



HEREFORD & WORCESTER FIRE AUTHORITY

Policy and Resources Committee

AGENDA

Wednesday, 16 September 2020

10:30

This will be held as a virtual meeting on Teams.

The meeting can be accessed via a link which will be emailed to participants.

Information for Members of the Public

Due to the current Covid-19 pandemic Hereford & Worcester Fire Authority will be holding this meeting in accordance with the arrangements for remote meetings of a local authority. For more information please refer to: Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Please note that this is a public meeting, to be conducted remotely by video conferencing between invited participants and live streamed on the internet for general access. You are able to listen and view the live video stream of the meeting via the link that will be published on the Fire Authority's website <https://hwfire.cmis.uk.com/hwfire/Meetings.aspx>

ACCESS TO INFORMATION – YOUR RIGHTS. The press and public have the right to attend Local Authority meetings and to see certain documents. You have:

- 1) the right to attend all Authority and Committee meetings by viewing or listening to the live stream unless the business to be transacted would disclose “confidential information” or “exempt information”;
- 2) the right to film, record or report electronically on any meeting to which the public are admitted provided you do not do so in a manner that is disruptive to the meeting.
- 3) the right to inspect agenda and public reports at least five days before the date of the meeting (available on our website: <http://www.hwfire.org.uk>);
- 4) the right to inspect minutes of the Authority and Committees for up to six years following the meeting (available on our website: <http://www.hwfire.org.uk>); and
- 5) the right to inspect background papers on which reports are based for a period of up to four years from the date of the meeting.

If you are participating at a virtual meeting of the Authority under the Public Participation item, you will be deemed to have consented to being broadcast via the Authority’s website and/or filmed or recorded by the Authority and/or anyone exercising their rights under paragraph 2 above. Alternatively, your representations can be read out at the meeting on your behalf.

Please also note that when taking part in public participation, your name and a summary of what you say at the meeting may be included in the minutes.

If you have any queries regarding this agenda or any of the decisions taken or wish to exercise any of these rights of access to information please contact Committee & Members’ Services by email at committeeservices@hwfire.org.uk.

WELCOME AND GUIDE TO TODAY’S MEETING. These notes are written to assist you to follow the meeting. Decisions at the meeting will be taken by the **Members** who are democratically elected representatives and they will be advised by **Officers** who are paid professionals. The Fire Authority comprises 25 Members and appoints committees to undertake various functions on behalf of the Authority. There are 19 Members who are Worcestershire County Councillors on the Authority and 6 who are Herefordshire Council Councillors. The Police & Crime Commissioner also attends Fire Authority meetings as a non-voting Member.

Agenda Papers - Attached is the Agenda which is a summary of the issues to be discussed and the related reports by Officers.

Chairman - The Chairman is responsible for the proper conduct of the meeting.

Officers - Also present during the meeting will be the Chief Fire Officer and/or other Officers of the Fire Authority who will advise on legal and procedural matters and record the proceedings. These include the Clerk and the Treasurer to the Authority.

The Business - The Chairman will conduct the business of the meeting. The items listed on the agenda will be discussed.

Decisions - At the end of the discussion on each item the Chairman will put any amendments or motions to the meeting and then ask the Members to vote. The Officers do not have a vote.

Protocols for Remote Meetings

Status of these protocols

- These protocols supplement the new legislative arrangements permitting remote meetings of a local authority, under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.
- The Monitoring Officer reserves the right to amend or revoke these protocols at any time on reasonable notice. These protocols may also be revoked, superseded or amended by any standing orders that the Authority specifically adopts in respect of remote meetings.
- These protocols apply to anyone participating in a remote meeting, being: Members, officers, members of the public, other invited participants.

Participating in a remote meeting

- Officers and Members should join the meeting no less than 15 minutes before the scheduled start time to allow for any technical issues and avoid disrupting proceedings after the start time.
- At the start of the meeting the chairman will conduct a roll-call to confirm who is present and check for any connectivity issues.
- Where using video-enabled equipment, Members are asked to leave their cameras on throughout the meeting (unless connection speeds militate against this).
- Members should mute the microphone on their device when not speaking in order to reduce feedback and background noise. Committee and Members' Services can perform this function as well.

Access to documents

- Committee and Members' Services will publish the agenda and reports for meetings on the Fire Authority's website in the usual way and will notify Members and Officers by email.
- Members can either download the agenda pack from the link to the website or use the PDF sent with the email on a separate device to the one which they are using for the remote meeting.
- Printed copies will be sent to Members and Officers to support the effective conduct of the meeting where necessary. Printed copies will not be available for inspection at the Fire Authority's offices.

Officer Presentations

- Any presentations from Officers (eg Powerpoint) will be circulated to Members in PDF format in advance wherever possible and will be displayed on screen at the relevant point in the meeting. Where possible, presentations will be published on the Authority's website alongside the reports.
- When referring to reports or making specific comments, Officers should refer to the agenda page number so that all parties have a clear understanding of what is being discussed.

Protocol for Members speaking at meetings

- The Authority will be using Microsoft Teams, which will enable Members to participate in meetings remotely.
- The Chairman will ask all Members who wish to speak to indicate by pressing the 'raise your hand' button. Please do not speak or turn on your microphone until invited to do so by the Chairman. After speaking you must 'lower your hand' and turn off your microphone.

- The Chairman's ruling in regard to who should speak will be final and the Chairman will have the ability to mute any attendee's microphone if required.
- When referring to reports or making specific comments, Members should refer to the agenda page number so that all parties have a clear understanding of what is being discussed.

Voting

- Where it appears to the Chairman that the will of the majority of Members in the meeting is clear, the Chairman may put the motion to the meeting and ask if there are any votes against or any Members wishing to abstain. Those Members not voting against the motion or indicating they wish to abstain will be taken to be in favour.
- In all other circumstances a named vote will be taken. The Monitoring Officer will read out the Members' names, record the votes and announce the outcome to the meeting.
- Named votes will not be recorded in the minutes unless an individual Councillor asks to be recorded as voting "for", "against" or "abstained".

