medicals can be safely carried out
- Occupational Health have also been undertaking Covid-19 age risk assessments which provide an additional layer of protection for at risk groups

Members commented that OH is an important area which has obviously been impacted by the Covid-19 pandemic.

Members also asked about the OH Contracts and when these will be renewed. The HHRA advised that there will be an exemption for the Occupational Health Nurse / Administration and Physician contracts in 2021. These will then be reviewed and taken out to tender if so required.

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 2021/22 to 2025/26, Treasury Management Statement and Capital Strategy (Paragraph 3)

The Committee received Appendices B and C to report 7 - Capital Programme 2021/22 to 2025/26, Treasury Management Statement and Capital Strategy paper which contained exempt information.

Resolved that the Committee confirm the 2021/22 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 3.30 pm.

Chair.....

Date.....