



Minutes of the Meeting of the
TYNE AND WEAR FIRE AND
RESCUE AUTHORITY held in the
Fire and Rescue Service
Headquarters, Barmston Mere on
MONDAY 23 MARCH 2015 at
10.30am.

Present:

Councillor T Wright in the Chair

Councillors Bell, M Forbes, Haley, Harrison, Lauchlan, Mole, Mortimer, Perry and Price.

Part I

Chairman's Announcements

The Chairman referred to the LGA Fire Conference which had been held in Gateshead on 10 and 11 March 2015 and stated that this had been a huge success and thanked everyone present for their contribution to the event. Half of the Authority Members, all senior staff and a team of volunteers had attended from Tyne and Wear and the Chairman requested that thanks be passed on to volunteers who had helped the conference run so smoothly. Councillor Mortimer commented that she had thoroughly enjoyed the conference and also extended her thanks to the volunteers.

Councillor Mole expressed his thanks to ACFO Lowther and his team who had delivered a seminar for elected members at Gateshead Council.

The Chairman reminded Members that a Response Update Training Session was due to take place after the meeting and Members would also have the opportunity to see a demonstration of one of the new fire appliances.

Members of the Authority were informed that Councillor Stephenson had recently been in hospital and the Chairman had sent her a card wishing her a speedy recovery on behalf of the Authority.

Councillor Price stated that he had recently attended a ceremony for the award of Long Service and Meritorious Conduct medals and commented that this had been an excellent event and was well attended by firefighters and their families.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Burdis, N Forbes, Ord, Renton, Stephenson and Stockdale.

Declarations of Interest

There were no declarations of interest.

Minutes

73. RESOLVED that the minutes of the meeting of the Authority, Part I, held on 16 February 2015, be confirmed and signed as a correct record subject to an amendment to show that Councillor Mole was present at the meeting and amendments to show that under the item on 'Revenue Budget 2015/2016 and Medium Term Financial Strategy 2015/2016 and 2017/2018', the suspension of Standing Orders was moved by the Chairman and seconded by Councillor Mole and the motion on the report was moved by the Chairman and seconded by Councillors Haley and Price.

Members' Allowances Scheme

The Authority received a report from the Independent Remuneration Panel advising of their recommendations with regard to the members' allowances scheme for 2015/2016.

The Panel last reviewed the allowances scheme in 2013 and at that time recommended that no changes should be made to the terms of the current scheme and also that these terms should continue to apply for 2014/2015.

As part of the review of the scheme for 2015/2016, the Panel had the opportunity to consider a written representation from a member of the Authority and verbal representations from the Chairman on the current scheme. The Panel has recommended that the scheme should remain the same for the financial year 2015/2016, but that a more in depth review should take place prior to the beginning of the 2016/2017 financial year.

Having considered the recommendations of the Independent Remuneration Panel, it was: -

74. RESOLVED that the report of the Panel be noted and endorsed and current allowances and associated terms and conditions continue to apply for the

financial year 2015/2016, with an in depth review taking place at an appropriate time to allow the Panel to make recommendations for the financial year 2016/2017.

Treasury Management Policy and Strategy 2015/2016, Including Prudential 'Treasury Management' Indicators for 2015/2016 to 2017/2018

The Finance Officer submitted a report providing the Authority with the proposed Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2015/2016 and the Prudential 'Treasury Management' Indicators for 2015/2016 to 2017/2018 for approval. The Authority was also asked to note the comments (if any) from the Governance Committee who provide a scrutiny role on the proposed policy and indicators each year.

The Finance Officer's representative stated that the Authority was required to have regard to the CIPFA Prudential Code and Treasury Management Code of Practice to set Prudential (Treasury Management) indicators for the next three years to ensure that the Authority's capital investment plans were affordable, prudent and sustainable. The Authority was also required to adopt a Treasury Management Policy Statement and to set out its Treasury Management Strategy. This comprised the Authority's strategy for borrowing and its policies for managing its investments and giving priority to the security and liquidity of those investments.

Members were informed that there were no major changes being proposed to the overall Treasury Management Strategy for 2015/2016 and it was highlighted that the required Treasury Management Policy Statement and the Treasury Management Strategy Statement were attached as appendices 2 and 3 to the report.

The Finance Officer's representative advised that a key aspect of the Borrowing and Investment strategy was to try and borrow when the rates were considered low and to take out funding in blocks of £10m where deemed appropriate. This approach had served the Authority well over the past few years and had helped mitigate against rate changes which had inevitably occurred. The benchmark rate for long term borrowing in 2015/2016 was 4.25% and this reflected the fall in rates and projections for the next financial year. The Authority's current average rate for borrowing was 3.11% which was low in comparison with other authorities and placed the Authority in the top quartile in the country for its long term borrowing rate. This also compared favourably with a rate of 3.42% at the time of the last Treasury Management report and reflected the fact that new and replacement borrowings were at lower rates which would have a positive effect on the revenue budget.

