

**Minutes of the Meeting of  
Shropshire and Wrekin Fire Authority  
Strategy and Resources Committee  
held at Brigade Headquarters, Shrewsbury,  
on Thursday, 18 September 2008 at 2.00 pm**

**Present**

Councillors Box, Eade (Chair), Hartin, Holyoak (Vice-Chair), Picken and West

**1 Election of Chair**

It was proposed by Councillor Mrs Holyoak and seconded by Councillor Box

That Councillor Eade be elected Chair of the Strategy and Resources Committee.

There being no other nominations, Councillor Eade was duly elected Chair to hold office until the meeting of the Committee immediately following the Annual Meeting of the Fire Authority.

**2 Appointment of Vice-Chair**

It was proposed by Councillor West and seconded by Councillor Box

That Councillor Mrs Holyoak be appointed Vice-Chair of the Strategy and Resources Committee.

There being no other nominations, Councillor Mrs Holyoak was duly appointed Vice-Chair to hold office until the meeting of the Committee immediately following the Annual Meeting of the Fire Authority.

**3 Apologies for Absence**

Apologies for absence had been received from Councillor Minnery.

**4 Declarations of Interest**

There were no declarations of interest.

**5 Minutes**

Members received the minutes of the Strategy and Resources Committee meeting, held on 22 May 2008.

**Resolved** that the minutes of the Strategy and Resources Committee meeting, held on 22 May 2008, be agreed and signed by the Chair as a correct record

## **6 Public Questions**

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

## **7 Financial Planning Strategy 2009/10**

The Authority agreed that officers use July, August and September to review budgets, including capital schemes, efficiencies and budget pressures, in order to lead to a progress report to Strategy and Resources Committee on 18 September 2008. This initial planning paper set out the broad main issues and was intended to focus attention on the key planning issues that must be addressed.

**Resolved** that the Committee seek the approval of the Authority on 15 October 2008 to a strategy that identifies a balanced budget in 2009/10 and each year thereafter, both on the pessimistic and optimistic assumptions set out in the report.

## **8 Financial Performance to August 2008**

This report provided information on the financial performance of the service to date, and sought approval for action, where necessary.

In answer to a question from Members, the Principal Accountant explained that half the underspends reported in the retained revenue budget would be used for retained development and would be the subject of a further report.

**Resolved** that the Committee

- a) note the position of the revenue budget;
- b) approve virements to the revenue budget where requested;
- c) note the position on the capital programme;
- d) note performance against prudential indicators; and
- e) note the information provided on balance sheet items.

## **9 Capital Update on Activity and Finance**

The purpose of this report was to provide an overview of all the capital schemes within the Brigade and their current status.

Members queried the position with regard to the purchase of a small fires unit and were informed that a report would be forwarded to the next Fire Authority meeting in October advising Members on the available options.

Members also noted that the capital budget for Building Improvements was fully spent for 2008/09 and that only one major scheme remained, Cleobury Mortimer, which was planned for 2009/10.

**Resolved** that the Committee note the progress on Capital Schemes.

## **10 Annual Treasury Report 2007/08**

This report informed Members of the treasury activities for 2007/08, as required by the Code of Practice on Treasury Management.

The report demonstrates that the Fire Authority borrowed at the optimum time for interest rates and that a good interest rate had been achieved for the Fire Authority's investments. A review of the Fire Authority's investment strategy concluded that it was consistent with good borrowing practice.

**Resolved** that the Committee note the contents of the report

## **11 Audit Commission Value for Money Profile Tool 2008**

Councillor Box declared a prejudicial interest at this point and left the room at 2.45pm.

This report provided Members with details of a 'value for money profile tool' recently provided by the Audit Commission to support their auditors in undertaking this years 'use of resources' and 'direction of travel' audits which form important parts of the fire and rescue performance assessment for 2008.

The Chief Fire Officer highlighted the areas that had changed from last year's tool and discussed with Members the proposed responses to auditors on behalf of the Fire Authority. Following a question from Members about the Audit Commission's response to the Fire Authority's comments on last year's profile tool, it was noted that there had been some change but that this was not significant.