Participation by members of the public and the media

- A member of the public who has been given permission to speak during the public participation section of the meeting will be sent the relevant link to join the remote meeting and be invited to participate at the relevant point on the agenda. Members of the public who have been given permission by the Chairman to address a meeting may read out their question or written statement, of which prior notice will have been given, when invited to do so by the Chairman.
- As an alternative, members of the public who wish to address the meeting may submit a written statement that can be read out by the Chairman at the appropriate time.

Dealing with exempt items of business

- When confidential, or "exempt" information – as defined in Schedule 12A of the Local Government Act 1972 – is under consideration, the Chairman and Monitoring Officer will close the meeting and a private meeting will convene with Officers and Members only.
- Any Councillor or Officer in remote attendance who fails to disclose that there are other persons present, who are not permitted to see and/or hear the meeting, will be in breach of the Authority's Code of Conduct.

Dealing with technical difficulties

- In the event that the Chairman or Monitoring Officer identifies a failure of the remote participation facility, the Chairman may declare an adjournment while the fault is addressed.
- If it is not possible to address the fault and the meeting is inquorate, the meeting will be abandoned until such time as it can be reconvened.
- If the meeting remains quorate, it will continue. A vote will be taken in the absence of any Members who are unable to continue to participate remotely.
- If the meeting was due to determine an urgent matter or one which is time-limited and it has not been possible to continue because of technical difficulties, the matter may be dealt with in accordance with the 'urgent business' arrangements permitted by the Authority's Constitution.

Interpretation

Where the Chairman is required to interpret the Authority's Constitution in light of the requirements of remote participation, he or she shall take advice from the Monitoring Officer or Deputy Monitoring Officer prior to making a ruling, where practicable. The Chairman's decision in all cases shall be final.



Hereford & Worcester Fire Authority

Policy and Resources Committee

Wednesday, 16 September 2020,10:30

Agenda

Councillors

Mr C B Taylor (Chairman), Mr R C Adams (Vice Chairman), Mr T D Baker-Price, Mr B Clayton, Mr A Fry, Ms K S Guthrie, Dr C A Hotham, Mrs F M Oborski MBE, Mr R J Phillips, Mrs J Potter, Professor J W Raine, Mr P A Tuthill, Mr R M Udall

No.	Item	Pages
1	Apologies for Absence To receive any apologies for absence.	
2	Named Substitutes To receive details of any Member of the Authority nominated to attend the meeting in place of a Member of the Committee.	
3	Declarations of Interest (if any) This item allows the Chairman to invite any Councillor to declare an interest in any of the items on this Agenda.	
4	Confirmation of Minutes To confirm the minutes of the meeting held on 19 September 2019.	1 - 4
5	Budget Monitoring 2020/21 – Quarter 1 To inform Members of the current position on budgets and expenditure for 2020/21, and potential impact on the Medium Term Financial Plan (MTFP) to 2024/25.	5 - 16

6 2020-21 Performance Report: Quarter 1

This report is a summary of the Service's performance for Quarter 1 2020-21 against a comprehensive set of Performance Indicators agreed by Senior Management Board (SMB).

7 HWFRS Response to the Covid 19 Pandemic 2020

To provide Members with an overview of the Service's preparation, response and review of its business continuity arrangements during the Covid 19 pandemic, 2020.

8 Judicial Review - Update

Details

9 Exclusion of the Press and Public

In the opinion of the Clerk to the Authority the meeting will not be, or is not likely to be open to the public at the time Item 10 is considered for the following reason:

Item 10 is likely to disclose information relating to the financial or business affairs of the Authority.

10 Redditch Fire Station - Replacement

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);



Hereford & Worcester Fire Authority

Policy and Resources Committee

Thursday, 19 September 2019, 13:30

Chairman: Cllr K Taylor

Vice-Chairman: Cllr R Adams

Minutes

Members Present: Mr R C Adams, Mr T D Baker-Price, Mr A Fry, Dr C A Hotham, Mrs F M Oborski MBE, Mr R J Phillips, Mrs J Potter, Mr C B Taylor, Mr P A Tuthill

153 Apologies for Absence

Apologies were received from Cllr Clayton, Professor Raine and Cllr Udall.

154 Named Substitutes

There were no named substitutes for this meeting.

155 Declarations of Interest (if any)

There were no interests declared.

156 Confirmation of Minutes

RESOLVED that the minutes of the meeting of the Policy and Resources Committee held on 1 May 2019 be confirmed as a correct record and signed by the Chairman.

157 Budget Monitoring 2019/20 – Quarter 1

The Treasurer informed Members of the current position on budgets and expenditure for 2019/20.

Members were made aware of a number of budget reallocations:

- Release of the pay award provision
- Allocation of inflation provision and other SMB re-alignment
- Grossing up of capitalised PPL costs to make monitoring clearer
- Conversion of budget income from service charges at Kings Court.

With reference to the out-turn projection, Members were informed of two items:

- £0.500m underspending on capital financing charges
- £0.285m provision for the back-dating of the still unresolved July 2017 Grey Book pay award.

The Treasurer confirmed to Members that the future building schemes included Redditch Fire Station, Hereford Fire Station, Broadway Fire Station and the fourth strategic training facility.

RESOLVED that the Committee:

- i) approved the transfer of £0.250m capital financing underspend to Prevention and Protection initiatives to be confirmed by the Chief Fire Officer;**
- ii) approved the transfer of £0.250m capital financing underspend to support the Fire Station replacement programme; and**
- iii) noted the potential transfer to the pay award reserve and the continuing budget risk regarding the pay award.**

158 2019-20 Performance Report: Quarter 1

Members were provided with a summary of the Service's Quarter 1 performance against a comprehensive set of Performance Indicators agreed by the Senior Management Board.

With reference to the Wyre Forest Hub, Members were informed that 11 new recruits were based at the current station in readiness to move to the new Hub.

A Member requested a further breakdown on special services data in future reports and the Deputy Chief Fire Officer confirmed that this would be available in the future.

