



MINUTES OF THE MEETING OF THE CHESHIRE FIRE AUTHORITY held on Wednesday, 10 February 2021 at 10.00am. Remote Meeting - Via Skype

PRESENT: Councillors Bob Rudd (Chair), Rachel Bailey, Michael Beanland, Mike Biggin, David Brown, Razia Daniels, Martyn Delaney, David Edwardes, Phil Harris, Jill Houlbrook, Marilyn Houston, Gina Lewis, Nick Mannion, Les Morgan, Karen Mundry, Stef Nelson, Stuart Parker, Jonathan Parry, Rob Polhill, Peter Wheeler, Norman Wright and Steve Wright

1 PROCEDURAL MATTERS

A Recording of Meeting

The meeting was held using Skype for Business and in accordance with the Remote Meeting Rules. The Director of Governance and Commissioning confirmed how participants were connected to the meeting and how it would be broadcast. He also mentioned how the meeting would be monitored throughout.

Members were reminded that the meeting would be audio-recorded.

B Apologies for Absence

Apologies for absence were received from Councillor James Nicholas.

C Chair's Announcements

The Chair advised that the Brigade Managers Pay & Performance Committee had met on 28th January and after a rigorous selection process had appointed Alex Waller as the new Deputy Chief Fire Officer for Cheshire Fire and Rescue Service.

The Chair asked Members to note the content of the Chair's announcements which included details of activities carried out by Cheshire Fire and Rescue Service during the Coronavirus pandemic. Staff from across the Service continued to provide exceptional support to partners and the community in response to Covid-19 in a wide variety of areas. This was vital work to reduce risks and support the vulnerable in our community and was making a huge difference to many lives.

D Declaration of Members' Interests

The Chair stated that he understood that Members were likely to have an interest in Item 3 – Members' Allowances Scheme 2021-22 and Item 6 – Draft Budget 2021-22, Council Tax Precept and Medium Term Financial Plan. Dispensations had been granted to Members to allow them to take part in the debates and vote on each item. Members were asked to indicate if they did not agree with the Chair's understanding. No Member disagreed. Therefore, all Members were taken to have interests in Items

3 and 6 with the intention to take part in the debates and votes (relying upon the dispensations).

E Questions from Members of the Public

There were no questions submitted.

F Minutes of Fire Authority

RESOLVED:

That the minutes of the Fire Authority meeting held on 9th December 2020 be approved as a correct record.

G Minutes of Governance and Constitution Committee

The recommendation in the minute for Item 2 was considered in Item 3 on the agenda (see below).

RESOLVED:

That the minutes of the Governance and Constitution Committee held on 27th January 2021 be noted.

H Minutes of Brigade Managers' Pay and Performance Committee

RESOLVED:

That the minutes of the Brigade Managers' Pay and Performance Committee held on 25th and 28th January 2021 be noted.

I Notes of the Member Training and Development Group

RESOLVED:

That the notes of the Member Training and Development Group held on 8th December 2020 be noted.

J Notes of the Local Pension Board - Firefighters' Pension Scheme

RESOLVED:

That the notes of the Local Pension Board – Firefighters' Pension Scheme held on 14th January 2021 be noted.

2 PAY POLICY STATEMENT 2021-22

The Director of Transformation presented the report which sought approval to publish the Pay Policy Statement for 2021-22, attached as Appendix 1 to the report.

Members were advised that, under the Localism Act 2011, all local authorities were required to publish a pay policy statement on an annual basis. The document set out the Authority's policies for the financial year relating to the remuneration of its Chief Officers, the remuneration of its lowest paid employees, and the relationship between the pay of Chief Officers and that of other employees. The requirement was intended to increase transparency and accountability, and to give local people access to information to allow them to determine whether pay is appropriate.

Paragraphs 9-18 of the report provided an overview of changes to the Pay Policy Statement since it was previously approved in February 2020. Changes included: the Service's new Brigade Manager structure; increased employer contribution rates for the firefighter pension schemes; the Living Wage being reviewed and adjusted every October; and the introduction of the Public Sector Exit Payment Regulations .

The Director of Transformation referred Members to two known outstanding issues pertaining to pay in the report that could necessitate changes to the Pay Policy Statement during the course of the financial year 2021/22. The first issue concerned the national firefighter pay negotiations that remained outstanding and the second concerned the pay freeze that was only binding on parts of the public sector that were covered by the pay review bodies.

Members were asked to authorise the Director of Transformation, in conjunction with the Director of Governance and Commissioning, to make any necessary in-year changes to the Pay Policy Statement as necessitated by new legislation or guidance.

RESOLVED: That

- [1] the Pay Policy Statement 2021-22, attached as Appendix 1 to the report, be approved; and**
- [2] the Director of Transformation, in conjunction with the Director of Governance and Commissioning, be authorised to make any necessary in-year changes to the pay Policy Statement as necessitated by new legislation or guidance.**

3 MEMBERS' ALLOWANCE SCHEME 2021-22

The Director of Governance and Commissioning presented a report which sought approval of the Members' Allowance Scheme for 2021-22.

