

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 14 FEBRUARY 2022 at  
10.30am.

**Present:**

**Item 3**

Councillor Taylor in the Chair

Councillors Bell, Burdis, Dodds, Doyle, Haley, Hunter, Keegan, Kilgour, Ord, Warne and Woodwark.

**Part I**

**Apologies for Absence**

Apologies for absence were submitted to the meeting on behalf of Councillors Forbes, Flynn, Johnson and Samuels and also Kim McGuinness (PCC), CFO Lowther and ACFO McVay.

**Declarations of Interest**

There were no declarations of interest.

**Minutes**

59. RESOLVED that:

- (i) The Minutes of the Authority, Part I held on 17 January 2022 be confirmed and signed as a correct record; and
- (ii) The Minutes of the Meeting of the Human Resources Committee, Part I held on 4 October 2021 be noted for information.

DCFO Heath advised Members of a serious fire the previous week at a recycling plant in Gateshead whereby a Major Incident Status was declared. The Authority was advised that thankfully, no Firefighters were injured and that the work of staff to control such a significant incident had been exceptional.

Councillor Haley agreed and asked that all staff involved be thanked from the Authority for working through such a significant and resilient task adding that the impact on the community would go on for some time.

### **Auditors Annual Report 2020/2021**

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Finance Director submitted a joint report detailing the Auditors Annual Report for 2020/2021 (AAR) issued by the External Auditors, Mazars LLP. A copy of their independent report, was attached to the report at Appendix A.

The Finance Director advised Members that the AAR provided the Authority with the findings of the 2020/2021 audit, which comprised of the following two main elements:

- An audit of the Authority's financial statements; and
- A detailed assessment of the Authority's arrangements to achieve Value for Money in the use of its resources.

Members were advised that the AAR was very positive, providing a strong endorsement of the financial management and governance arrangements that were in place. The External Auditor had issued an unqualified opinion on the Authority's Financial Statements for the year ended 31st March 2021 which in addition provided detailed commentary on the Authority's arrangements for achieving Value for Money, which was a new requirement for 2020/21 onwards.

The Finance Director referred Members to Section 3 of the Auditors Report and outlined the new criteria for reporting which comprised:

- Financial sustainability;
- Governance; and
- Improving economy, efficiency and effectiveness

which showed that the auditors had raised no issues with any of these three key areas and confirmed full compliance by the authority with detailed evidence provided in the report for information to show how they arrived at these outcomes.

The Auditors Annual Report also confirmed that the Authority:

- Produced unqualified Financial Statements for 2020/21 that gave a true and fair view of the Authority's financial position and its financial performance as at 31<sup>st</sup> March 2021 and that no objections to the published Financial Statements had been received;
- Published its Narrative Statement with the Financial Statements, as statutorily required, and that the details were found to be consistent with those Financial Statements;
- Had provided an Annual Governance Statement that was found to accurately reflect the Authority's governance arrangements and that these followed the

requirements of the 'Delivering Good Governance in Local Government Framework 2016';

- Had no matters identified that required a report in the public interest or from other powers available to the auditor under the 2014 Act;
- Had not identified any areas of significant weakness in the Authority's Value for Money arrangements, specifically in relation to:
  - Financial sustainability
  - Governance
  - Improving economy, efficiency and effectiveness.
- Provided detailed commentary and the evidence used in gaining their value for money opinions.

The Finance Director explained that this Report had replaced the former Annual Audit Letter and would be submitted to the next Governance Committee.

Councillors Woodwark and Burdis welcomed the report however questioned the timings commenting that ideally it should have been submitted to the Governance Committee first before being presented to Authority.

The Finance Director explained that due to the sequence of Authority and committee meetings it would have meant submitting the report to the Governance Committee meeting of 7 March 2022 however as the next planned meeting of the Fire Authority was not until June 2022 due to local elections, this was seen as too long of a delay and so this was unavoidable in these circumstances..

60. RESOLVED that the contents of the report be noted.

### **External Auditor Appointment from 1<sup>st</sup> April 2023**

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Finance Director submitted a report to inform Members of the options available for the appointment of the external auditors for the financial year beginning on 1 April 2023 and covering the five financial years audits for 2023/24 to 2027/2028) and also seeking approval to opt into the national sector-led arrangement for the appointment of external auditors (using PSAA) with effect from 1 April 2023.

The Finance Director outlined the three options available as follows:

1. To appoint its own auditor, which required it to follow the procedure set out in the Act;
2. To act jointly with other authorities to procure an auditor following the procedures in the Act; or
3. To opt into the national auditor appointment scheme administered by the Secretary of State as the 'appointing person'. The body currently designated for this role was Public Sector Auditor Appointments (PSAA).