RESOLVED that Members note the following headlines drawn from Appendix 1 relating to performance in Quarter 1, 2019-20:

i) total of 1,803 incidents were attended in Q1, a decrease of 5.95% (114 incidents) over the same Quarter of 2018-19, and 3.20% (56 incidents) higher than the average for the last five years. The overall five year trend shows a gradual increase in the total number of incidents.

ii) The majority of the decrease in Q1 is accounted for by a drop in the numbers of Fire and False Alarm incidents, while the number of Special Service incidents was up:

a. Fires: a decrease of 22.70% was mainly accounted for by a drop in the number of Secondary Fires (-31.74%).

b. Special Services: an increase of 19.24% (91 incidents) was mainly accounted for by increases in the number of Assisting other agencies (71) and Other Special Services (61) incidents.

c. False Alarms: a decrease of 8.17% (69 incidents), the most frequent automatic activations are at a number of sheltered housing, nursing homes and hospitals.

iii) Overall Staff Sickness level for Q1 2019-20 was 3.03 days lost per head and was above the 5-year average of 1.81.

iv) The Service attended 47.89% (68 incidents) of Primary Building Fires within 10 minutes in Quarter 1, compared with 60.64% in the same period in 2018-19. The average time for the first fire appliance attendance at all Primary Building Fires was 10 minutes and 41 seconds.

v) The overall availability of the first On-Call (Retained) fire appliance remains high at 84.33%; however, this has decreased by 4.75% when compared to the same period in 2018-19.

159 Exclusion of the Press and Public

The Authority were asked to exclude members of the public and press from Agenda Item 7.

It was RESOLVED to exclude the public and press on the grounds that the discussion would be likely to involve the disclosure of exempt information within the meaning of section 100A(4) of the Local Government Act 1972, namely - information relating to the financial or business affairs of any particular person (including the authority holding that information).

160 2 Kings Court, Worcester – Sale of Freehold Reversion

The Head of Legal Services presented a report to consider disposing of the Authority's freehold interest in the former Headquarters building at 2 Kings Court, Worcester.

Members were reminded that at the Policy and Resources Committee meeting on 28 March 2018 Members approved the lease of 2 Kings Court to Worcestershire Health & Care NHS Trust and authorised officers to market the property with a view to the potential sale of the freehold reversion in due course, as advised.

Members were informed that the Authority had now received an offer from a prospective purchaser interested in acquiring 2 Kings Court as an investment property.

[Councillor Adams entered the meeting at 2:01pm].

Members were asked to consider whether to retain the rental income from the property or generate a capital receipt from the sale of the freehold and if the decision is to sell, whether to accept the current offer.

RESOLVED that:

(i) the Authority accepts the current offer for the purchase of the freehold reversion to 2 Kings Court

(ii) Head of Legal Services be authorised to proceed with the sale on the terms proposed, subject to contract

The Meeting ended at: 14:02

Signed:.....

Date:.....

Chairman

Report of the Treasurer

Budget Monitoring 2020/21 – Quarter 1

Purpose of report

1. To inform Members of the current position on budgets and expenditure for 2020/21, and potential impact on the Medium Term Financial Plan (MTFP) to 2024/25.

Recommendation

The Treasurer recommends that the Authority:

- (i) Notes that the forecast revenue out-turn would result in an in-year transfer to the Budget Reduction Reserve of £1.4m; and***
- (ii) Notes the potential variations to the MTFP.***

Introduction and Background

2. This report follows the familiar format and is an out-turn projection nominally based on first quarter information but incorporating latest information up to mid-August 2020.
3. Separate financial reports are included to detail the position for both revenue and capital for this period.
4. The report also includes an assessment of the possible longer term impacts on the MTFP, although given the uncertainty of the Spending Review impacting on 2021/22 onwards, no formal revision is proposed at this point.
5. Details are included about the Authority's Treasury Management position for the period, and the latest available month end position on investments.

Revenue Budget

6. In February 2020 the Fire Authority set a Core Revenue Budget of £35.827m (*Appendix 1 Column c/Row 38*), which was funded by Precept, Business Rates and Grants of £35.597m (*Row 50*) and use of the Budget Reduction Reserve of £0.430m (*Row 55*).
7. At that meeting of the Authority, the Treasurer advised of late receipt of Business rate information from some of the Billing Authorities and the Authority agreed to use this gain to create a Sustainability Reserve. This adjustment is shown in *Appendix 1 Column d*.

8. In addition, there are adjustments to pay in respect of restructuring Fire Control (*Column e*), the approved use of the Property Reserve (*Column f*) and the usual SMB allocation of the inflation provision and other adjustments (*Column g*), which bring the revised revenue budget to £36.049m (*Column h/Row 38*).
9. Appendix 1 sets out the forecast variations against this revised budget, and the variations shown in *Column i* are explained below:
 - -£0.400m: Wholetime pay – when the budget was prepared there was a significant chance that the backdated employer pension contributions relating to McCloud/Sargeant would be payable from 1st April 2020 and appropriate budget provision was made. It would now appear that this will not be the case and overall rates will be adjusted from the next rate change due in April 2022. There is therefore a short term gain, but this will need to be considered in the light of the MTFP impact.
 - +£0.040m: Pension Costs – under the financial arrangements for firefighter pensions where there is an ill-health retirement, the Authority is required to make an additional one-off contribution spread over three years. As there are relatively few such events there is only a small budget and there are likely to be two cases this year and the cost will exceed the budget.
 - -£0.285m: 2017 Pay Award – the Authority had been making provision for the interim July 2017 firefighter pay award to be increased from the 1% paid to the 2% originally offered. It now looks likely that any future settlement will not have any backdating elements so the provision (which had also been overestimated) can be removed.
 - +£0.180m: 2020/21 Pay Awards – whilst the budget provision was agreed at 2%, indications are that the final settlement will be higher. Support staff have been offered 2.5% and as a comparator the Police have been given a similar figure. Whilst, not providing for the FBU double-digit claim, it appears prudent to anticipate an additional 1%.
 - -£0.690m: Covid Grant – additional income. To meet any additional costs of dealing with Covid – including potential loss of income (which impacts on the MTFP).
 - -£0.070m: Other Grant variations (*Rows 39-47*)
 - Whilst the Service has incurred costs in relation to Covid, in particular in PPE and cleaning materials etc., there have been other savings in respect of fuel, staff travel, subsistence, training materials etc. and at this stage it is anticipated that these costs will be contained within the total Running Costs budgets (*Row 30*).
10. The net result of these changes is a variation of £1.225m (*Column i/Row 51*) and with use of the 2017 pay award reserve to fund the potential 1% pay increase will leave a transfer to the Budget Reduction reserve of £1.405m. Whilst this is a significant figure, 49% relates to government grant for future costs and a further 28% to government changed timing of pension costs.

