

**Minutes of the Extraordinary Meeting of
Shropshire and Wrekin Fire and Rescue Authority
held in the Oak Room, Headquarters
on Wednesday, 23 February 2022, at 2.00 pm**

Present

Members

Councillors Aldcroft, Barrow, Burchett, Carroll, Carter (Chair), Evans, Hartin, Hignett, Lavery, Minnery (Vice-Chair), Offland, Overton, Pardy, and Wynn

Officers

Rod Hammerton	Chief Fire Officer	CFO
Richard Phillips	Deputy Clerk to the Fire Authority	Clerk
James Walton	Treasurer	Treasurer
Joanne Coadey	Head of Finance	HoF
Germaine Worker	Head of Human Resources and Administration	HHRA
Lynn Ince	Executive Support Officer	ESO

The Chair welcomed Councillors Barrow and Carroll to the meeting.

1 Apologies for Absence

Councillor Thompson

2 Disclosable Pecuniary Interests

None

3 Public Questions

None

4 Revenue Budget 2022/23 and Precept

This report was presented to the Authority following its meeting on 16 February 2022, where the proposed precept increase of 1.99% was rejected. The report detailed the financial and operational implications of not increasing the precept for 2022/23, compared to the increase originally recommended to the Authority.

The HoF presented the report and outlined the following to the Fire Authority

There are a number of recommendations within the report; if Members wish to approve an increase of 1.99%, recommendations a b and c should be

approved, and d e and f should be rejected. If Members wish to approve a nil increase, recommendations a b and c should be rejected, and d e and f should be approved. Recommendations g h and i apply to both options.

The Fire Authority meeting in February is the end of the budget setting process, which began in November 2021 with the Strategy and Resources (S&R) Committee reviewing the base budget, committed changes, and pay and price contingency. The outcomes of the spending review and financial settlement were reported to the Fire Authority in December 2021, and the S&R Committee then approved the capital programme and recommended that the Authority approve a precept increase of 1.99% in January 2022. Despite this recommendation, the increase was rejected by the Fire Authority on 16 February 2022 with members informally favouring a nil increase. As there is no process for formal confirmation of this, this extraordinary meeting is required to formally set a precept for 2022/23 before 1 March 2022.

Section 4 of the report summarises the developments that were reported to Members on 16 February 2022:

- The spending review announcement
- Revisions to the strategic planning assumptions – these show a more favourable medium-term position, although there are still uncertainties due to the financial climate and the delay of the Fair Funding Review
- Assumption around a precept increase of 1.99% remained, with capital charges, increasing pressures around pay and record inflation levels, and the need for investment to maintain service delivery.

The capital programme and its associated debt charges were approved, and a growth item in the Training department was considered as part of the final budget package.

Despite a recommendation from S&R Committee to approve a 1.99% increase, members rejected the recommendation, with an informal preference for a nil increase. Members are now asked to consider the implications of freezing the precept at 2021/22 levels and of implementing an increase of 1.99% and approving a precept for 2022/23.

The first option to consider is set out at section 5 of the report and is a precept increase of 1.99%. Precept income makes up over 75% of the total funding received by the Fire Authority, with the other 25% made up of government grants, business rates and collection fund balances. The household of a Band D property is already paying £104.20 per year, and an increase of 1.99% will see this increase to £106.27 – this equates to £2.07 per year, or 4p per week. A Band A household that pays council tax will see an increase of £1.38 per year or 2.5p per week.

This increase would generate additional income of £350,000 in each year from 2022/23.

When compared with costs, the Service's pay budgets also account for more than 75% of the total revenue budget. All things being equal, for each 1% of pay award and inflationary pressure, a precept increase of 1% is required to maintain current budgets. This presents a challenge for the Service when pay awards exceed the referendum spending limit.