Members were then referred to the benefits of opting into the national scheme which were as detailed within Section 6.2 of the report and were advised that one of the main benefits was that the national offer provided the appointment of an independent auditor with limited administrative cost to the Authority. By joining the scheme, the Authority would be acting with other local authorities to optimise the opportunity to influence the market that a national procurement provided.

The Finance Director then referred Members to Section 7 of the report which detailed the current pressures within the local audit market however explained that despite the wider problems outlined within the report, the experiences of the Authority under the current arrangements had been positive, benefitting from an effective working relationship with the appointed auditor.

The prices submitted by bidders through the procurement exercise would be the key determinant of the value of audit fees paid by opted-in bodies. PSAA would:

- a. seek to encourage realistic fee levels and benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
- b. continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties. Pooling meant that everyone within the scheme would benefit from the prices secured via a competitive procurement process - a key principle and benefit of the national collective scheme;
- c. continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company would return any surplus funds to scheme members. (In 2019 it returned a total £3.5 million to relevant bodies and returned a further £5.6 million in 2021).

Councillor Haley questioned what proportion the Authority had received from the rebate and was advised that this was in the region of £40,000 over the duration of the contract so far. The Authority had received two rebates which were prorated on the cost of fees and proportionate to the amount paid.

Having reviewed the options set out in the report, it was:-

61. RESOLVED that the PSAA invitation to opt into the sector-led option for the appointment of external auditors for five financial years commencing 1 April 2023 be approved.

### **Capital Programme 2022/2023 to 2025/2026 Including Prudential Indicators for 2022/2023 to 2025/2026**

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Finance Director submitted a report to present the proposed Capital Programme for 2022/2023 to 2025/2026, including the Prudential Indicators for the next four year period from

2022/2023 to 2025/2026. A more detailed report was set out in Appendix 1 for Member's information.

Members were reminded that the Capital Programme for 2021/2022 was set in February 2021 with an additional £0.850m for a number of business critical, invest to save schemes, that were slipped from 2020/2021. Plans for the two projects, repairs to Barmston Mere Training Centre and relocation of Safetyworks had continued to be impacted by the COVID-19 pandemic and as a result the £0.850m for these schemes would need to be carried forward into the Capital Programme for 2022/2023 as these schemes were still needed.

The proposed Capital Programme and Vehicle Replacement Programme totalled an estimated £12.655m as detailed below:

Projects Carried forward from 2021/2022	0.850
Commitments from 2021/2022	9.222
Continuing Projects	0.611
New Projects 2022/2023	1.200
Vehicle Replacement Programme	0.772
<b>Total Capital Programme for 2022/2023</b>	<b>12.655</b>

The Finance Director explained that the Authority was to fund the 2022/2023 Capital Programme from the following sources:

Capital Reserve	10.032
Revenue Contribution to Capital Outlay (RCCO)	0.250
Section 31 Grant (ESN)	1.523
One-off RCCO	0.850
<b>Total Resources</b>	<b>12.655</b>

Members were advised that the Authority would also need to utilise a further £5.276m of its capital reserves to fund the projected costs of the proposed capital programme over the following three years to 2025/2026, in addition to the £10.032m already earmarked from reserves for 2022/2023.

The Authority's Capital Programme over the next four year period, from 2022/2023 to 2025/2026 would cost an estimated £18.705m, with over half of the schemes expected to be expended in 2022/2023 with approximately £4m for future years mostly being funded by the Authority.

Members were advised that using approximately £15.3m of balances to fund the capital programme meant that 91.7% of the total Capital Programme was funded by the Authority, and if reserves were not in place the Authority would need to borrow.

The Finance Director advised that all of the Prudential Indicators, together with background information and their purpose, were detailed in Appendix B in order to comply with the Prudential Code and to help members understand these very technical requirements.

Members were requested to specifically approve the statutorily required Prudential Indicators, the Authorised Limit for External Debt of £52.816m and the Operational Boundary for External Debt of £47.816m for 2022/2023, in accordance with the regulations.

Councillor Woodwark referred to the capital expenditure of £12.655m for the next financial year and commented that the fluctuation across the years did vary considerably.

Councillor Burdis commented that the report was very detailed and thorough and thanked the Finance Director for this, going on to question whether enough resources were in place for community safety given the new increased prices in energy costs which could affect particularly the vulnerable members of the community. Councillor Burdis explained that the increased use of Paraffin Heaters to subsidise energy costs could have a significant impact on home safety and therefore education was of paramount importance.

The Finance Director agreed and explained that for the next financial year, the budget for Community Safety (Smoke Detectors) had increased to £135,000 per annum

DCFO Heath explained that this was an extremely important point given the risks associated with Paraffin Heaters and old electric appliances. DCFO Heath agreed to take this issue back to both the Head of Community Safety and the Head of Fire Safety to see how residents could be educated through the Safe and Well Programme, with an update report being submitted to a future meeting of the Authority.