11. This variation, however, must be considered in the context of the MTFP.

Medium Term Financial Plan

12. In Feb 2020 the Fire Authority approved an MTFP up to 2024/25. Members will recall that this was set in the light of great uncertainty about future funding arrangements and included a significant range of scenarios. It was also set before the impact of Covid-19.
13. Appendix 2 (Rows 1-8) sets the approved MTFP and shows annual structural deficits of £0.3m - £0.7m, which can be covered by the Budget Reduction reserve, with £1.3m remaining as a buffer against funding changes etc., or which could have sustained the structural deficit for a further three years to 2027/28. It was also felt that the remaining structural gap might have been closed by slight improvements on the council tax base (above the cautious assumptions).
14. There have subsequently been some significant changes which will impact on this position (regardless of the outcome of the government's Spending Review). Some of these are known with values that can be calculated and others are known but only an estimate can be made.
15. Appendix 2 (Rows 12-20) shows the more quantifiable changes and these are summarised below:
- Business Rate yield, already referred to above. The ongoing impact is lower as a large part of the 2020/21 gain is a collection fund surplus which won't be sustained. The 2020/21 Column shows the use of the gain to create the Sustainability Reserve
 - Ill-health retirement charges, already referred to above
 - Other Grant/Income variation, already referred to above
 - McCloud/Sargeant Employer Contributions. Short-term saving has been referred to above although the revised rates from 2022/23 will recover these costs. It is not possible to estimate what this impact might be as it will be smoothed out across all Fire Authorities, but as a planning assumption it has been prudent to assume the same impact as already provided.
 - Provision for the back-dating of the July 2017 pay award. It has been concluded that this is now unlikely to happen
 - Fire Control. The MTFP included a prudently costed potential saving of Fire Control costs through collaboration with either/or both Shropshire & Wrekin Fire Authority and West Mercia Police. It is now apparent that the expected impact of meeting the recommendations of both the Grenfell and Kerslake enquiries will actually absorb this saving.
 - Finally, there was a minor error in the approved MTFP which underestimated the Council Tax yield in 2024/25 by £0.3m.

16. If these were the only variations they would reduce the draw on the Budget Reduction reserve to £0.656m leaving £2.926m to mitigate the impact of any unknown future changes (including the Spending Review) and leave an ongoing structural deficit of £0.078m which could be covered by the reserve for a further 35 years.
17. However, there are a number of other significant impacts which, whilst known, it is not yet possible to quantify exactly but which have a major impact on resources, and are again summarised below:
- Potential additional 1% pay award for 2020/21 only, referred to above
 - Council Tax Collection Fund losses as a result of Covid. Early estimates from the Billing Authorities were that the figure was around the national average loss of around 4%, which equates to just under £1m for the Fire Authority. Government has indicated that it will make Regulations to allow this loss to be spread over three years rather than being met in 2021/2 as would currently be required.
 - Council Tax Base – there will be two causes for this; one is the slow down in the number of new properties being completed and added to the tax-base and the other is from a potential increase in the number of claimants of council tax support. As yet, there is no data on this, so a planning assumption has been made that future growth is all delayed by one year.
 - This Business Rate deficit is harder to project as last minute changes by government significantly changed the tax-base that Billing Authorities will collect tax from, compared to that on which they estimated and will pay to the Preceptors. In other words, a significant proportion of the payments that are paid to the Fire Authority are now funded by grant to the Billing Authorities rather than collected from tax-payers. However, an assumption based on national projections of 12% has been used.
 - There is also the potential that the economic impact of Covid-19 will lead to a reduction in the tax-base. No data is yet available on this and the impact may be felt more in the retail sector which is currently subject to significant one-off reliefs. As a marker a 10% reduction has been modelled.
18. All the above would significantly increase the Structural Gap to just below £1m in 2024/25. Assuming the re-purposing of the Pay Award reserve and the full use of the Budget Reduction Reserve, the residual gap can be closed fully to 2023/24 and partially in 2024/25, but would leave nothing in reserve to buffer any Spending Review changes.
19. The joint Home Office and NFCC submission to the Spending Review calls on government to give precept flexibility to Fire Authorities to increase precept by £5 in 2021/22. Appendix 2 (Rows 36-44) shows the potential impact of this, which actually results in a small structural surplus by 2024/25 and the bulk (£3.680m) of the Budget Reduction Reserve still available.

20. In addition to the above and the potential variations within the approved MTFP (as considered by the Fire Authority in Feb 2020) we have yet to see the government's final approach to council tax and business rate income loss across the whole local government sector.
21. As a result of this uncertainty it is recommended that no formal change is made to the MTFP at this stage.
22. Appendix 3 shows the potential impact of these changes (including the 2019/20 out-turn variation) on the level of balances over the period. Please note that these do not include any precept flexibility.