Members were advised that a review of the Members' Allowances Scheme had recently been concluded. It was overseen by the Governance and Constitution Committee and a copy of the report considered by the Committee at its meeting on 27th January 2021 was attached as Appendix 2 to the report. This included a report from the independent reviewer (a member of a local independent remuneration panel).

The Members' Allowances Scheme 2021-22, as recommended by Governance and Constitution Committee, was attached as Appendix 1 to the report. The Scheme was substantially the same as the existing scheme. The independent reviewer commented in her report upon the number of Member Champions and recommended that a review should take place within 12 months so that the Fire Authority could 'consider whether each of the Member Champion roles is necessary and satisfy itself that each provides a meaningful benefit'. This was accepted by the Governance and Constitution Committee which planned to oversee the review.

RESOLVED: That

- [1] the Members' Allowance Scheme for 2021-22 as set out in Appendix 1 to the report be approved; and**
- [2] a review of the Member Champion roles be concluded by the Governance and Constitution Committee within the next 12 months.**

4 2020-2021 PRECEPT SURVEY

The Policy and Transformation Officer presented a report which provided feedback from the 2020-21 Precept Survey regarding the proposed increase to the Authority's precept for 2021-22 financial year.

Members were reminded that the Authority was required to consult on its precept for the forthcoming financial year. Given the recent approval and publication of the latest Integrated Risk Management Plan (IRMP), covering the period to 2024, there was no requirement to consult on the IRMP this year. Therefore, it was decided to undertake a survey that focussed exclusively on a proposal to increase the Council Precept for 2021-22.

The survey was launched on 21st December 2020 and closed on 28th January 2021. This was the period between the announcement of the Local Government Financial Settlement and the preparation of the budget papers. Given the restrictions in place due to the Covid-19 pandemic all engagement around the survey was undertaken using online methods only.

The survey received a total of 484 responses and of these 475 were from residents of Cheshire. A copy of the 2021-22 Precept Survey Results Information Pack was attached at appendix 1 of the report. The report provided a demographic profile of respondents and lists all the comments received via the survey.

RESOLVED: That:

- [1] the report be noted and the feedback considered when determining the Council Tax precept during Item 6 – Draft Budget 2021-22, Council Tax Precept and Medium Term Financial Plan (see below).**

5 **TREASURY MANAGEMENT STRATEGY 2021-22**

The Head of Finance presented the report which sought approval of the Treasury Management Strategy 2021-22 (the Strategy). This was a requirement of guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), the CIPFA Treasury Management Code and the CIPFA Prudential Code. It also assisted the Authority in showing its compliance with requirements contained in the Local Government Act 2003.

The Strategy comprised of four main elements, namely:-

- Capital Expenditure Plans and Prudential Indicators
- Borrowing Strategy and Prudential Limits
- Annual Investment Strategy
- Minimum Revenue Provision (MRP) Statement

The Head of Finance referred Members to Table 7, the operational boundary and Table 8, the authorised limit for external debt. These were the two key prudential indicators that set the maximum limit for external debt based on the capital programme and the current borrowing requirements. The authorised limit in Table 8 could not be exceeded.

A Member made reference to the Government Capital Funding arrangements which ceased a number of years ago and sought clarity about the impact of the withdrawal of capital funding. In response, the Head of Finance confirmed that the Service used to receive Government funding each year for capital programmes. However, this stopped a number of years ago. The Service could now only apply for specific grant funding and at this time, there were no programmes open. Therefore, the Service had to be self-sufficient in funding any capital programmes.

A Member queried the period of the new operational training centre being written off. He understood this to be over a 25 year period and asked whether the loan would be paid off within this period. In response, the Head of Finance confirmed that this was a normal period of time before significant reinvestment or rebuild was required. Longer periods could be applied. However, due to the use of the operational training centre it was deemed that 25 years was an appropriate lifespan. The repayment would be at the conclusion of the 25 years and funding would be set aside so when the loan matured the funds would be available to repay the loan.

RESOLVED: That:

- [1] the Treasury Management Strategy 2021-22 be approved; and**
- [2] the Authority's Prudential Indicators including the Authorised Limits (Appendix 1 to the report, paragraph 5.2.7) be approved.**

6 DRAFT BUDGET 2021-22, COUNCIL TAX PRECEPT AND MEDIUM TERM FINANCIAL PLAN

The Treasurer presented a report which sought Members' approval for the Authority's budget for 2021-22, the Authority's precept, as required by law, for 2021-22 and its Medium Term Financial Plan (MTFP) for 2021-26.

The Authority was required to approve its budget and set the Council Tax precept for the financial year commencing 1st April 2021. The Authority was required to take into account Government funding, precept regulations and organisational demands. This requirement was supported by the production of a MTFP with the annual budget forming the first year of the MTFP. The creation and maintenance of the MTFP was fundamental in promoting good financial planning and delivery of value for money. The MTFP was Appendix 1 to the report.

Members had considered the Authority's financial position at their Planning Session on 15th January 2021 where they had the opportunity to challenge the assumptions and proposals being put forward by officers as part of the draft budget and MTFP.

