

**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**MEETING OF THE**

**AUDIT COMMITTEE**

**24 SEPTEMBER 2020**

**MINUTES**

**Present:** Cllr Linda Maloney (Chair) Councillors Bruce Berry, Edna Finneran, Andrew Makinson, Lisa Preston, Emily Spurrell (substitute for Cllr Grace) and Anthony Boyle (independent person)

**Also Present:**

**Apologies of absence were received from:** Cllr Janet Grace

**4. Chair's Announcement**

At the start of the meeting, the Chair of the Authority thanked everyone for attending and welcomed any members of the press or public who were observing the proceedings.

The Chair of the Authority then introduced the meeting and provided all present with an overview of how this remote meeting would work and some housekeeping.

A roll call was then taken of all Members present, to confirm that they could hear and be heard; and that they could see and be seen.

**1. Preliminary Matters**

Members considered the identification of any declarations of interest, matters of urgency or items that would require the exclusion of the press and public due to the disclosure of exempt information.

Resolved that:

- a) no declarations of interest were made by individual Members in relation to any item of business on the Agenda
- b) no additional items of business were determined by the Chair to be considered as matters of urgency; 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 previous meeting**

The Minutes of the previous meeting, held on 4<sup>th</sup> June 2020 were approved as a correct record and for signature by the Chair.

## **3. FINANCIAL REVIEW 2020/21 - APRIL TO JUNE**

Members considered Report CFO/045/20 of the Treasurer, concerning the financial position, revenue and capital, for the Authority for 2020/21. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances. This report covers the period April to June 2020.

Members were given a brief over view of the report, including the MFRA annual pay award assumption which has now been accepted and is 2.75% for green book staff and 2% for firefighters.

Members were advised that the McCloud remedy assumptions cost to the employer would allow Firefighter Pension Scheme (FPS) members access to their legacy schemes and would be considered as part of the 2020 FPS actuarial review and would be reflected in Employer rates from 2023/24.

The Home Office has issued guidance on 21 August 2020, informing Fire & Rescue Authorities (FRAs) that members of the FPS facing immediate detriment should be given the option to choose between their old scheme and the 2015 scheme. This Home Office guidance also stipulated that any retrospective employer and employee contributions would have to be made good. Members were informed that if the service implemented this guidance it may have significant financial implications over this and future years. However, it has now been confirmed that the Home Office guidance was an informal guide and Fire & Rescue Services are now seeking clarification through the Local Government Association (LGA) FPS. Until that clarification is available Members were told that no FRSs are acting on the Home Office guide.

Merseyside Fire & Rescue Authority (MFRA) have identified the Smoothing Reserve, as currently £2m, in order to manage any risk from the McCloud case, as an in-year source of funding if any McCloud assumptions did not hold true. The current view is that the Smoothing Reserve can cover any costs associated with McCloud and the remedy in 2020/21, but the future funding of such costs will be considered as part of the 2021/22 budget process.

MRFA have assumed no Unplanned Growth in the budget, however the spread of COVID-19 has created unprecedented circumstances within which the Authority has had to respond to as follows:-

- The anticipated financial impact in 2020/2021 is expected to be limited to a loss of commercial and other income (£0.5m) and additional expenditure on protective equipment, cleaning, ICT and other costs (£0.9m).
- To date the Government has awarded the Authority £1.419m to cover the impact of the virus.
- In addition, the Government has now made available further funds to cover loss of fees and charges income and the Service will be making a grant claim to cover some of the anticipated £0.5m income loss.
- The current position is that the grant received to date should cover the loss of income and additional costs up to the end of 2020/2021.

Members were advised by the Chief Fire Officer (CFO) at the September Strategy Day, that the Service is looking at the possibility of building a new Training Centre. To do this the CFO and Strategic Leadership Team (SLT) will look to maximise in year-savings and will seek Members approval to use any savings that materialise in the year to increase the capital reserve in order to contribute towards the cost of a potential new Training & Development Academy (TDA) build. The revenue spend is anticipated to be consistent with the budget.

Members had approved a 5 year capital programme at the Budget Authority Committee on 27<sup>th</sup> February 2020 increasing the approved re-phasing of 2019/20 schemes into 2020/21 of £3.762m. The Reserves position outlines a net contribution of £3.122m to reserves in the quarter, which reflects the £3.500m refund back to reserves as a result of the TDA investment review, and the planned drawdown of £0.378m to fund the new St Helens fire station build.

Members were advised that the performance of Treasury management has been consistent with the approved treasury management strategy for 2020/21. The Authority held £30.8m of investments at the end of June, showing all investments are consistent with the approved investment strategy and within the limits and no new loans have been taken out.

Members asked what the money would be used for if savings were not going into the Capital Reserve for TDA build and were advised that the savings would fund additional spend in the year or be put into reserves to cover any future financial challenges.

Members questioned if the £2m Smoothing Reserve was enough to manage any McCloud risk and were advised that this is a big cost to the employer and that the Home Office guidance has been confusing. It could increase and if it did MFRA would have to make changes to cover this, but the Treasurer was confident that the £2m would be sufficient cover for 20-21.

Members asked about thermal image cameras that fire fighters use and were informed that we have money allocated for this equipment to be replenished. If new equipment was to be introduced in the future and needed obtaining for operational staff, the Treasurer would be advised.

Close

Date of next meeting Thursday, 26 November 2020