Capital Budgets

23. The current capital budget, approved by the Authority in June 2020, and is summarised below.

	Major Build Schemes £m	Vehicle Prog £m	Major Equip Schemes £m	Allocated Minor Schemes £m	Other £m	TOTAL £m
Allocated Schemes	13.696	6.536	2.627	2.551		25.410
Major Schemes Provision					12.141	12.141
rounding				(0.001)	0.001	0.000
	13.696	6.536	2.627	2.550	12.142	37.551
less closed schemes	(6.173)	(4.292)	(2.037)	(0.330)		(12.832)
Allocation	0.100				(0.100)	0.000
Extra Programme Year					0.600	0.600
Revised Budget	7.623	2.244	0.590	2.220	12.642	25.319
<i>Fire Authority: Jun 2020</i>						
Vehicle Programme		0.409				0.409
SMB Allocation				0.454	(0.454)	0.000
Revised Budget	7.623	2.653	0.590	2.674	12.188	25.728
<i>P&R Committee: Sep 2020</i>						
Expenditure to 2019/20	(7.008)		(0.290)	(0.952)		(8.250)
Remaining Budget C/fwd.	0.615	2.653	0.300	1.722	12.188	17.478

24. The approved capital budget is divided into 4 blocks:

- Major Buildings
- Vehicles
- Other Schemes (Fire Control & Mobile Data Terminals)
- Minor Schemes (allocated by Senior Management Board)

25. The changes to the vehicle programme reflect the changes shown in Appendix 5, which are mainly due to the state of the fleet being significantly better than anticipated at the beginning of the current Fleet Strategy (set five years ago) and meaning replacement of some assets is not as imminent as previously forecast. The Assistant Chief Fire Officer will be able to provide more information.
26. Other Building Schemes figure (*Appendix 2a, Column 2, Line 6*) is provision for Hereford, Redditch and Broadway Fire Stations and the North Herefordshire Strategic Training Facility, which await tender or formal approval. These schemes are not disclosed separately to protect the Authority's procurement interests. It is expected that, once approved, expenditure will occur over a number of future years.
27. Allowing for the schemes awaiting approval and previous expenditure ongoing schemes the position shown in detail in Appendix 4 is summarised below:
- | | | £m |
|--------------------------|----------------------------|---------------|
| Total Approved Budget | <i>Column d/Row 64</i> | 25.728 |
| Less: Awaiting Approval | <i>Column d/Rows 66-67</i> | (12.188) |
| Approved to Spend | | 13.540 |
| Incurred to 2019/20 | <i>Column e/Row 68</i> | (8.250) |
| Balance | | 5.290 |
| Incurred 2020/21 to date | <i>Column g/ Row 68</i> | (0.401) |
| | | 4.889 |
28. It can be seen that against the £5.3m available, only £0.4m (8%) has been incurred. This represents significant slippage and will have implications for capital financing costs, which will be reviewed at the end of the next quarter.

Treasury Management

29. Since October 2008, the Authority has adopted a policy of avoiding new long term borrowing, where working capital balances permit. The Authority will only extend long term borrowing when cash-flow requirements dictate that it is necessary, and only to finance long term assets.
30. At the beginning of the financial year (2020/21), borrowing was at a level of £13.637m of which £1.500m is repayable in this year as planned.
31. It was anticipated that borrowing might be undertaken this year to fund the approved capital programme (and for which provision is made in the MTFP for the revenue costs). Up to now it has been possible to avoid new long term borrowing, by the temporary use of cash balances, arising from the earmarked revenue reserves and the timing of cash receipts from the disposal of the old fire station at Bromsgrove and the old HQ building.
32. With the sale of the old HQ completing in early 2020/21 and the slow down in capital expenditure referred to above, this borrowing requirement may be deferred.
33. All existing borrowing and potentially all future borrowing is with the Public Works Loans Board, as it remains the only practical alternative to the Fire Authority.

34. In accordance with the Authority's Treasury Management Strategy, surplus funds are invested by Worcestershire County Council alongside their own funds. Investment is carried out in accordance with the WCC Treasury Management Strategy, which has been developed in accordance with the Prudential Code for Capital Finance and is used to manage risks from financial instruments.
35. The Treasurer continues to advise that investment should be focused on security. As a consequence, surplus funds continue to generate low returns which are factored into the budget.
36. At 31-July-2020 short term investment via Worcestershire County Council comprised:

Organisation Type Invested in	£m
Other Local Authorities	0.000
Debt Management Account Deposit Facility	0.000
Money Market Funds (Instant Access)	9.949
Cash Plus (Liquidity Fund)	3.068
Call	2.483
Total	15.500

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Whole Report
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	None – N/A

Supporting Information

Appendix 1 – 2020/21 Revenue Budget
Appendix 2- Potential Changes to MTFP
Appendix 3 – Potential Impact on Reserves
Appendix 4 – 2020/21 Capital Budget Monitoring
Appendix 5 – Revised Vehicle Capital Programme

Hereford & Worcester Fire Authority
Policy & Resources Committee: 16-Sep-2020
2020/21 Revenue Budget Monitoring: Quarter 1