62. RESOLVED that:-

- (i) the Capital Programme and Vehicle Replacement Programme for 2022/2023 be approved as set out in the report and detailed in Appendix A;
- (ii) the Prudential Indicators for the years 2022/2023 to 2025/2026 be approved as set out in Appendix B, and specifically the Authorised Limit for External Debt of £52.816m and the Operational Boundary for External Debt of £47.816m for 2022/2023; and
- (iii) the Annual Minimum Revenue Provision Statement be approved as specified in Section 2.12 of Appendix 1.

### **Revenue Budget 2022/2023 and MTFS 2022/2023 to 2025/2026**

The Chief Fire Officer/Chief Executive (Clerk to the Authority) and the Finance Director submitted a report to present for consideration and approval of the:

- Revenue Estimates for 2022/2023;
- Authority's Council Tax Requirement for 2022/2023;
- Council Tax Precept required to be levied on the District Councils in Tyne and Wear for 2022/2023, and
- The updated Medium Term Financial Strategy Statement for 2022/2023 to 2025/2026.

The Finance Director advised the Authority that the Final Local Government Finance Settlement for 2022/2023 was announced at 7pm on 7<sup>th</sup> February 2022 and therefore referred Members to the revised report which had been circulated.

In summary this showed an improved position to the Provisional Settlement reported to the Fire Authority in January. The Authority would receive an additional £0.312m in Compensation for the Under-indexing of Business Rates Income due to the Government using the slightly lower CPI measure of inflation at the time in the Provisional Settlement as indicated in the January report. The additional income adjusted for the use of RPI which was the correct measure for inflation with respect to business rates uplift each year. This ongoing additional funding was very welcomed by the Authority.

The Government's Core Spending Power (CSP) for Tyne and Wear Fire and Rescue Authority would now increase by a further £0.312m to £2.812m in 2022/2023. This was largely as a result of the new one-off Service Delivery Grant for 2022/2023. Whilst this additional funding of £1.072m was welcomed, if this grant was not maintained in future years, the real underlying Core Spending Power increase for 2022/2023 remained a lot lower at 3.47% and would mean the Authority having to fund this resource gap in future years. In addition, the government figures assumed a Council Tax increase of 2.77%, made up from an increase in precept to the maximum allowed of 1.99% and an assumption that the Authority's Tax Base would grow by 0.78%.

Members were then advised that the 2022/2023 updated budget position had changed since that indicated in the Provisional Local Government Finance Settlement report presented to Authority in January, largely due to a reduced allocation of Business Rates from District Councils and a significant business rates deficit reported for the year 2021/22 on the collection fund. This created a gap in funding for the Authority. It was therefore proposed that the revenue budget was approved based on being temporarily supported by the use of reserves.

The combined impact of taking all of the changes to the resources position of the Authority together for 2022/2023, both positive and negative, allowed the Authority to propose a revenue budget for 2022/2023 of £52.003m before use of balances of £0.516m which then produced a net budget requirement of £51.487m and an unchanged Council Tax Requirement of £25.614m. For a Band D property, should the 1.99% increase be approved, this would result in an increase to Council Tax of £1.71 per annum.

The Finance Director went on to say that the Council Tax Base for 2022/2023 was 293,239, a 1.46% increase from 2021/2022, which alone increased Council Tax precept income by £0.362m. However this increase needed to be taken into context as the real terms increase was in fact only 0.41% when compared to pre Covid-19 levels for the tax base in 2020/2021. In addition, there was also a one-off net surplus on the Council Tax Collection Fund for 2021/2022 of £0.222m, which improved the financing of the 2022/2023 budget.

The Authority's local share of business rates income totalled £3.341m. This being significantly lower than the level determined by the Government in their assessed business rates income total of £4.088m. The Authority had projected a more

realistic income collection figure of £3.843m but the estimated reported share was still £0.502m less than that anticipated. In addition to this, the Authority's share of the net deficit position on the business rates element of the Collection Fund for 2021/2022 was £1.072m, a significant cost pressure largely due to the ongoing impact of the pandemic. In effect, therefore, the actual Business Rates income was £1.574m lower than that estimated in the MTFS and £1.819m below the Government's estimate. Members were advised that hopefully, the Business Rates deficit would continue to improve given that it was approximately £2.1m the previous year.

The Finance Director explained that taking all of the above into account, the temporary use of reserves of £0.561m was therefore considered unavoidable to allow the Authority to set a balanced budget for the year. Assurances were however given that the budget was sustainable and affordable however caution needed to be taken to the fact that it was just a one year settlement.

Councillor Haley expressed his concerns that the Settlement was being received later and later each year and that in order to balance the budget, the precept needed to be increased by 1.99% but that in addition to that, there was a need to use reserves.

