

**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, 31 January 2019 at 2.00 pm**

Present

Members

Councillors Carter, Hartin (Vice-Chair), Murray, Pardy, Phillips, Roberts (Chair), and Wynn

Officers

Andy Johnson	Deputy Chief Fire Officer	DCFO
Dave Myers	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
Lynn Ince	Executive Support Officer	ESO

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 8 November 2018, be agreed and signed by the Chair as a correct record

5 Revisions to the 2019/20 Revenue Budget

This report presented a final revenue budget package for 2019/20 for consideration by the Committee, and recommendation to the Fire Authority, taking into account latest information.

The HoF presented this report and explained that it leads on from the December Fire Authority meeting, at which Officers were tasked with investigating the budget scenarios set out on page 2 of the report.

The HoF then talked through the revenue budget developments and the provisional grant settlement as set out on pages 2 and 3 of the report.

The total Council Tax Base and Collection Fund is £336k with £210k coming from Shropshire Council. There is an £18k deficit in Business Rates from Shropshire Council and £17k from Telford & Wrekin Council which gives a deficit of £1k overall.

Once agreed, the revenue costs of the capital programme will be added to the budget.

Some Members commented that given that the final deficit surplus for 2019/20 will be circa £1m, which is a significant surplus, could the 2.99% precept increase be looked at as it may not be necessary. Members also questioned if extra borrowing was necessary, as the Authority has healthy reserves and a plan for borrowing in place. Other Members responded that it may be necessary for the Telford Central project as the final cost of the works is not yet known.

Members suggested that as the Collection Fund figures were not available when the paper was written an adjustment could be made in 2019/20 to make the figures look better and possibly reduce borrowing. The HoF explained that the surplus in 2019/20 is inflated by the Collection Fund balance but this is a one-off figure. Officers could look at more planning for changes to precept levels but adjusting the precept down at this point will affect the base budget going forward. Consideration also needs to be given to the fact that, even with borrowing, all reserves for capital for Telford Central will be depleted by end of 2021. The HoF advised that discussions with Treasury Services and Shropshire Council had advised that there is the option to use cash balances that do not directly relate to capital reserves going forward. There may also be slippage on the Capital Fund itself.

Members also expressed the opinion that Shropshire Fire and Rescue Service were held in high regard and believed that the public would not be against the Authority holding reserves as healthy reserve levels would be advantageous to the Service. Members also commented that the Authority is in a stable position today because of decisions that have been made in the past. Members felt that the public understand this and would work with the Service to be prudent now.

Members felt that it was difficult to extrapolate the figures at the moment and asked the HoF to undertake further work on the various precept increases ready for the Fire Authority meeting. The HoF undertook to do this and also advised that it was assumed that the referendum level for the precept will remain at 3% from 2021 onwards but there is no certainty about this.

Resolved that the Committee recommend that the Fire Authority approve

- a) Changes to the revenue budget from 2019/20;
- b) A precept increase for 2019/20, subject to further information that will be presented to the Authority; and
- c) A revenue budget in line with the precept increase.

6 Capital Programmes 2019/20 to 2023/24, Treasury Management Statement and Capital Strategy

This report presented the capital programmes for 2019/20 to 2023/24, for consideration by the Committee in the context of Prudential Guidelines.

The HoF presented this report and advised that some elements of it will need to be discussed in exempt session including recommendation b) due to its commercial sensitivity. The HoF explained that the Capital Strategy is a new recommendation from the Chartered Institute for Public Finance and Accountancy which is designed to bring all elements of capital planning together in one document and to show the links between the various plans and strategies.

The HoF also explained that the Treasury Management Strategy Statement sets out the Authority's prudential indicators and its treasury management activities. The Telford Central final scheme still needs to be agreed by Members but indicative figures have been included in this report. The Minimum Revenue Provision policy remains unchanged from last year.

Members asked if there was any opportunity to take account of the ongoing Strategic Alliance work in the Capital Strategy. The DCFO felt that it could be included and advised that the next Integrated Risk Management Plan (IRMP) would be published in 2021. The inclusion of the Alliance work within the Capital Strategy would send a clear message that the Service is looking for these opportunities. The Chair of the Authority also advised that this is being considered by the Strategic Alliance board. Members asked if Senior Officers were happy for this inclusion. The DCFO advised that this would be looked at by Officers and the HoF advised that there would also be further inclusion around partnership working

Resolved that the Committee recommend that the Fire Authority

- a) Approve the Capital Strategy for 2019/20 – 2023/24, set out in Appendix A;
- b) The decision relating to the 2019/20 onward programmes was deferred until item 10 on the agenda, as these were set out in exempt Appendix B to the report, and

- c) Approve the Treasury Strategy Statement for 2019/20

7 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 Schedule was attached at the Appendix to the report. The Reserves levels have increased slightly and there have been changes to the way that some of reserves are held.