**Resolved** that the Committee

- a) note the findings of an analysis conducted by officers of the 2008 version of the 'value for money profile tool' provided by the Audit Commission;
- b) approve the proposed responses to auditors on behalf of the Fire Authority;
- c) did not identify any areas where they felt that further more detailed analysis would be beneficial; and
- d) wish the findings of the analysis to be forwarded to the Audit Commission to assist with future improvement of the 'value for money profile tool'.

## 12 Audit Commission Performance Information Profile Tool 2008

Officers tabled a replacement report 12 (copy attached to signed minutes)

This report provided Members with details of a 'performance information profile tool' recently provided by the Audit Commission to support their auditors in undertaking this year's Direction of Travel audit which forms part of the fire and rescue performance assessment for 2008/09.

The approach the Audit Commission had taken in summarising Shropshire Fire and Rescue Service's performance disadvantaged the results, as not all the indicators in the tool had been used. The Corporate Health Indicators, where Shropshire Fire and Rescue Service had performed well, had not been included in the final analysis. The Chief Fire Officer also drew attention to other areas listed in the report that disadvantaged Shropshire Fire and Rescue Service.

Members were content with the officers' response to the tool.

Following consideration by Members it was **resolved** that the Committee note the findings of an analysis conducted by officers of the performance information profile tool developed and provided by the Audit Commission.

## 13 Integrated Risk Management Planning

Councillor Box rejoined the meeting at this point.

### 13a Review of Strategic Integrated Risk Management Planning

This report summarised the benefits the Fire Authority has been able to achieve through the introduction of Integrated Risk Management Planning (IRMP).

Members were pleased with the results gained and wished to continue with the IRMP Members' Working Group. Members also wished to thank officers for all their hard work, with special thanks to ADO Joe Whelan, IRMP Manager.

**Resolved** that the Committee

- a) note the contents of the report; and
- b) recommend to the Fire Authority that the IRMP Members' Working Group should continue to drive improvement in the Service through their work in this important area.

## 13b Integrated Risk Management Planning Research Report

This report informed Members about the recent publication of a Communities and Local Government report that looks at the connection between fire risk and the socio-demographic make-up of the population covered by a Fire and Rescue Service. It also discussed how this variation in risk could be used to develop future benchmarking targets for both internal and external purposes.

Officers reassured Members that the datasets used were fairly robust with a small margin for error and that there was confidence in the figures being produced.

It was noted that the new factors identified by the research would be incorporated into the FSEC model at a later date, however this did not prevent the Brigade targeting these newly identified groups immediately.

**Resolved** that the Committee note the contents of the report.

## 14 Update on FiReControl Business Case

This report informed Members about the contents of the recently published FiReControl Business Case (Regional Annex). It outlined the issues identified in the Business Case and set out the cost and strategy impact described in the publication.

With regard to cost apportionment, the Treasurer outlined the various options and discussed with Members the advantages and disadvantages of each. Members agreed to recommend the use of population as basis for apportionment.

Members were advised that if an agreed regional approach to cost apportionment was not forthcoming, that an independent mediator would be used.

**Resolved** that the Committee

- a) note the contents of this report;
- b) recommend that the Fire Authority tasks the Shropshire and Wrekin Fire Authority Regional Control Centre Board Member to ensure that the Regional Control Centre Director produces regular financial reports on the total cost of West Midlands Regional Control Centre;
- c) recommend that the Fire Authority tasks Officers and the Regional Control Centre Board Member to have further discussions about the affordability of the increased staffing numbers for the Regional Control Centre; and
- d) recommend the use of population as basis for apportionment.

## 15 Wellington Fire Station Co-location with TCAT

This report updated the Strategy and Resources Committee on progress with proposals to co-locate Wellington Fire Station in to the new college planned by Telford College of Arts and Technology (TCAT).

Amended plans were tabled (copy attached to signed minutes) at the meeting for discussion with Members, who agreed in principle to continue to pursue the development. The new plans may eliminate the need to move Wellington Fire Station to temporary accommodation which would provide savings and reduce any interruptions to service delivery.

TCAT were still awaiting approval for the funding from the Learning Skills Council, following this, the move would then be subject to Fire Authority approval of final business case.

