

**Minutes of the Meeting of
Shropshire and Wrekin Fire Authority
Strategy and Resources Committee
held at Brigade Headquarters, Shrewsbury,
on Thursday, 19 January 2006 at 2.00 pm**

PRESENT: Councillors Eade, Hartin (Chair), Hussey, Morgan (Vice-Chair) and West

1 Apologies for Absence

Apologies for absence had been received from Councillors Box and Minnery.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes

Resolved: *that the minutes of the Strategy and Resources Committee meeting, held on 17 November 2005, be agreed and signed by the Chair as a correct record.*

4 Public Questions

No questions, statements or petitions had been received from members of the public.

5 Prudential Guidelines and Capital Programme

The report of the Treasurer sought a recommendation to the Fire Authority to approve the Prudential Guidelines, which incorporated the Fire Authority's Annual Treasury Strategy, and the Capital Programme for 2006/07, 2007/08 and 2008/09.

The Principal Accountant referred to the ratio of financing costs to net revenue stream (see section 4 of the report) and brought Members' attention to the rising trend over the next three years. She also advised that, since the report had been written, the Band D council tax base (see section 5 of the report) had been slightly amended and this would be reflected in the report to be taken to the Fire Authority in February.

Councillor Eade commented on the marked effect, which the Capital Programme had on revenue. The Treasurer advised that this was misleading. The Fire Authority had no debt in 1998/99, when it was formed, but at that time nearly all of its appliances had been leased. Inherited leasing costs, which did not affect the Prudential Guidelines, were now being paid off and appliances bought through the Capital Programme. Once the decision to borrow was made, the Fire Authority needed to accommodate the revenue consequences in following years. A capital fund, if established, would help the situation, as smaller capital items could be funded from it.



Resolved: *that the Committee:*

- a) *Accept the Prudential Guidelines for the revenue implications of the Capital Programme, set out in paragraphs 4 and 5;*
- b) *Accept the Capital Financing Requirements that will arise from the Capital Programme, as set out in paragraph 6;*
- c) *Accept the Authorised Limit and Operational Boundaries for external debt, set out in paragraphs 7 and 8;*
- d) *Agree the Treasury Strategy for 2006/07 and the Investment Strategy, set out in paragraphs 9 and 10;*
- e) *Accept the Prudential Indicators for borrowing and lending, set out in paragraph 11; and*
- f) *Approve the Capital Programme as part of the budget package, as set out in the appendix to this report.*

6 Revenue Budget 2006/07 and Projections for Later Years

The report of the Treasurer provided an update on the changes, and issues, which had arisen since the Fire Authority decided its strategy on 14 December 2005, and recommended a final budget package to be presented to the Fire Authority on 8 February 2006.

The Treasurer reported on the following developments, which had taken place since the last meeting of the Committee:

- The expenditure figures shown at section 7 of the report now incorporated the £9,000 contribution to the Race Equality and Diversity Group and the cost of retaining the Brigade Chaplain, agreed by the Fire Authority at its meeting in December.
- Expenditure had also increased by £170,000, as previous years' grant adjustments had been added to expenditure but then offset by an equal and opposite addition to grant, as required by the Government.
- The revenue consequences of the Capital Programme had also increased by £33,000, as a result of making provision for replacing assets purchased from the capital fund.
- The collection fund surplus has been confirmed as £111,000, i.e. £61,000 greater than anticipated; and £42,000 greater than the £69,000 received in 2005/06.
- The Council Tax base had been confirmed as 154,908 compared to officers' estimate of 154,800.

The overall effect of the above developments was an increase in the Council Tax of 4.7% but an increase in expenditure in excess of 5%. The Treasurer had written to the Office of the Deputy Prime Minister (ODPM) pointing out the anomaly, which had arisen as a result of the accounting requirement for previous years' grant adjustments. He had also asked whether an increase in budget requirement of over 5% was likely to attract capping. He had not yet received a response.

Members discussed whether the previous years' grant adjustments could be accounted for through reserves or whether the Committee should review the capital programme, in order to reduce the increase in 2006/07 expenditure. The Treasurer



advised that this would impact on all future budgets and he did not see the merit in taking such action for what appeared to be an accounting technicality.

