

**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, 8 November 2018 at 2.00 pm**

Present

Members

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

Officers

Rod Hammerton	Chief Fire Officer	CFO
Andy Johnson	Deputy Chief Fire Officer	DCFO
Joanne Coadey	Head of Finance	HoF
James Walton	Treasurer	
Joanne Coadey	Head of Finance	HoF
Germaine Worker	Head of HR and Administration	HoHRA
Lynn Ince	Executive Support Officer	ESO

1 Apologies for Absence

Councillors Carter and Murray. Councillor Phillips did not attend the meeting.

2 Disclosable Pecuniary Interests

None

3 Public Questions

None

4 Minutes

Councillor Wynn abstained from voting on this item as he was not present at the meeting on 18 September 2018.

Resolved that the minutes of the Strategy and Resources Committee meeting, held on 18 September 2018, be agreed and signed by the Chair as a correct record

5 Financial Performance to September 2018, including Annual Treasury Review 2017/18 and Mid-Year Treasury Review 2018/19

This report provided information on the financial performance of the Service, and sought approval for action where necessary. The report also presented the annual treasury review 2017/18 and the mid-year treasury review 2018/19.

The HoF presented this report and talked through the variances to the revenue budget as set out on page 2 of the report. Of particular note is the Retained Duty System (RDS) over and underspends which have cancelled each other out. The HoF also highlighted that the pay award for operational and control staff is still in negotiation so no balance can be reported on this yet. In total, £285k will be transferred to individual contingencies.

With regard to corporate risk, the HoF reported that no new risks have been added to the Risk Register.

Members asked if the Service was now focussed on developing the Strategic Alliance rather than the Police and Crime Commissioner's (PCC) potential governance takeover. The CFO explained that officers are still working with the PCC's Office in relation to potential future developments but, at present, most effort is going into developing the Strategic Alliance as this is pertinent to planning for the future. Officers, however, remain mindful of the PCC's Business Case.

Members asked for further explanation of the £15k spent on uniforms, as detailed on page 2 of the report. The HoF responded that she did not have the information to hand regarding this but that she would provide further details to the Committee after the meeting. The CFO explained that it includes uniform for recently promoted officers as well as building up a stock of pool uniforms for new recruits. Individual fire kit is not included in this figure as it is brought from the Personal Protective Equipment (PPE) budget.

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 capital activities;
- d) Note the update on corporate risk;
- e) Note the annual review of treasury activities for 2017/18;
- f) Note performance against prudential indicators to date in 2018/19; and
- g) Note the mid-year review of treasury activities for 2018/19.

6 2019/20 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 2018. The HoF presented the report and explained that the assumptions used for 2018/19 budget planning were set out on page 2 of the report and that the first step for this year's budget planning is to look at expenditure against that budget.

Page 4 of the report shows the necessary amendments to base budget for 2019/20 to 2022/23. The biggest issue affecting the budget is the increase in pension contributions. The explanation for which is also set out on page 4 of the report. The change to the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate has a particular impact with initial high level calculations showing additional costs of between £750k and £1m. The CFO commented that the positive aspect to the pension scheme revaluation is that the Police and the NHS are also affected and that the costs will be included in the Comprehensive Spending Review from 2020/21.

The HoF stated that to address these high level impacts, the Authority needs to look at its precept increase and reserve contributions, particularly with the possible pressure of a higher pay increase. Officers are beginning to look at possible scenarios and will have to wait for further information. It is likely that the impact will be seen more when expenditure can be shown against funding.

Referring to the PPE maintenance budget which has been increased to take account of increased repair of PPE, the CFO explained that, as a whole, the budget structure and shape is changing with a move away from capital spending to service costs, which form part of revenue spending. Members asked if the PPE which was purchased in 2014 had performed as well as was hoped at the time. The CFO responded that it had and that the procurement decision that was taken had proved to be right. This will be different in future however as there will be more national procurement and collaborative working.

Page 4 of the report details a reduction of £50k in relation to hydrants and the Committee queried the detail of this. The HoF explained that the costs coming out of the hydrant maintenance agreement are lower than anticipated and the budget has therefore been adjusted accordingly.

The HoF confirmed, with regard to the pay and prices contingency, that a 3% pay award scenario has been factored in to strategic planning as requested by the Committee.

In relation to the Capital Programme, the HoF explained that there are no additional charges to be included at present. The 2019/20 Capital Programme will be brought to this Committee in January 2019 for consideration, in conjunction with the Authority's Prudential Guidelines.

The HoF explained that the changes to the Pension Schemes are a key funding consideration. The National Fire Chiefs Council has written to the Prime Minister and civil servants regarding the changes and their impact on fire services. It has also been reported that the National Police Chiefs Council may look to pursue a judicial review of the changes with regard to the impact on the police budget.

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 price 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 12 December 2018.

7 Provisions, Reserves and Funds

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

The HoF explained that the make-up of the General Reserve, as shown in the appendix to the report, has not yet been updated but issues will be identified and allowed for separately.

Members asked what percentage of the total budget the General Reserve and other reserves equalled. The HoF explained that the total percentage is around 75% but £6.5m of the reserves is earmarked for the Telford Central Project. Once this has been completed, in or around 2023, the reserves should stand at around £3m which will equate to a much lower percentage of the total budget.

The CFO explained that the Home Office has recently published an account of the current level of reserves held by standalone fire authorities. Part of the account includes a graph which details the percentage of reserves against gross spending. Shropshire currently have the highest level on this graph but it should be noted that the data used does not show earmarked reserves as capital reserves which therefore gives a false picture. Another factor that should be taken into consideration is that the cost of building work, for example the Telford Central Project, is the same regardless of the size of the Fire Authority's budget. The earmarked reserves impact largely in this Service's budget because of its budget size. However the Authority's prudent approach to its reserves is a good news story. There is a possibility that the Government may question the Service if it asks for more funding, given the level of its reserves but officers are conscious of this and have a justifiable response prepared.

Resolved that the Committee agree to propose to the Fire Authority that it

- a) Confirm the current position of reserves and provisions; and
- b) Review the level of the General Reserve

The meeting closed at 2.40 pm.

Chair.....

Date.....