Col/ Row		c	d	e	f	g	h	j	i
		Approved Core Budget	Final NNDR3	Restructure Fire Control	Property Mtnce Reserve	SMB Budget Re-alloc.	Revised Budget	Forecast Out-turn	Forecast Variation
1	WT Firefighter Pay	14,343,000		(94,800)			14,248,200	13,848,200	(400,000)
2	OC (RDS) Firefighter Pay	4,006,000					4,006,000	4,006,000	0
3	Fire Control Pay	790,000		94,800			884,800	884,800	0
4	Support Staff Pay	3,907,000					3,907,000	3,907,000	0
5	Other Employee Costs	120,000					120,000	120,000	0
6	Pension Costs	995,000					995,000	1,035,000	40,000
7	EMPLOYEE COSTS	24,161,000	0	0	0	0	24,161,000	23,801,000	(360,000)
8	Strategic Management	90,000				13,400	103,400	103,400	0
9	New Dimensions	54,000				(10,200)	43,800	43,800	0
10	Ops Policy	48,000				(700)	47,300	47,300	0
11	Technical Fire Safety	15,000				2,900	17,900	17,900	0
12	Community Fire Safety	200,000				5,600	205,600	205,600	0
13	Training	563,000				(9,000)	554,000	554,000	0
14	Ops Logistics	1,128,000				(92,200)	1,035,800	1,035,800	0
15	Fleet	506,000				25,400	531,400	531,400	0
16	Property	1,709,000			222,000	70,000	2,001,000	2,001,000	0
17	PPL Charges	491,000				(6,200)	484,800	484,800	0
18	PPL Capitalisation	(102,000)					(102,000)	(102,000)	0
19	ICT	1,837,000				191,000	2,028,000	2,028,000	0
20	Performance & Information	56,000				1,500	57,500	57,500	0
21	Corporate Comms	18,000				4,400	22,400	22,400	0
22	Human Resources	471,000				(7,400)	463,600	463,600	0
23	Fire Authority Costs	64,000				(3,500)	60,500	60,500	0
24	Committee Services	2,000				(700)	1,300	1,300	0
25	Legal Services	25,000				13,100	38,100	38,100	0
26	Insurances	346,000				300	346,300	346,300	0
27	Finance (FRA)	64,000				76,400	140,400	140,400	0
28	Finance (SLA)	98,000				(9,100)	88,900	88,900	0
29	Unallocated Savings	(35,000)				35,000	0	0	0
30	RUNNING COSTS	7,648,000	0	0	222,000	300,000	8,170,000	8,170,000	0
31	Capital Financing	2,964,000					2,964,000	2,964,000	0
32		2,964,000	0	0	0	0	2,964,000	2,964,000	0
33	CAPITAL FINANCING	34,773,000	0	0	222,000	300,000	35,295,000	34,935,000	(360,000)
34	2017 Pay Award Provision	285,000					285,000		(285,000)
35	20/21 Pay Award Provision	469,000					469,000	649,000	180,000
36	Inflation Provision	300,000				(300,000)	0		0
37	PROVISIONS	1,054,000	0	0	0	(300,000)	754,000	649,000	(105,000)
38	CORE REVENUE BUDGET	35,827,000	0	0	222,000	0	36,049,000	35,584,000	(465,000)
39	Fire Revenue Grant - ND	(820,000)				0	(820,000)	(823,308)	(3,308)
40	Fire Revenue Grant - FL	(205,000)				0	(205,000)	(204,286)	714
41	MORSE funding - PCC	0				0	0	(47,000)	(47,000)
42	Revenue Support Grant	(2,068,900)				0	(2,068,900)	(2,068,900)	0
43	Business Rate Top Up Grant	(3,372,300)				0	(3,372,300)	(3,372,300)	0
44	Pension Grant	(1,568,000)				0	(1,568,000)	(1,568,396)	(396)
45	Rural Services Delivery Grant	(109,100)				0	(109,100)	(109,126)	(26)
46	Retained Business Rates	(2,164,000)	(309,935)			0	(2,473,935)	(2,473,935)	0
47	S31 Business Rates Grant	(528,000)				0	(528,000)	(547,619)	(19,619)
48	2020/21 COVID Grant	0				0	0	(690,234)	(690,234)
49	Council Tax Precept	(24,561,700)				0	(24,561,700)	(24,561,700)	0
50		(35,397,000)	(309,935)	0	0	0	(35,706,935)	(36,466,804)	(759,869)
51		430,000	(309,935)	0	222,000	0	342,065	(882,804)	(1,224,869)
52	From Property Reserve	0			(222,000)		(222,000)	(222,000)	0
53	To Sustainability Reserve	0	309,935				309,935	309,935	0
54	Release of Pay Award Reserve	0					0	(180,000)	(180,000)
55	From Budget Reduction Res	(430,000)					(430,000)	974,869	1,404,869
56		(430,000)	309,935	0	(222,000)	0	(342,065)	882,804	1,224,869
57		0	0	0	0	0	0	0	0

Hereford & Worcester Fire Authority
Policy & Resources Committee: 16-Sep-2020
Potential Changes to Medium Term Financial Plan (MTFP)

Col/ Row		d 2020/21 Budget	e 2021/22 Forecast	f 2022/23 Forecast	g 2023/24 Forecast	2024/25 Forecast
	<u>Approved MTFP</u>					
1	CORE BUDGET	35.827	36.080	36.870	37.651	38.532
2	PROJECTED RESOURCES	(35.397)	(35.428)	(36.395)	(37.370)	(38.064)
3	STRUCTURAL BUDGET GAP	0.430	0.652	0.475	0.281	0.468
4	Use of Budget Reduction Reserves	(0.430)	(0.652)	(0.475)	(0.281)	(0.468)
5	RESIDUAL BUDGET GAP	0.000	0.000	0.000	0.000	0.000
6	Total Use of Budget Reduction Reserve		(2.306)			
7	Balance		(1.276)			
8	Total at 31st March 2020		(3.582)			
	<u>Potential Impacts</u>					
9	STRUCTURAL BUDGET GAP	0.430	0.652	0.475	0.281	0.468
12	Revised Business Rates (NNDR1)	(0.310)	(0.090)	(0.090)	(0.090)	(0.095)
13	Creation of Sustainability Reserve	0.310				
14	III Health Retirement Charges	0.040	0.040	0.040		
15	Other grant/Income Variation	(0.070)				
16	McLoud/Sergeant - Employer Contrib	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
17	Provision for impact on Rates		0.400	0.400	0.400	0.400
18	Cease provision for July 2017 Pay	(0.285)	(0.285)	(0.285)	(0.285)	(0.285)
19	Fire Control - Grenfell/Kerslake		0.300	0.300	0.300	0.300
20	Error in Original MTFP					(0.310)
21		(0.285)	0.217	0.440	0.206	0.078
22	Government Covid Grant	(0.690)				
23		(0.975)	0.217	0.440	0.206	0.078
24	Additional 1% Pay Award 2020/21	0.180	0.230	0.235	0.240	0.245
25	2020/21 Potential Collection Fund Loss -4%		0.325	0.325	0.325	
26	Impact on Tax-base growth		0.275	0.315	0.315	0.315
27	2020/21 Potential Business Rate Loss -12%		0.075	0.075	0.075	
28	Potential Impact on Business Tax-base -10%		0.280	0.285	0.290	0.295
29	REVISED STUCTURAL GAP	(0.795)	1.402	1.675	1.451	0.933
30	Release of Pay Award Reserve	(0.180)	(0.230)	(0.235)	(0.192)	
31	Revised Use of Budget Reduction Reserves	0.975	(1.172)	(1.440)	(1.259)	(0.686)
32	RESIDUAL BUDGET GAP	0.000	0.000	0.000	0.000	0.247
33	Total Use of Budget Reduction Reserve		(3.582)			
34	Balance		0.000			
35	Total at 31st March 2020		(3.582)			
	<u>Precept "Flexibility"</u>					
36	REVISED STUCTURAL GAP	(0.795)	1.402	1.675	1.451	0.933
37	2021/22 £5 Band D increase (5.8%)		(0.935)	(0.966)	(0.998)	(1.028)
38	SUB-TOTAL	(0.795)	0.467	0.709	0.453	(0.095)
39	Release of Pay Award Reserve	(0.180)	(0.230)	(0.235)	(0.192)	
40	Revised Use of Budget Reduction Reserves	0.975	(0.237)	(0.474)	(0.261)	0.095
41	RESIDUAL BUDGET GAP	0.000	0.000	0.000	0.000	0.000
42	Total Use of Budget Reduction Reserve		0.098			
43	Balance		(3.680)			
44	Total at 31st March 2020		(3.582)			