Referring to past difficulties with MPs regarding the levels of reserves held by the Authority, Members asked if the Reserves Strategy would be subject to debate with Government or the National Fire Chiefs Council. The HoF advised that the Reserves had been reviewed and some changes made to take into account the Telford Central project. The Reserves Strategy was scrutinised as part of the recent HMICFRS Inspection and will be audited. It is expected that reserve levels will drop substantially over the coming years and the Authority is able to justify the levels that it currently holds.

Resolved that the Committee recommend to the Fire Authority

- i) The reserves, as set out in the appendix to the report; and
- ii) The Treasurer's assurances, covering the robustness of the 2019/20 budget and adequacy of its reserves.

8 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 presented the report and talked through the Appendix highlighting and explaining the following issues.

- **Retained Station Works**
The Much Wenlock works will be completed earlier than planned and, as with Clun, include solar panels and electric charging points for cars.
- **Building Improvements at Tweedale**
This Scheme started in 2016/17 but due to the complexity of the problems with the demolition of the drill tower, including a lack of suitable contractor to undertake the work, there is still no conclusion to it. The frost damage to the bricks on the tower has been addressed but keeps reappearing. This has become an extremely complex project which is unlikely to be completed within cost. The appliance bay doors have had to be replaced. The building at Tweedale is in a very poor state and there are also issues with the roof. A full investigation needs to be completed to establish exactly what works need to be done.

The coding for the costs needs to be sorted out and moved to correct budgets and the Scheme needs to be reviewed and brought back to Members for agreement. This raises a wider issue of the need to amend how projects are costed and the inclusion of feasibility studies for smaller projects. A formal structure is also needed for external feasibility studies.

The Chair of the Authority said that following the recent article about Tweedale in the Shropshire Star, he was rang by a local reporter for his views. He also said that it was therefore important that future plans for Tweedale are looked at in conjunction with the Telford Central development to ensure there are understandable costings for a fit for purpose base.

Members asked if there was any benefit to leaving the drill tower as it is as it needs to be clear if it dovetails in with the Telford Central redevelopment. The HoR advised that the tower is safe but parts of the brickwork are falling off and whilst this risk can be managed at present, it cannot be ignored that the tower is in poor condition. Consideration needs to be given to Tweedale's future role through the IRMP process as this will affect the type of facility that is required at the station. Members asked if the anticipated additional £40k finding would be sufficient to take into account all the issues identified. The HoR responded that he would struggle to justify value for money for this amount.

Members asked if any temporary industrial solutions to the problem had been identified. The HoR explained these had been investigated but nothing suitable has been identified due to the complexity of the problem.

Members asked if the Service sets aside any contingency funds for construction when it is planning major projects and has architects and quantity surveyors in place. The HoR explained that it is usual practice within a contract to build in contingency to take account of risks etc. This is done but it is not necessarily done within the capital planning as it can affect projects if these provisions are built in.

- **Building Improvements at Wellington**

The overspend on this Scheme was due to the need to address a flooding issue but there were increased costs associated with asbestos being found during the excavation for drainage works. Further works have also been carried out to the front apron, which will be funded from maintenance.

- **Light Vehicle Replacement**

The first of three Hyundai Kona's is in use and is proving to be excellent. It is anticipated that the Service will be looking to buy more of this type of vehicle.

In relation to the previously mentioned installation of electric vehicle charging points at stations, Members asked if any would be installed at Headquarters. The HoR advised that there will be two points in the rear visitor carpark and two in the visitor carpark at the front of Headquarters. This will be available for staff and visitor use, and will also be made available for members of the public to use at a chargeable rate. Charging points will be also be made available at selected On Call stations although this cannot be done at all locations due to accessibility issues. These will be installed in this financial year using the RDS Station funding stream.

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

9 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.

10 Exempt Appendices to Capital Programmes 2019/20 to 2023/24, Treasury Management Statement and Capital Strategy (Paragraph 3)

The Committee received Appendices B and C to report 7 - Capital Programme 2019/20 to 2023/24, Treasury Management Statement and Capital Strategy paper which contained exempt information.

Resolved that the Committee confirm the 2019/20 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.

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

The Committee received the second part of the appendix to report 8 – Capital Update on Activity and Finance, which contained exempt information.

The HoR outlined the approach to developing funding bids. Members agreed in principle that funding should be allocated for the development of formal costed proposals, where required, in advance of the formal project approval.

Resolved that the Committee note exempt Appendix B to report 8.

The meeting closed at 2.55 pm.

Chair.....

Date.....