

# **MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**26 SEPTEMBER 2019**

## **MINUTES**

**Present:** Cllr Steff O'Keeffe (Chair) Councillors Andrew Makinson, Linda Maloney and Jean Stapleton

**Also Present:**

**Apologies of absence were received from:** Anthony Boyle and Cllr Emily Spurrell

### **1. Preliminary Matters**

Members considered the identification of declarations of interest, any urgent additional items, and any business that may require the exclusion of the press and public.

Members resolved that:

- a) The following declarations of interest were made by individual Members in relation to items of business on the Agenda:
  - Cllr Linda Maloney declared an interest in Agenda Item 3 – “Financial Review 2019/20 – April to June”, as the report makes reference to the new St. Helens Community Fire Station; and she is a member of the Planning Committee within St. Helens Council.
- b) no additional items of business to be considered as matters of urgency were determined by the Chair; and
- c) no items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

### **2. Minutes of the previous meeting**

The Minutes of the previous meeting of the Audit Committee, held on 6<sup>th</sup> June 2019, were approved as a correct record and signed accordingly by the Chair.

### **3. Financial review 2019/20 - April to June**

Members considered Report CFO/050/19 of the Chief Fire Officer, concerning the financial position, revenue and capital, for the Authority for 2019/20. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances.

Members were advised that the report covers the revenue and capital budgets, reserves and treasury management updates for April to June 2019.

With regards to the revenue position, Members were informed that the report outlines the actual change in the Firefighters Pension Scheme employer rates, relative to the estimate assumed in the budget. They were informed that the actual change increased the employer rate by 1.9% to 2.5% above the budgeted increase, which equates to an additional £0.560m.

Members were informed that following a challenge by the Director of Finance, the Home Office agreed to increase the grant it had provided towards the cost of the increase to £3.025m, which is an additional £0.433m.

It was highlighted to Members that the higher Firefighters Pension Scheme (FPS) rate, will also mean that the £1m additional investment in front line services, approved by Members, will now require an additional £0.145m funding.

As a result, the net impact after taking into account the increase in grant, is an additional £0.272m.

Members were advised that as the £0.272m relates to the 1992 Firefighters Pension Scheme, and at some point in the near future, all firefighters will be on the 2015 scheme, this cost may be viewed as temporary, while some staff remain in the 1992 scheme. Members were informed that it is the view of the Director of Finance, that this temporary cost can be contained within the overall employee budget and recruitment reserve.

Other approved budget adjustments, were highlighted to Members; and they were informed that they are funded through the inflation provision or reserves.

Members were advised that the 2019/20 revenue budget is consistent with the original budget; and that the Authority is on target to deliver all of the approved revenue saving options. Members were also informed that since the report was written, the Fire Brigades Union has accepted the employers' offer of a 2% increase in firefighter pay for 2019/20, which is consistent with the assumption built into the 2019/20 budget.

It was highlighted to Members that the report identifies a potential risk to the budget assumption, around the current employer costs associated with the FPS and the Local Government Pension Scheme (LGPS), following the outcome of the McCloud case, which deemed the transitional protections given to some members of the Firefighters Pension Scheme and the Judges Pension Scheme, amounted to unlawful discrimination. Members were advised that the difference in treatment will need to be remedied across all of those schemes, including the LGPS. They were informed that any remedy or compensation payments are not known at this point; and it may be sometime before they are known. However, Members will need to be mindful that there may be a financial impact on the Authority in relation to historic, current and future employer pension contributions. They were also advised that the current budget and financial plan, have not built in any provision for retrospective compensation payments to ex-employees, or increases in past or current pension benefits for current

employees, that are to be funded by the employer. Members were assured that they will be kept updated on this position, via future financial review reports; and that the matter will also be considered as part of the 2020/21 budget setting process.

With regards to Capital, the amendments to the approved capital programme, were highlighted to Members, which amount to an additional £3.823m, of which the majority relates to the approved re-phasing of 2018/19 schemes into 2019/20. They were informed that the only other change relates to the reduction in the cost of an ancillary fleet vehicle, of £0.011m.

In relation to the use of reserves, it was highlighted to Members that during the quarter, a total of £4.304m has been drawn down from reserves, the majority of which reflects the approved use of the capital reserve towards the cost of capital schemes; and in particular, the new St. Helens Fire Station.

Members were informed that with regards to Treasury Management, performance was consistent with the approved Treasury Management Strategy for 2019/20. Members were informed that as at the end of June, the Authority held £22.2m of investments, with all investments being consistent with the approved Investment Strategy; and within the limits outlined within the report.

It was confirmed to Members that no new loans have been taken out during the period.

Members commented that they welcomed the challenge to Home Office, in relation to the increase in grant; and thanked the Director of Finance for instigating that challenge on their behalf.

With regards to the McCloud judgment, Members were informed that the case is listed for 18<sup>th</sup> December 2019 for remedy; and that Members would be kept updated regarding the outcome.

Members Resolved that:

- a) The contents of the report, be noted.
- b) The proposed revenue, capital and reserve budget alignments, be approved.
- c) The Director of Finance be instructed to continue to work with budget managers to maximise savings in 2019/20.

Close

Date of next meeting Thursday, 13 February 2020

Signed \_\_\_\_\_ Dated \_\_\_\_\_