**Resolved** that the Committee

- a) note the provisions of this report;
- b) consider the service and financial implications of the scheme; and
- c) authorise Officers to continue work on the development of this scheme.

## 16 Station Training Facilities

This report updated the Strategy and Resources Committee on progress with the provision of training facilities at stations and requested additional capital funding for future years.

It was proposed by Councillor West and seconded by Councillor Holyoak that a report should be presented as part of the Budget reports in November to consider the allocation of additional capital funding in future years to accelerate provision of facilities.

Subject to the foregoing it was **resolved** that the Committee note the provisions of the report.

## 17 Use of Capital 2008

This report advised the Strategy and Resources Committee of capital investment made over the last 3 years and the benefits which have been obtained from this investment.

**Resolved** that the Committee consider the benefits achieved and consider these when considering future capital funding requests.

## 18 Asset Stewardship Report 2008

This report advised the Strategy and Resources Committee of the current condition of assets owned by the Authority and changes which have occurred in the financial year 2007/08. This is a summary of information previously provided in the form of budget working papers, capital appraisals and capital budget reports, together with additional information.

**Resolved** that the Committee note the current asset position.

## 19 Funding for the Organisational Development Centre and Fire Gateway Services 2008/09

This report informed Members of a letter received from the Interim Director of the Fire and Resilience Directorate of Communities and Local Government regarding funding for the Organisational Development Centre and Fire Gateway in 2008/09. The report also advised Members of a response made by the Chief Fire Officer to the Interim Director requesting further details.

The Chief Fire Officer tabled a response recently received from the Deputy Director which listed the subsidised services that were available to subscribers. Having explored the services listed, the subsidies gained would still not amount to the subscription being requested. Members agreed not to pay the subscription on this occasion.

Members also asked the Chief Fire Officer to invite the Director of the DCLG to Shropshire Fire and Rescue Service.

Subject to the foregoing Members **resolved** that the Committee

- a) note the contents of the report and the appended letters; and
- b) not to pay the subscription on this occasion.

The meeting closed at 4.10 pm.

**Chair**.....

**Date**.....

# 8

Shropshire and Wrekin Fire and Rescue Authority  
Strategy and Resources Committee  
18 September 2008

## Financial Performance to August 2008

### Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202, or Joanne Coadey, Principal Accountant, on 01743 260215.

#### 1 Purpose of Report

This report provides information on the financial performance of the service to date, and seeks approval for action, where necessary.

#### 2 Recommendations

The Committee is asked to:

- a) Note the position of the revenue budget;
- b) Approve virements to the revenue budget where requested;
- c) Note the position on the capital programme;
- d) Note performance against prudential indicators; and
- e) Note the information provided on balance sheet items

#### 3 Background

This is the second review of financial performance to date for 2008/09, and encompasses the monitoring of revenue budgets and capital schemes, the review of prudential indicators, and the monitoring of other balances held within the Authority's accounts.

#### 4 Revenue Budget

Exceptional variances in the revenue budget to the end of May are detailed in the table below. Members are asked to approve the transfer of these variances to contingencies.



	<b>(Over) / Underspend £'000</b>
<b>Executive</b>	-
<b>Service Delivery</b>	
<b>District</b> – savings on watches to the end of the year, over and above those required to meet the vacancies management target (see later).	22
A sum of £180,000 was brought forward from 2007/08 to cover recruitment issues anticipated in 2009. It is predicted that additional recruits and transferees will cost £107,000 this year, leaving a surplus. It is proposed that around half of the total savings on watches is carried forward for use in 2009/10.	73
<b>Retained Duty System</b> - further savings have been identified within retained budgets, and will contribute in future years to proposed retained development.	
Drills	30
Turnouts	30
<b>Human Resources and Development</b>	
Equality & Diversity – the E&D Assistant post has been filled, however savings accrued up to the date of appointment	8
<b>Strategy and Performance</b>	
<b>Regional Management Board</b> – net income for 2007/08 was more than originally anticipated	10
<b>Resources</b>	
Inflation Contingency – This is closely monitored and despite large increases in some prices (e.g. diesel and utilities) it is anticipated that inflationary pressures can be contained, by using underspends in budgeted pay awards	-
<b>Total</b>	<b>173</b>

It is proposed that variances will be transferred to individual contingencies, with the exception of retained duty savings, which will be diverted to Community Fire Safety.