Following their debate Members agreed that it would be wise to await details of the final grant settlement and the response from the ODPM to the Treasurer's letter, rather than considering significant changes to the budget at this stage. Consequently, they agreed to recommend to the Fire Authority that all of the above bulleted changes be incorporated into the budget, with the exception of the increased collection fund. The collection fund surplus (or deficit) was a one-off source of revenue and, whilst it was considered prudent to take into account £69,000, i.e. the amount received in 2005/06, the balance of £42,000 ought prudently to be treated as a one-off receipt and be added to the capital reserve.

Resolved unanimously: *that the final budget, as amended by later information on the outcome of the grant settlement consultation and the outstanding information on collection fund receipts and tax base, be forwarded to the Fire Authority for consideration.*

The Chief Fire Officer tabled a copy of the slides provided by Opinion Research Services as a summary of the feedback obtained from the public and stakeholders during the budget consultation process (which are attached to the signed minutes). Members noted that the feedback had generally been positive and useful. A detailed report on the budget consultation process would be presented to the Fire Authority at its February meeting.

The Treasurer referred to the Fire Authority's 2005/06 Council Tax leaflet and advised that it was intended to follow a similar format for the 2006/07 version. It was proposed, however, that the front page would have a more eye-catching design. Members were asked for suggestions and, after some discussion,

Resolved: *that the front page focus on the Retained Service.*

7 Medium Term Financial Plan

The report of the Treasurer drew out a projection of financial trends for the Fire Authority, consistent with current service plans and based on assumptions agreed at earlier meetings. The report was for noting and taking into account in developing future service and financial planning.

The Treasurer reported that the Plan was out of date already. It was, however, important for it to be integrated into budget planning and it did assist with Comprehensive Performance Assessment. He had amended the Plan to maintain a Council Tax increase of 4.5%, which would give a surplus of £185,000 in 2007/08. If there were growth of 2.5% in the Revenue Support Grant for 2008/09, then the figures would move slightly into deficit.

The Treasurer would bring the Plan to each meeting with the latest information and known assumptions, which included:

- That additional developments would need to be funded from efficiencies; and
- That implementation of Regional Fire Control would be at nil cost to the Fire Authority.

Resolved: *that the report be noted.*



8 Consultation on the Draft National Framework 2006-08

The report of the Chief Fire Officer informed Members of the recently circulated draft Fire and Rescue Service National Framework 2006-08, published by the Office of the Deputy Prime Minister (ODPM). The ODPM sought the Fire Authority's observations on the draft Framework, with comments to be returned by no later than 10 February 2006. The Fire Authority, at its previous meeting of 15 December 2005, had delegated this responsibility to the Strategy and Resources Committee. The Assistant Chief Fire Officer tabled a draft of the response, which it was proposed to send to the ODPM (a copy of which is attached to the signed minutes).

Members noted that the same report had been considered and approved by the West Midlands Regional Management (WMRMB) Programme Board. It would go to the full WMRMB the following week and was likely to be approved without amendment. This Fire Authority and the WMRMB would, therefore, be working to the same document.

The Chair thanked the Assistant Chief Fire Officer for his considerable work on the Draft National Framework 2006/08 and the consultation response.

Resolved: *that the Committee:*

- a) *Note the report; and*
- b) *Approve the proposed response, outlined within the tabled letter and report, for formal submission to the ODPM by 10 February 2006.*

9 Statement on Internal Control

The report of the Chief Fire Officer informed Members of the process, which had been put in place to ensure that the Fire Authority's Statement on Internal Control (SIC) was ready for inclusion in the Final Accounts for 2005/06, by July 2006.

Members noted that, having recently carried out a review of the Fire Authority's SIC process, Internal Audit was positive about the progress made so far and confident that officers would make the improvements identified within the Improvement Plan.

Resolved: *that Members note that:*

- a) *Responsibility for ensuring that the Fire Authority's SIC was produced each year rested with the Strategy and Resources Committee;*
- b) *Responsibility for monitoring progress against the Fire Authority's SIC Improvement Plan rested with the Performance Management Committee;*
- c) *The process used to create this year's SIC and its associated Improvement Plan would also be used as the basis for creating the SIC for the 2005/06 Final Accounts, in time for the July 2006 deadline; and*
- d) *The Strategy and Resources Committee would receive further reports relating to the progress made towards completion of the SIC for the Final Accounts 2005/06.*

The meeting closed at 3.10 pm

CHAIR:.....

DATE:.....