Members were directed to the table on page 27 which showed the rate of return and the cost of the borrowing which had been taken out in 2014/2015 to date and it was highlighted that the rate of 2.84% was the lowest ever rate 50 year money had been. The drop in rates over January and February, fuelled by the drop in oil prices, had not been anticipated by most financial experts and economists but borrowing had been taken out ahead of the next financial year to take advantage of these low rates which were now beginning to rise again. Market conditions were under constant

review so that the Authority could take a view on the optimum time to carry out further borrowing or debt rescheduling.

The current rate of return on investments was 0.41% and this was marginally outperforming the benchmark rate of 0.35%.

The Finance Officer's representative referred Members to section 3.7 of the Treasury Management Strategy Statement and advised that the strategy had to take into account the new 'bail-in' regulations which had been trialled in previous update reports to the Governance Committee. Risks of financial failure of financial institutions now lay with investors and government support and guarantees were diminishing as a result. One major credit rating agency had already downgraded all UK financial institutions as a result of the requirement for investors to 'bail in' a bank. However, it was pointed out that UK based banks were taking actions to strengthen their balance sheets in order to be able to cope with a future credit crunch scenario so that investors were provided with appropriate assurance of holding funds with them. In the light of this, the Authority's Lending List Criteria had been amended to reflect the changes caused by the 'bail in' arrangements and the actions taken by the financial institutions. Recent stringent stress testing carried out by the banks had also revealed that most passed these tests and were improving their positions in this regard. As a consequence, the Authority's Criteria was also amended to reflect both the downgrade and also the assurance from the stronger balance sheets of UK based banks and the successful stress testing carried out.

The Lending List Criteria and Approved Lending List were set out at Appendices 6 and 7 and the maximum deposit and maximum duration figures provided flexibility for the Authority and its Treasury Management function. It was highlighted that where the report referred to the FSA (Financial Services Authority), this had now been replaced by the Prudential Regulations Authority (PRA).

Councillor Haley referred to the borrowing which had been taken out in tranches of £10m and noted that there was an advantage in borrowing over a long period of time, but queried if there had been the opportunity to borrow more at a lower rate in February of this year and use it to pay off loans taken out in 2014.

The Finance Officer's representative stated that with PWLB loans, there would be a large penalty for early repayment. A rate of 2.84% had been secured for 50 years and this protected the position for the long term as it was expected that rates would go beyond 4% in future years. It was also possible to reschedule debt in the future but there were no disadvantages in taking money out at this rate at the present time.

75. RESOLVED that: -

- (i) the Annual Treasury Management Policy and Strategy (including specifically the Annual Borrowing and Investment Strategies) for 2015/2016 be approved; and
- (ii) the Prudential 'Treasury Management' Indicators for 2015/2016 to 2017/2018 be approved.

Pay Policy

The Chief Fire Officer, the Clerk to the Authority, the Finance Officer and the Personnel Advisor submitted a joint report seeking approval for the revised Pay Policy Statement for publication by 31 March 2015, in accordance with the Localism Act 2011.

The statutory pay policy statement needs to cover the Authority's policies relating to: -

- the level and elements of remuneration for each chief officer (including salary, bonuses and benefits in kind);
- the remuneration of its lowest paid employees (together with its definition of "lowest paid employees" and its reasons for adopting that definition);
- the relationship between the remuneration of its chief officers and other officers; and
- other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, the use of performance-related pay and bonuses, termination payments, and transparency (i.e. publication of and access to information relating to their remuneration).

ACFO Baines advised that the Pay Policy Statement 2015/2016 was attached to the report as an appendix and he drew Members' attention to section 11 'Maximum Pay Multiple Definition'. Government expectation was that the pay multiples for the Chief Fire Officer and the lowest paid employee should be below 20:1 and in the Tyne and Wear service this was 10.12:1, well within Government expectations. This compared to an average of 15:1 in the public sector and 232:1 in the private sector.

Members were also advised that pay multiple were also well within the provisions of the 'Hutton Review of Fair Pay' and it was also highlighted that there had been a pay freeze for six years for senior officers, corporate staff had received a pay increase of 1% in April 2013 and 2.2% from 1 January 2015 following a pay freeze for four years and operational staff had received a 1% pay increase in July 2012, 2013 and 2014 after a two year pay freeze.

ACFO Baines highlighted that the Pay Policy Statement set out the spending on trade union facilities time across the Authority in accordance with the provisions of the Local Government Transparency Code 2014.

Having considered the report, it was: -

76. RESOLVED that: -

- (i) the draft Pay Policy Statement be approved for publication by 31 March 2015; and
- (ii) further reports be received as necessary.

Correspondence List

The Chief Fire Officer submitted a list of correspondence that had been received since the last meeting of the Authority, and was not subject to a separate report.

77. RESOLVED that the correspondence list be received for information.

Local Government (Access to Information) (Variation Order) 2006

78. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it was considered to involve a likely disclosure of information relating to the financial or business affairs of any particular person (including the Authority holding that information) or to consultations or negotiations in connection with labour relations matters arising between the Authority and employees of the Authority (Local Government Act 1972, Schedule 12A, Part I, Paragraphs 3 and 4).

(Signed) T WRIGHT
Chairman

Note:

The above minutes comprise those relating to items of business during which the meeting was open to the public.

Additional minutes in respect of other items are included in Part II.