In addition to the non-discretionary costs like pay and prices, review and investment of the Service is critical to maintain service delivery and avoid degradation. The Service Plan for 2022/23 will launch 6 strategic improvement reviews, covering the sustainability of the Service's on call service, the productivity and efficiency of the Service and how its resources are used, and how these are identified, measured and reported.

The CFO presented the following outline of the six reviews concerned.

On Call Sustainability Review

The Service currently has good On Call availability due to its investment over the preceding years but On Call employee turnover has increased to 12.3% per annum (equal to 42 people). Some On Call stations are now on 75%, or lower, establishments and are increasingly reliant on the 'goodwill' of staff to maintain availability.

Optimum crewing for On Call crews is between five and nine firefighters, with stations running at nine when they can and four being the minimum crew that is required for safe working. There have been several impacts on the number of On Call firefighters that are turning out and the Sustainability Review will look at various issues including allowing more flexibility in the On Call Duty System and the effect that pay has on On Call employees, in particular pay that is lower than the market rate demotivates staff and there is a risk that they will become disaffected. Estimates are that there will be a cost in the region of £112k to level up the On Call Service.

Efficiency and Productivity Review

The Government has set an objective for English fire and rescue services to achieve a 2% efficiency against non-pay budgets and it has been made clear that this should not be achieved through a reduction in frontline staff, and that any savings achieved should be reinvested. It is therefore expected that the Service will need to achieve savings of circa £150k by end of its current Community Risk Management Plan.

Operations Technology Review

This Review will look at the Service's investment in technology such as telemetry; body worn cameras and video feeds on appliances to enable improvements in firefighter safety and operational command capability, including the development of a remote command function. A reasonable estimate for the cost of this project is around £250k, which includes hardware and software requirements.

Operational Resources Review

This Review will consider the Service's specialist capability for off-road, working at height and water provision and it is anticipated that this could lead to some savings in the capital budget. The Review will also assess where reductions in operational capability could be made, with the least detrimental effect on risk.

Performance and Improvement Review

This Review will look at the restructure of the ICT, Performance and Service Improvement departments to support the Service's move to intelligence led decision making and system improvement. Early considerations show that the Service lacks analytical capacity and the market rate for a qualified analyst role is £65k per annum including on costs.

Alliance Command, Control and Mobilisation

This is a collaborative project with Hereford & Worcester Fire and Rescue Service to establish a joint command and control function which will allow the Control Rooms of both Services to operate separately but with the ability to combine as one single Fire Control when needed in times of crisis to give increased capacity and resilience. £1.5m has been allocated for this capital project which has a phased implementation timetable with the aim of the new system being adopted by this Service at the completion of the Telford Central project.

Other Development Areas

Driver training

Growth is needed in the Driver Training section to address an increased requirement for training that has arisen from legislative changes.

Protection

Increased capacity is required in the Protection Department to address outcomes from the Grenfell Review and the Building Safety Review.

Prevention

An additional resource is needed to support Prevention activity, particularly the administration burden of data sharing with both constituent authorities. This data sharing enables the Service to target its safe and well visits more accurately to the most vulnerable members of communities

Fire Investigation

As part of the Fire Alliance, and in collaboration with West Mercia Police, the Service is working on an accreditation process to ensure that fire investigators continue to be able to act as expert witnesses and provide evidence to court in arson cases. Whilst this is not a statutory duty for the Service it recognised as good practice. The potential cost of achieving and maintaining this accreditation is £150k across the Alliance area but this may reduce.

Personal Protective Equipment (PPE)

There has been a change in the British Standard which requires all fire kit to be replaced after 10 years. This has led to a review of firekit within the Service with early feedback being that users would prefer two sets of firekit, one which will effectively protect against extreme temperatures and the other that is able to deal with heat stress in operations such as road traffic collisions. The procurement method for new equipment is still to be determined at this stage.

