

**M. Pearson MCMI  
CLERK TO THE AUTHORITY**

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**To: The Chairman and Members of the  
Devon & Somerset Fire & Rescue  
Authority**

**(see below)**

**SERVICE HEADQUARTERS  
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**DEVON & SOMERSET FIRE & RESCUE AUTHORITY**  
**(Budget Meeting)**

**Monday 16 February 2009**

The Budget meeting of the Devon & Somerset Fire & Rescue Authority will be held on the above date, **commencing at 10:00 hours in the Conference Rooms in Somerset House, Service Headquarters** to consider the following matters.

M. Pearson  
Clerk to the Authority

**AGENDA**

1. **Apologies**
2. **Minutes** of the meeting held on 18 December 2008 attached (Page 1).
3. **Items Requiring Urgent Attention**

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

4. **Declarations of Interest**

Members are asked to consider whether they have any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and declare any such interests at this time. *Please refer to the Note 2 at the end of this agenda for guidance on interests.*

## **PART 1 – OPEN COMMITTEE**

### **5. Questions and Petitions from the Public**

In accordance with Standing Orders, to consider any questions or petitions submitted by the public. Questions must relate to matters to be considered at this meeting of the Authority. Petitions must relate to a matter for which the Authority has responsibility or which affects the Authority. Questions and/or petitions may not require the disclosure of confidential or exempt information and must be submitted in writing or by e-mail to the Clerk to the Authority **by midday on Wednesday 11 February 2009**.

### **6. Questions from Members of the Authority**

To receive and answer any questions submitted in accordance with Standing Orders.

### **7. Minutes of Committees etc.**

#### **(a) Community Safety and Corporate Planning Committee**

The Chair of the Committee (Councillor Fry) to **MOVE** the Minutes of the meeting of the Committee held on 14 January 2009 attached (Page 6).

**RECOMMENDATION** that, in accordance with Standing Orders, the Minutes be adopted.

#### **(b) Human Resources Management and Development Committee**

The Chair of the Committee (Councillor Cann) to **MOVE** the Minutes of the meeting of the Committee held on 22 January 2009 attached (Page 10).

#### **RECOMMENDATIONS**

- (i) that the recommendations at Minute HRMDC/36 (Job Evaluation for Non-Uniformed Staff) be considered in conjunction with item 17 (Job Evaluation for Non-Uniformed Staff) later on the agenda for this meeting;
- (ii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

#### **(c) Resources Committee**

The Chair of the Committee (Councillor Gordon) to **MOVE** the Minutes of the meeting of the Committee held on 4 February 2009 attached (Page 15).

#### **RECOMMENDATIONS**

- (i) that the recommendations at Minutes RC/19 (Capital Programme 2009/10 to 2011/12 and Associated Prudential Indicators) and RC/20 (2009/10 Revenue Budget and Council Tax Level) be considered in conjunction with items 9(a) and (b) and item 9(c) respectively, later on the agenda for this meeting;
- (ii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

**(d) Audit and Performance Review Committee**

The Chair of the Committee (Councillor Wallace) to **MOVE** the Minutes of the meeting of the Committee held on 4 February 2009 attached (Page 19)

**RECOMMENDATION** that, in accordance with Standing Orders, the Minutes be adopted.

**8. Devon & Somerset Fire & Rescue Authority Corporate Plan 2009/10 To 2011/12**

Report of the Chief Fire Officer (DSFRA/09/1) attached (Page 23)

**9. Revenue And Capital Budgets 2009/10**

**(a) Capital Programme 2009/10 to 2011/12**

Joint report of the Head of Physical Assets and Treasurer (DSFRA/09/2) attached (Page 36).

**(b) Prudential Indicators Report 2009/10 to 2011/12 and Treasury Management Statement**

Report of the Treasurer (DSFRA/09/3) attached (Page 45)

**(c) 2009/10 Revenue Budget and Council Tax Levels**

Joint report of the Treasurer and the Chief Fire Officer (DSFRA/09/4) attached (Page 59)

**(d) Statement on the Robustness of the Budget Estimates and Adequacy of the Devon & Somerset Fire & Rescue Authority's Levels of Reserves**

Report of the Treasurer (DSFRA/09/5) attached (Page 97)

**10. Direction of Travel and Use of Resources Assessment 2008**

At its meeting on 5 February 2009 the Audit and Performance Review Committee was notified of the Authority's most recent Use of Resources score (Minute \*APRC/26 refers). The Direction of Travel Assessment is due to be published by the Audit Commission on 12 February 2009 and is subject to an embargo until that date.

It is intended to forward copies of both the Direction of Travel and Use of Resources Assessments for consideration by the Authority at this meeting.  
Chief Fire Officer to report.