Hereford & Worcester Fire Authority
Policy & Resources Committee: 16-Sep-2020
Potential Change to Reserves Strategy

Col/ Row		<i>e</i> Budget 31-Mar-20 £m	<i>f</i> Forecast 31-Mar-21 £m	<i>g</i> Forecast 31-Mar-22 £m	<i>h</i> Forecast 31-Mar-23 £m	<i>i</i> Forecast 31-Mar-24 £m	<i>j</i> Forecast 31-Mar-25 £m
	<u>Fire Authority - Feb 2020</u>						
	<u>Future Expenditure Reserves</u>						
1	Total - excluding Pay Award Reserve	5.808	4.386	0.228	0.059	0.059	0.059
	<u>Other Specific Reserves</u>						
2	Total	1.355	1.022	1.022	1.022	1.022	1.022
	<u>Budget Reduction Reserves</u>						
3	Pay Award Reserve	0.837					
4	Budget Reduction Reserve	3.581	3.151	2.499	2.024	1.743	1.275
5		11.581	8.559	3.749	3.105	2.824	2.356
6	General (Un-earmarked) Reserves	1.538	1.538	1.538	1.538	1.538	1.538
7	Total Reserves	13.119	10.097	5.287	4.643	4.362	3.894
	<u>Potential Change - Sep 2020</u>						
	<u>Future Expenditure Reserves</u>						
8	Total - excluding Pay Award Reserve	6.469	4.386	0.228	0.059	0.059	0.059
	<u>Other Specific Reserves</u>						
9	Total	1.529	1.022	1.022	1.022	1.022	1.022
	<u>Budget Reduction Reserves</u>						
10	Pay Award Reserve	0.837	0.657	0.427	0.192	0.000	0.000
11	Budget Reduction Reserve	3.582	4.557	3.385	1.945	0.686	0.000
12		12.417	10.622	5.062	3.218	1.767	1.081
13	General (Un-earmarked) Reserves	1.538	1.538	1.538	1.538	1.538	1.538
14	Total Reserves	13.955	12.160	6.600	4.756	3.305	2.619
15	Change in Total Reserves	0.836	2.063	1.313	0.113	(1.057)	(1.275)

Hereford & Worcester Fire Authority
Policy & Resources Committee: 16-Sep-2020
2020/21 Capital Budget Monitoring: Quarter 1

Col/
Row

		d	e	f	g	h
		Revised Budget £	Prior Year Expend £	Balance Remaining 1st April 20 £	2020/21 Expend- iture £	Balance Remaining £
Major Buildings Programme						
1	240 - Wyre Forest Hub	7,273,000	6,974,920	298,080		298,080
2	282 - Hereford FS (Holmer Road) - Preliminaries	250,000	6,055	243,945		243,945
3	330 - Redditch FS - Preliminaries	100,000	26,524	73,476	17,871	55,605
4		7,623,000	7,007,498	615,502	17,871	597,631
5	Future Building Schemes	12,041,464		12,041,464		12,041,464
6		19,664,464	7,007,498	12,656,966	17,871	12,639,095
Revised Vehicle Programme						
7	333 - Pumps 20-21	(5) 1,332,563		1,332,563		1,332,563
8	336 - Sp:W Carrier 20-21	(2) 412,000		412,000		412,000
9	337 - Sp: RAV 20-21	(2) 400,000		400,000		400,000
10	291 - Sp: Water Rescue Vehicle 20-21	(3) 262,650		262,650	24,737	237,913
11	292 - Sp: Rope Rescue Vehicle 20-21	(1) 87,550		87,550	72,416	15,134
12	290 - An: Car 20-21	(2) 27,800		27,800		27,800
13	332 - An: Van-Spec 20-21	(2) 130,000		130,000	99,048	30,952
14		2,652,563	0	2,652,563	196,201	2,456,362
Other Major Schemes						
15	280 - Mobile Data Terminal Replacement	340,000	290,157	49,843	1,526	48,317
16	331 -C&C Replacement	249,911		249,911	61,354	188,557
17		589,911	290,157	299,754	62,880	236,874
Minor Schemes (SMB allocation)						
18	224 - Audit Software	ICT 35,000	22,325	12,675		12,675
19	236 - Patient Report Form IRS System	ICT 7,600		7,600		7,600
20	237 - Intel Software	ICT 20,000		20,000		20,000
21	246 - ICT Strategy Wide Area Network	ICT 162,938	145,938	17,000		17,000
22	247 - ICT Strategy Cloud Services	ICT 96,082	33,266	62,816	8,211	54,605
23	248 - ICT Strategy SharePoint	ICT 200,000	42,000	158,000	30,000	128,000
24	249 - ICT Strategy Professional Services	ICT 150,000	89,226	60,774	12,150	48,624
25	250 - ICT Strategy Equipment	ICT 250,000	117,579	132,421		132,421
26	253 - Eardisley Rear Extension	PPL 160,000	149,215	10,785		10,785
27	254 - Leintwardine Rear Extension	PPL 179,000	13,938	165,062		165,062
28	264 - Ladders	Oth 73,000	30,388	42,612	10,372	32,240
29	268 - Defford - Shower Block	PPL 45,000	10,375	34,625	5,257	29,368
30	270 - Droitwich - Refurb	PPL 85,000	99,391	(14,391)		(14,391)
31	272 - Ledbury Works	PPL 21,500	11,866	9,634		9,634
32	274 - Leominster Fire Station Tower	PPL 10,000		10,000		10,000
33	275 - Operational Logistics Doors and Gates	PPL 73,200	22,158	51,042		51,042
34	276 - Pershore Re Roof and Guttering	PPL 142,500	116,092	26,408		26,408
35	301 - Droitwich Rear Yard	PPL 37,000		37,000		37,000
36	302 - Ross Drainage	PPL 85,000		85,000		85,000
37	303 - Leominster Welfare Refurb	PPL 23,000		23,000		23,000
38	304 - Tenbury Rear Yard	PPL 40,000		40,000		40,000
39	305 - Redditch Water First Responders	PPL 15,000		15,000		15,000
40	309 - Disaster Recovery (ICT)	ICT 37,000		37,000	8,455	28,545
41	310 - ICCS Firewall	ICT 12,000		12,000	1,422	10,578
42	311 - TIC	Oth 142,000	48,382	93,618	48,382	45,236
43	312 - Air Bags	Oth 60,000		60,000		60,000
44	313 - Power Tools	Oth 45,000		45,000		45,000
45	314 - CSU Hardware	Oth 25,000		25,000		25,000
46	315 - Stretchers	Oth 20,000		20,000		20,000
47	316 - Helmets	Oth 20,000		20,000		20,000
48	317 - Laptops CFS	ICT 55,000		55,000		55,000
49	318 - Wi-Fi Improvements	ICT 28,000		28,000		28,000
50	319 - Traffic Management Droitwich	PPL 75,000		75,000		75,000
51	320 - Houses Droitwich	PPL 25,000		25,000		25,000
52	321 - Droitwich1st Floor	PPL 24,000		24,000		24,000
53	322 - Deford Welfare	PPL 70,000		70,000		70,000
54	323 - Eardisley Roof	PPL 15,000		15,000		15,000
55	324 - Bromyard Appliance Bay Floor	PPL 5,000		5,000		5,000
56	325 - Bromyard Roof	PPL 27,000		27,000		27,000
57	326 - Bromyard Heating	PPL 3,000		3,000		3,000
58	327 - Ross On Wye Roof	PPL 20,000		20,000		20,000
59	328 - Upton On Severn CCTV	PPL 5,000		5,000		5,000
60	329 - Electrical Charging Points	PPL 50,000		50,000		50,000
61		2,673,820	952,140	1,721,679	124,249	1,597,430
62	998 - Unallocated Minor Schemes	146,748		146,748		146,748
63		2,820,568	952,140	1,868,427	124,249	1,744,178
64	TOTAL PROGRAMME	25,727,505	8,249,796	17,477,709	401,201	17,076,508
65	Less:					
66	Future Building Schemes	(12,041,464)		(12,041,464)		(12,041,464)
67	998 - Unallocated Minor Schemes	(146,748)		(146,748)		(146,748)
68	Approved for Expenditure	13,539,293	8,249,796	5,289,497	401,201	4,888,296