Councillor Haley then referred to Appendix E of the report commenting that there was a significant jump in the Business Rates Share and questioned how achievable this was to collect pre covid and if a precedence had been set.

The Finance Director responded by advising that Government was eager for 75% of Business Rates to be retained by Local Authorities, as opposed to the current 50%. A review was to be undertaken however the Fire Service was not part of this review. A prudent approach had therefore been undertaken as there had been no mention of support in 2022-2023 so the residual impact would need to be managed by the Authority.

In response to a further question from Councillor Haley, the Finance Director confirmed that the £0.561m would be taken from the budget carry forward reserve.

Councillor Woodwork also referred to Appendix E and commented that the use of reserves was difficult to sustain which was a matter of concern.

The Finance Director agreed and commented that this was the difficulty with a one year settlement as the indicators depended upon the resources received and how sustainable they are.

63. RESOLVED that:-

- (a) the revised estimate for 2021/2022, as summarised at Appendix A be noted;
- (b) the proposed Revenue Estimates for 2022/2023, as summarised at Appendix A be approved and approval be given to the planned temporary use of balances of £0.516m as set out in the report;
- (c) the Projected Pensions Account 2022/2023 detailed at Appendix B be noted;



- (d) the associated risks and their mitigation as set out in Appendix C be noted;
- (e) the updated position on the General Reserves and Earmarked Reserves as set out in Appendix D be approved and approval be given to the transfer of £1.515m from the Covid-19 Reserve to the Transformation Reserve as set out in the report, which was previously agreed by members if this funding was not subsequently required to help fund Covid-19 related additional costs;
- (f) the updated Medium Term Financial Strategy Statement for 2022/2023 to 2025/2026 detailed at Appendix E be noted;
- (g) the Council Tax base of 293,239 (known as Item T) for the year 2022/2023, as notified by the billing authorities within Tyne and Wear under the regulations be noted;
- (h) Approval be given to the following amounts for the Authority for the year 2022/2023 which represented a Council Tax increase of 1.99% for 2022/2023, in accordance with Sections 42A to 47 of the Local Government Finance Act 1992 as amended:
  - (i) £59,044,174 - being the aggregate of the amounts which the Authority estimates for the items set out in Section 42A(2)(a) to (d) of the Act;
  - (ii) £33,429,748 - being the aggregate of the amounts which the Authority estimates for the items set out in Section 42A(3)(a) to (b) adjusted for item of the Act;
  - (iii) £25,614,426 - being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Authority in accordance with Section 42A(4) of the Act, as its Council Tax Requirement for the year, Item R in the formula in Section 42B of the Act;
  - (iv) £87.35 - being the amount at (iii) (Item R) above divided by the Council Tax Base (Item T), calculated by the Authority in accordance with Section 42B(1) of the Act, as the basic amount of its Council Tax for the year.

**(v) Valuation Bands**

	£	
<b>A</b>	<b>58.23</b>	being the amount given by multiplying the amount at (iv)
<b>B</b>	<b>67.94</b>	above by the number which, in the proportion set out in
<b>C</b>	<b>77.64</b>	Section 5(1) of the Act, is applicable to dwellings listed in a
<b>D</b>	<b>87.35</b>	particular valuation and divided by the number which that

<b>E</b>	<b>106.76</b>	proportion is applicable to dwellings listed in valuation
<b>F</b>	<b>126.17</b>	band D, calculated by the Authority in accordance with
<b>G</b>	<b>145.58</b>	Section 47(1) of the Act, as the amounts to be taken into
<b>H</b>	<b>174.70</b>	account for the year in respect of categories of dwellings listed in different valuation bands.

- (i) It be noted that under Section 52ZB of the Local Government Finance Act, the increase in the Authority's relevant basic amount of council tax for 2022/2023 was not excessive in accordance with the principles determined under Section 52ZC(1) of the Act (i.e. no referendum was required).
- (j) It be approved that in accordance with Section 40 of the Local Government Finance Act 1992, the billing authorities within the area of this authority be issued with precepts in the amount of £25,614,426 for the financial year beginning 1<sup>st</sup> April 2022, the amount of the respective precepts to be issued to each billing authority's area in accordance with Sections 42A to 48 of the 1992 Act.

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

At the instance of the Chairman, it was: -

64. 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 exempt information relating to consultations/negotiations in connection with any labour matter arising between the Authority and employees of the Authority (including the Authority holding that information (Local Government Act 1972, Schedule 12A, Part 1, Paragraph 4). The public interest in maintaining this exemption outweighs the public interest in disclosing the information.

(Signed) T. TAYLOR,  
Chairman

### **Note:-**

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

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

(Signed) T. TAYLOR,  
Chairman