## Vacancies Management

A total of £100,000 was taken out of the budget for 2008/09 and future years, which reflected the savings that could be made from vacant posts throughout the year. The table below shows how the total has been allocated to business areas, and how much has been identified to date. These savings do not form part of the variances above as the budget has already been reduced by the total amount.

	Identified to date £'000	Target savings £'000
Executive	0	4
Service Delivery	81	81
Strategy & Performance	5	5
Human Resources & Development	7	7
Resources	2	3
Total	95	100

## 5 Capital Programme

Monitoring of the capital schemes approved by the Fire Authority is ongoing.

A number of schemes brought forward from 2007/08 and prior years have been completed, with others yet to start. In addition, the building improvements scheme within the 2008/09 programme is fully spent.

A report detailing progress and expenditure of the capital programme will be presented to the Committee later on this agenda.

## 6 Reserves and Provisions

Balances held on reserves and provisions currently held are as follows:

- **General Reserve (£988,000)**  
Represents financial risks that are faced by the Authority, based on a probability of occurrence. No demands have been identified to date, however the estimated costs associated with the Retained Firefighters Part Time Working Directive outcome are included within the reserve.
- **Efficiency Reserve (£109,000)**  
To be used on initiatives with a one off cost that will result in efficiencies. Cost of property advisor is currently committed from this reserve.

- Retained Reserve (£99,000)**  
Investment in the retained reserve has been slipped from this year to 2008/09 – this reserve will smooth out fluctuations in precept.

A balance of £98,000 has been transferred to the revenue budget, to fund this year's growth in the retained duty system.
- Pension Liabilities Reserve (£461,000)**  
This reserve provides for the possibility of exceptional numbers of retirements.
- Equipment Replacement Provision (£92,000)**  
Operational equipment programmes are funded via this provision, with an annual contribution to replace expenditure – this should relieve pressure on the revenue budget
- Extreme Weather Reserve (£295,000)**  
This reserve will cover excess levels of retained activity due to extreme weather.
- Capital Reserve (£1,237,000)**  
This reserve allows for the funding of small capital schemes, avoiding long term borrowing. Payments from the reserve are replaced with annual contributions. Actual spending will be linked to the delivery of the capital programme. This reserve will be maximised through the transfer of underspends on the revenue budget during the year.

A balance of £157,000 has been transferred to the revenue budget in July – this is to fund one off growth items in the 2008/09 budget and should have remained in the General Fund at the end of the year. In addition, a budgeted contribution of £231,000 has been made to the Capital Reserve.
- General Fund (£0)**  
A balance of £569,000 has been added to the 2008/09 budget for use this year, and the remaining £49,000 has been transferred to the Capital Reserve, following approval by the Fire Authority.

## 7 Prudential Indicators

In line with the Chartered Institute for Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance, the Treasurer is required to establish procedures to monitor performance against all forward looking prudential indicators and, in particular, that net external borrowing does not (except in the short term) exceed the requirement to borrow for capital purposes.

The Fire Authority has established that it will receive quarterly monitoring reports during the year, of which this is the first for 2008/09.

- **Authorised Limit for External Debt (£9,217,000)**

The Authorised Limit represents the amount required to fund the Authority's capital financing, plus a provision for temporary borrowing, should the receipt of revenue money be delayed, although this should happen very rarely.

The Limit currently stands at £5.347m, i.e. well within the indicator. No temporary borrowing has been necessary.

- **Operational Boundary for Borrowing (£6,356,000)**

The Boundary represents the capital investment entered into by the Authority, including any loans to be taken during the year. Unlike the Authorised Limit, this may be exceeded, although this would trigger an investigation.

At £5.610m, the Boundary is well within the set indicator, as the Fire Authority has not yet borrowed any funds for its 2008/09 capital programme.

- **Capital Financing Requirement (£6,217,000)**

This is the amount required by the Authority to fund its capital investment, and the actual balance for the year will increase as funds are borrowed for the 2008/09 capital programme.