The HoF then highlighted page 8 of the report which sets out how the proposed reviews would be funded and explained that the S&R Committee recommended to the Authority that a one-off amount of £200,000 was added to the STB Staff Reserve in 2022/23 to provide capacity to ensure that the reviews are adequately resourced. It was also recommended that in order to fund the outcomes of the reviews, £150,000 is added to the revenue budget in 2023/24, on an ongoing basis, and another £150,000 is added to the budget from 2024/25.

The table on page 8 sets out the Fire Authority's financial position for 2022/23 and later years with a 1.99% precept increase. The budget is in surplus in 2022/23 but then shows a deficit in the years following, which savings and efficiencies would need to be identified to address. The Service will be working proactively on identifying efficiencies equal to 2% of non-pay budgets, as part of the National Fire Chiefs Council Efficiency and Productivity workstream and equates to around £150,000. Some efficiencies were identified as part of the base budget review in November 2021, with a £100k reduction in the budget for capital charges.

Budget Consultation has been undertaken and Officers have worked with the Service's Communications Team to provide a comprehensive consultation process for the 2022/23 budget. This included press releases, infographics, social media posts and an online poll. This approach generated four times as many views from the public than in previous years, with 10,000 interactions. More than 90% of the poll participants were in favour of the proposed increase of 1.99%.

The second option to consider is no precept increase and this is set out at section 6 of the report.

There are a number of areas to draw to the Authority's attention when considering a freeze in precept:

- Members considered a freeze back in 2011/12 and following years, when the Authority was offered a council tax freeze grant in lieu of an increase. It was recognized that the base budget should be protected to ensure the long-term resilience of the Service, and the grant was refused in favour of an increase. This strategy has proved successful over a number of years and has been accepted by inspections and audits as a sensible approach.

- A nil increase will mean that income of £350k will be lost 2022/23 and each year thereafter. As detailed earlier in the paper, this is central to maintaining service delivery, as pay awards and inflationary pressures are non-discretionary and must be found before growth or investment can be considered.
- The referendum spending limit already restricts the Authority's ability to fund pay and prices above 2%, and if the Authority were to set a precept above this level, the very significant costs of a referendum would eliminate the benefit of the increase across the medium term.
- The recent consultation process held to gauge public opinion on the Authority's proposed precept increase of 1.99% was overwhelmingly positive, with many comments supporting the modest increase of £2 per year. The consultation did not include an option for a freeze in precept.
- Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement. The Core Spending Power calculations assume that "local authorities increase their Band D council tax in line with the maximum allowable level set out by the council tax referendum principles for 2022-23".
- The Home Office and the NFCC have been lobbying Government about the introduction of a £5 precept increase for the Fire sector, in line with district councils, and this Authority have been supportive of this request. A decision to reject a precept increase in line with a much lower referendum limit would appear contradictory to this support.

If the precept was frozen, the financial position for 2022/23 and later years is shown on page 10 of the report. Funds would need to be found for the deficit in 2022/23, but there are structural deficits created in the following years. The deficits present with a precept increase of 1.99% would be cleared by cuts in spending and identification of efficiencies. The structural deficits created with a freeze are much more difficult to manage.

The ability to review current service delivery will be reduced through lack of capacity for the work to be undertaken, and other growth and investments would only be possible at the detriment of other parts of the Service. It is clear that a lack of investment in the Service will lead to degradation, rather than maintaining current performance levels.

The CFO advised on the effect of non-investment which would include Review investments being reduced in Year 1 and may lead to reviews such as the Operations Technology Review being cancelled or greatly slowed down. The Operations Resource Review would also have to look at economy as well as efficiency with a firmer focus on economy related to equipment procurement. This may mean that the scale of ambition with regard to firekit replacement would need to be rescoped. Any reduction in the Service's Establishment will

have an effect on operational resilience and lead to consequent risk increases.

The HoF presented the following to the Fire Authority as the conclusion to the report

The Fire Authority's financial planning and precept strategy have proved to be successful over the last ten years, and rather than making short term decisions, Members have recognised the importance of viewing decisions over the medium term, to protect the base budget and maintain service delivery.