Hereford & Worcester Fire Authority
Policy & Resources Committee: 16-Sep-2020
Revision to Fleet strategy

		Fire Authority Feb 2020 £		Proposed Revised Programme £			
Prior Years							
1	2017/18	Response		185,000			
2	2017/18	Ancillary		330,000			
3	2018/19	Boats		50,000			
4	2018/19	Response		700,000			
5	2018/19	Ancillary		76,000			
6	2019/20	Response		357,000			
7	2019/20	Ancillary		147,000			
8				<u>1,845,000</u>			
Future Years: Fire Authority Feb 2020							
9	2015/16	CSU	2	350,000	2	350,000	COMPLETED
10	2017/18	Pumps	7	1,708,000	5	1,249,490	COMPLETED
11	2017/18	Compacts			2	285,198	COMPLETED
12	2018/19	Pumps	5	1,257,000	5	1,249,490	COMPLETED
13	2019/20	Pumps	8	2,070,000			REPHASED
14	2019/20	CAFS			3	876,291	COMPLETED
15	2019/20	Water Carriers	2	412,000			REPHASED
16	2019/20	RAV	2	268,000			REPHASED
17	2019/20	TRV	1	65,000			REPHASED
18	2019/20	4x4 (LR130)	1	50,000			REPHASED
19	2020/21	Pumps			5	1,332,563	
20	2020/21	Water Carriers			2	412,000	
21	2020/21	RAV			2	400,000	
22	2020/21	WRV	3	195,000	3	262,650	
23	2020/21	RRV	1	65,000	1	87,550	
24	2020/21	Car	1	13,000	2	27,800	
25	2020/21	Van-Special			2	130,000	
26			33	6,453,000	34	6,663,032	-
27	2021/22	Aerial Appliances	2	1,739,000			
28	2021/22	Car	3	40,000	2	29,000	
29	2021/22	Van-Small	2	25,000	2	29,000	
30	2021/22	Van-Special	2	42,000			
31	2022/23	Pumps	3	848,000			
32	2022/23	4x4 (LR130)	1	50,000			
33	2022/23	4x4 (Argocat)	1	40,000	1	35,000	
34	2022/23	Response	30	1,165,000	30	1,165,000	
35	2022/23	4x4 Pick-up	6	150,000	7	210,000	
36	2022/23	Car	11	154,000			
37			94	10,706,000	76	8,131,032	
Additional Years Programme							
38	2023/24	Pumps			6	1,746,880	
39	2023/24	USAR Crew Bus			1	92,500	
40	2023/24	Response			6	233,000	
41	2023/24	Van-Special			1	95,000	
42	2024/25	4x4 (LR130)			1	54,636	
43	2024/25	4x4 (LR130)			1	54,636	
44	2024/25	Car			11	176,000	
45	2024/25	Van-Small			7	112,000	
46	2025/26	Pumps			3	926,632	
47	2025/26	Water Carriers			1	253,355	
48	2025/26	ISV			1	110,000	
49	2025/26	EPU			1	120,000	
50	2025/26	Van-Large			1	30,000	
51	2025/26	Van-Small			1	16,250	
52	2025/26	Car			7	113,750	
53					49	4,134,639	
				<u>12,551,000</u>	<u>125</u>	<u>12,265,671</u>	