The Capital Financing Requirement is £5.347m. This is well within the limit as capital payments are largely forecast to occur later in the year.

- **Net Borrowing**

Currently, investments of £5.6m are equal to the Fire Authority's outstanding borrowing (£5.6m).

The Authority is also required to report its actual prudential indicators for 2007/08 which are set out below:-

**a) Capital Expenditure**

The actual capital expenditure for 2007/08 is £1,198,000.

	<b>2006/07 Actual £000</b>	<b>2007/08 Budget £000</b>	<b>2007/08 Actual £000</b>
Payments	1,340	1,050	1,198
Funding - Borrowing	1,094	730	846
- Grant	32	-	57
- Fund	16	320	250
- Revenue			45
- Leasing (financing)	76	-	48

Finance leasing totalling £48,000 has been included in assets, following a reclassification of operating leases.

**b) Ratio of Financing Costs to Net Revenue Stream**

The actual ratio of financing costs to net revenue stream is 0.5%.

	<b>2006/07 Actual £000</b>	<b>2007/08 Budget £000</b>	<b>2007/08 Actual £000</b>
	0.4	2.5	0.5

The outturn is lower than the estimate, because of the continued higher level of interest earned on revenue balances invested, which are netted off the financing costs, i.e. revenue provision for debt repayment plus interest charges. The actual ratio of gross financing costs to net revenue stream was 2.4%.

The impact of the capital investment decisions in the present capital programme were estimated at 0.5 pence, before taking into account the notional proportion of general grant said to support capital investment.

**c) Capital Financing Requirement**

The actual capital financing requirement as at 31 March 2008 is £5,155,000.

	<b>2007/08 Budget £000</b>	<b>2007/08 Actual £000</b>
	5,474	5,155

The capital financing requirement is well within the predicted level as a result of slippage of schemes into 2008/09, as previously reported.

**d) Net Borrowing**

Net borrowing at 31 March 2008 was £320,000, i.e. well within the guideline. Gross borrowing, i.e. before investments and cash, was £5,670,000; however this was offset by short-term lending of £5,350,000.

**e) Actual External Debt**

Actual external debt at 31 March 2008 was £5,610,000 plus other long-term liabilities at 31 March 2008 of £60,000 (finance leases). Although a prudential indicator, this represents the actual position on a single day, and, therefore, cannot be compared directly with the authorised limit or operational boundary. The level of external borrowing was, however, within both the Operational Boundary of £5,610,000 and the Authorised Limit of £5,155,000.

**f) Treasury Management Indicators**

- An upper limit of 100% of external debt can be borrowed at fixed interest rates. All of the Fire Authority's external debt is at fixed rates. All of this debt is also arranged for longer than 10 years, which is again in accordance with the Prudential Indicator.
- A limit of £1,000,000 was placed on borrowing for more than 364 days. During 2007/08, £1,000,000 was invested for a period over 364 days.
- At 31 March 2008, £3,510,000 was invested at fixed rates and £1,840,000 was invested at variable rates.

## **8 Balance Sheet Items**

### **Cash and Investments**

Cash flows into and out of the Authority's bank accounts are recorded by Finance officers, and are monitored by Finance, and by Treasury Services to assist the investments process.

Cash flow monitoring carried out in May projected a balance available for investment of £5.3m; the actual balance was £5.6m. This difference was due to the receipt of firefighter pension top up grant, and also payment of commutation to retiring firefighters.

### **Debtors**

In terms of amounts owed to the Authority, a balance of around £52,000 remains outstanding, and only £4,500 of this remains unpaid after 90 days.

Each amount owed is actively chased, and balances that have become problematic are reviewed by the Treasurer and the Principal Accountant, to determine the most reasonable course of action, and referred to Legal Services at Telford & Wrekin Council, where this is appropriate.

## **9 Financial Implications**

The financial implications are as outlined in the main body of the report.

## **10 Legal Comment**

There are no direct legal implications arising from this report.

## **11 Equality Impact Assessment**

This report is purely an update on budget spend to date and so the recommendations within the report have no impact on people. Therefore an Initial Equality Impact Assessment has not been completed for this report.

## **12 Appendices**

There are no appendices attached to this report.

## **13 Background Papers**

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial		Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*