The Authority has taken the funding opportunities offered over the last decade and rejected one off freeze grants in favour of structural increases in council tax income. These strategies have enabled the Authority to weather austerity, and then to invest in its assets, using reserves to fund building improvements, vehicles and equipment, without increasing capital charges. The Service is also on track to complete the Telford improvements with very little borrowing required. Over the next four years, there will be other areas of the Service that require capacity for review, so that it can buy and use its resources better. A lack in investment will lead to degradation of service delivery as performance levels cannot be maintained.

As there has been no change in the medium-term planning principles, or the precept strategy of the Authority, Members are referred back to the recommendations of the report, and it is recommended that a precept increase of 1.99% is approved for 2022/23, in line with council tax referendum limits.

The Chair commented thanked Officers for their thorough report and invited comments and questions from Members.

Councillor Wynn commented that there had been a long discussion of the issue at S&R Committee and stated that he was fully in support of the 1.99% increase particularly as the Authority's reserves will be depleted due to the Telford Central project. Councillor Wynn then proposed that the Fire Authority agree the proposed 1.99% precept increase.

Councillor Evans referred to the Council Tax base on page 9 of the Medium Term Financial Plan (MTFP) and queried if there would be discrepancy if the precept is not increased. The HoF explained that the MTFP will be updated to reflect the precept decision made today.

Councillor Evans then referred to the budget assumptions for 2023/24 and suggested that there may be extra income for the Authority due to housing growth and economic recovery. Councillor Evans also stated that he recognised the importance of the On Call Review etc and said that, on balance, he supported the 1.99% increase but would prefer a 1% increase to show support for the general public in the current economic climate.

Councillor Carter thanked Councillor Evans for his comments and stated that he had taken the decision to go forward with the recommended precept increase. The HoF advised that the Council Tax base will also be considered going forward.

Councillor Hartin commented that he was in favour of the 1.99% precept increase at the S&R Committee meeting. This is obviously a more detailed report than was presented to the Fire Authority at last week's meeting and on reflection on the S&R Committee debate, Councillor Hartin now feels that it is prudent to go with the 1.99% increase, as taking £350k out of the base budget creates a significant risk for Fire Authority.

Councillor Carter referred to the budget consultation, as detailed on page 9 of the report and commented that with over 90% of respondents being in favour of the precept increase, the Fire Authority would be going against the electorate if it did not apply the increase. Councillor Barrow added that there is public support for the Fire Service and that it is held in high regard across Shropshire. The Fire Authority should make sound decisions without political bias, and it needs to support its On Call employees.

Councillor Carter advised that nationally, the Fire Services Management Committee is continuously lobbying for increased funding for fire and rescue services.

Councillor Overton commented that Councillor Evans made a pertinent point regarding criticism of vote against precept increase. The increased cost of living is being faced by the communities of both constituent authorities so not increasing the precept shows support to the county's residents. Voting against the increase does not mean that Members do not support the Fire Service and its officers. Councillor Carter responded that most banded residences in Telford & Wrekin are Band A-C properties, so increasing the precept feels like the right thing to do.

Councillor Carroll asked what the compound effect of freezing the precept this year would be. If Option 2 is agreed and the outlined Reviews are not ongoing, where will the Fire Authority be in 10 to 15 years' time, i.e. what are the medium and/or long-term impacts of today's decision. The HoF explained that the £350k would be compounded and would increase slightly year on year, whilst a 2% precept increase would be anticipated going forward, this compounded deficit would never be made back up. The proposed reviews would need to be reconsidered and inflation rates need to be taken into account, so caution is urged in the estimates given. The CFO added that there would be a significant impact on the Service going forward. Deficits of £100k to £150k can be dealt with but there would have to be a structural change to the budget to manage a deficit of £0.5m.