The Treasurer reported that the report followed a similar format to those that had been presented in previous years. The current and ongoing impact of Covid-19 made it much more difficult to forward plan with the usual level of relative confidence. The report attempted to summarise the current understanding of the impact of Covid-19. However, a range of factors could alter the situation and it would be important to regularly return to check assumptions and financial performance to enable financial plans to be reviewed and updated as the impact of Covid-19 becomes clear.

The 2021-22 budget proposals were based on the Local Government Finance Settlement for 2021-22, a one-year settlement. The Settlement included Council Tax Referendum Principles that allow for an increase in council tax of up to 2%, without triggering a local referendum. If Members were to agree an increase of 1.99% in the council tax, this would generate an additional £646k council tax income compared to 2020-21, based on the tax bases of Band D equivalent properties. When other elements of funding were included such as revenue support grant and business rate income - the overall net revenue budget would increase by £1.37m compared to the previous year, including two one-off grants totalling £2.48m.

Members were referred to Table 2: Construction of Proposed 2021-22 Revenue Budget within the report which showed the proposed adjustments to the revenue budget. The increase in funding of £1.372m would not be sufficient to balance the budget and therefore savings proposals of £0.499m had been identified to ensure that planned spending matched the level of proposed resources. The proposals represent a balanced budget of £46.203m for 2021-22. The proposed increase in council tax of 1.99% would result in a Band D precept of £80.87: an increase of £1.58 (or 3p per week) for a Band D property. Should Members wish to propose a council tax precept increase of less than the 1.99%, further savings would be required in order to balance the budget.

Members were referred to Appendix 2A of the report which detailed the Commitments and Growth. The commitments reflected the impact of previous decisions that have a financial consequence in 2021-22 or were due to legal or regulation changes. Due to the uncertainty surrounding business rates income, the impact of Covid-19 support on collection funds and the grants that would be received, there was a high risk that the estimated amounts included in this budget would significantly change. As a result of this the budget included a transfer to reserves within the commitments.

The Treasurer advised that there was one other area of potential financial support from the Government called 'The Local Tax Income Guarantee'. This would be calculated by the Government at the end of the current financial year and related to a calculation of the actual council tax and business rate losses in 2021. He had received an email from a Home Office official explaining that the Government would be producing a policy paper which would be available later this week. Officers would review the position when further information was made available.

The Head of Finance outlined the Medium Term Financial Plan for 2021-26 and referred to Table 1 – Funding within the report which set out the forecast funding available over the period of the MTFP.

The Chair confirmed that he had written to the Prime Minister twice regarding the pay freeze for public sector workers outside of the NHS, urging the Government to reconsider its decisions. To date a response had not been received.

A Member raised a question on the Indicative Capital Programme and asked if the Service was required to make greater savings would the capital schemes need to be paused. In response, the Head of Finance advised that the schemes were indicative at present and that decisions on schemes like Wilmslow and Crewe would need to be considered in light of the prevailing financial situation.

A Member raised a question on the Integrated Risk Management Plan (IRMP) Reserve. The report stated that the present Capital Strategy suggested that this reserve would be virtually exhausted by March 2024 and the Members sought clarity on what would happen after that date. In response, the Treasurer advised that part of the Strategy would be to review all levels of earmarked reserves and challenge these going forward. If all reserves were depleted then there would be a greater reliance on borrowing to finance the Capital Strategy.

A Member asked if there was a minimum amount of reserves that the Service should hold. In response, the Treasurer advised that there was no required amount set. However, 5% of the budget had been adopted as a figure to be held in a general reserve. This percentage was mentioned in the National Framework for fire and rescue services too.

Members raised further questions about borrowing. In response, the Head of Finance advised that interest rates were monitored on a daily basis and that officers were prepared to apply for borrowing at any time to receive the best possible rate. The Service also used external Treasury Management Advisers who were aware of

the borrowing requirements. At the present time there was no indication that interest rates were likely to rise.

RESOLVED: That

- [1] the Medium Term Financial Plan, as set out in Appendix 1 of the report be approved;**
- [2] the Budget Requirement of £46.203m as set out in Table 1, paragraph 24 of the report be agreed, noting the adjustments for inflation, growth, one off items and savings as set out in Table 2, paragraph 27 and detailed in Appendix 2 of the report;**
- [3] the proposed council tax increase of 1.99% be approved and Band D council tax precept of £80.87 be set for 2021-22;**
- [4] the levels of council tax precept as set out in Table 4 paragraph 48 of the report be agreed;**
- [5] the proposed capital programme for 2021-22 set out in Table 3 paragraph 42 of the report together with its associated financing be approved;**
- [6] the Capital Strategy set out in Appendix 3 of the report be approved;**
- [7] the Reserves Strategy set out in Appendix 4 of the report be approved;**
- [8] the Statement of Robustness of Estimates set out in Appendix 5 of the report be noted; and**
- [9] the Financial Health Targets as set out in paragraph 44 of the report be adopted.**