Councillor Carroll then seconded the proposed acceptance of the 1.99% precept increase.

Councillor Offland commented that all Members are entitled to their views on this issue and the S&R Committee can only recommend decisions to the full Fire Authority. Councillor Offland added that, for her, community deprivation levels are a driving factor in the precept increase decision. Councillor Carter responded that he respects the views of all Members, but he also must ensure that the demands placed on the Service are respected and that decisions are based on current information.

Councillor Carter said that the Fire Authority should be mindful of why certain budget decisions were made in previous years. These decisions have helped the Authority to become one of the most successful fire services in the country and gives it the ability to decide its own future.

Councillor Evans stated he supported the proposal and seconding of the 1.99% precept increase and proposed an additional recommendation that the Chair write to Shropshire Members of Parliament regarding the Fair Funding Review.

Councillor Hartin commented that a 0% increase does not make sense as it will lead to real term budget reduction in real terms.

Councillor Carroll commented that Councillor Evans additional recommendation was very sensible and seconded it.

Councillor Carroll asked for clarification on Council Tax support and relief levels. The Treasurer explained that this is taken by billing authorities at 20% with half of eligible households paying nothing and the rest paying 20%.

Councillors Offland, Overton and Carter requested a recorded vote and this was agreed.

Resolved on a recorded vote with 10 Members voting for, and 4 Members voting against, that the Fire Authority

- a) Approve a revenue budget for 2022/23 and a forward financial projection to 2024/25, as set out in Section 5 of the report;
- b) Approve a precept increase of 1.99% and the following recommendations as set out in Appendix A to the report:
 - a) Approve that a net budget requirement is set at £24,410,522 (calculated in accordance with the provisions of Section 42a of the Local Government Finance Act 1992);
 - b) Approve a total precept of £18,012,202 to levied on billing authorities;
 - c) Approve a Council Tax, resulting in a basic amount of Council Tax at Band D calculated in accordance with the provisions of the 1992 Act (Section 42b) of £106.27;
 - d) Approve, under Section 47 of the 1992 Act:

- a The amount of Council Tax calculated for each category of dwelling in each billing authority's area, as follows:

Band	2022/2023
	Council Tax
	£ p
A	70.85
B	82.65
C	94.46
D	106.27
E	129.89
F	153.50
G	177.12
H	212.54

- b The amount calculated (in accordance with Section 48 of the 1992 Act) as payable by billing authorities for 2022/23, as follows:

Council	Precept
	£
Shropshire Council	12,272,631
Borough of Telford & Wrekin Council	5,739,571
	<u>18,012,202</u>

- e) Approved that the Treasurer
- i. issue the necessary precepts and information to the billing authorities in accordance with the provisions of Chapter IV of Part 1 of the 1992 Act and be authorised to make any amendment to the above to reflect the final approved budget, after consultation with the Chair and Vice-Chair of the Fire Authority; and
 - ii. is authorised to make payments required from, and to, reserves and provisions within the approved budget strategy and within the Authority's Financial Regulations, in conjunction with the Chair and Vice-Chair
- f) Approved the revenue budget and pensions account, illustrated in Appendix B, for budgetary control in accordance with approved standing orders; and
- g) Approved the schedule of reserves and provisions at Appendix E.
- c) Approved the revenue budget and pensions account, illustrated in Appendix B, for budgetary control in accordance with approved standing orders;

And

- g) To approve the schedule of reserves at Appendix E;

- h) To approve the Medium-Term Financial Plan and Reserves Strategy 2022/23 to 2024/25;
- i) To delegate any necessary amendments to the revenue budget and the Medium-Term Financial Plan to the Treasurer, in consultation with the Chair and the Vice-Chair; and
- j) To agree that the Chair of the Fire Authority writes to Shropshire Members of Parliament regarding the Fair Funding Review.

The meeting closed at 3.50 pm.

Chair.....

Date.....