**11. Proposals for Closure of 2008/09 Accounts**

Report of the Clerk to the Authority (DSFRA/09/6) attached (Page 104)

**12. Draft Firecontrol Part 2 Business Case Consultation - Proposed Authority Response**

The Department for Communities and Local Government (CLG) published the draft Part 2 FiReControl Business Case in November 2008 and has invited comments from stakeholders by 27 February 2009.

Members of the Authority have already been provided with a copy of the draft Part 2 Business Case and a workshop was held on 4 February 2009 with a view to informing an Authority response for consideration and approval at this meeting.

A copy of this draft response, which builds on the response of the South West Regional Management Board (SW RMB) to the document (and on the previous responses by both this Authority and the SW RMB to the Part 1 Business Case) is now attached (Page 106).

**RECOMMENDATION** that the draft response be considered with a view to authorising the Chairman to submit it on behalf of this Authority to CLG.

**13. South West Regional Management Board**

Minutes of the meeting of the Board held on 28 January 2009 attached (Page 117)  
**FOR INFORMATION**

**14. Chairman's Announcements**

Schedule attached (Page 123)

**15. Chief Fire Officer's Announcements**

**16. Exclusion of the Press and Public**

**RECOMMENDATION** that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 4 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to negotiations in connection with a labour relations matter between the Authority and its staff.

**PART 2 – ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PRESS AND PUBLIC**

**17. Job Evaluation for Non-Uniformed Staff**

A copy of the report of Head of Human Resources Management and Development (HRMDC/9/05, as considered by the Human Resources and Development Committee at its meeting on 22 January 2009, is attached (Page 124).

Head of Human Resources Management and Development to report.

**MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER**

Membership:-

Councillors B. Hughes (Chairman), Healey (Vice Chair), Button, Cann, Clatworthy, Dyke, Foggin, Ford, Fry, Gordon, Hannon, S. Hughes, Leaves, Lewis, Manning, Mochnacz, Mrs. Nicholson, Parker, Mrs. Parsons, Shadrick, Tully, Viney, Wallace, Way, Yeomans

## **NOTES**

### **1. ACCESS TO INFORMATION**

Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Steve Yates on the telephone number shown at the top of this agenda.

### **2. DECLARATIONS OF INTERESTS BY MEMBERS**

#### ***What Interests do I need to declare in a meeting?***

As a first step you need to declare any personal interests you have in a matter. You will then need to decide if you have a prejudicial interest in a matter.

#### ***What is a personal interest?***

You have a personal interest in a matter if it relates to any interests which you must register, as defined in Paragraph 8(1) of the Code.

You also have a personal interest in any matter likely to affect the well-being or financial position of:-

- (a) you, members of your family, or people with whom you have a close association;
- (b) any person/body who employs/has employed the persons referred to in (a) above, or any firm in which they are a partner or company of which they are a director;
- (c) any person/body in whom the persons referred to in (a) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of which you are a Member or in a position of general control or management and which:-
  - you have been appointed or nominated to by the Authority; or
  - exercises functions of a public nature (e.g. a constituent authority; a Police Authority); or
  - is directed to charitable purposes; or
  - one of the principal purposes includes the influence of public opinion or policy (including any political party or trade union)

**more** than it would affect **the majority** of other people in the Authority's area.

Anything that could affect the quality of your life (or that of those persons/bodies listed in (b) to (d) above) either positively or negatively, is likely to affect your/their "well being". If you (or any of those persons/bodies listed in (b) to (d) above) have the potential to gain or lose from a matter under consideration – to a **greater extent** than **the majority** of other people in the Authority's area - you should declare a personal interest.

#### ***What do I need to do if I have a personal interest in a matter?***

Where you are aware of, **or ought reasonably to be aware of**, a personal interest in a matter you must declare it when you get to the item headed "Declarations of Interest" on the agenda, or otherwise as soon as the personal interest becomes apparent to you, **UNLESS** the matter relates to or is likely to affect:-

- (a) any other body to which you were appointed or nominated by the Authority; or
- (b) any other body exercising functions of a public nature (e.g. membership of a constituent authority; other Authority such as a Police Authority);

of which you are a Member or in a position of general control or management. In such cases, provided you do not have a prejudicial interest, you need only declare your personal interest if and when you speak on the matter.

#### ***Can I stay in a meeting if I have a personal interest?***

You can still take part in the meeting and vote on the matter unless your personal interest is also a prejudicial interest.

#### ***What is a prejudicial interest?***

Your personal interest will also be a **prejudicial** interest if **all** of the following conditions are met:-

- (a) the matter is not covered by one of the following exemptions to prejudicial interests in relation to the following functions of the Authority:-
  - statutory sick pay (if you are receiving or entitled to this);
  - an allowance, payment or indemnity for members;
  - any ceremonial honour given to members;

- setting council tax or a precept; **AND**
- (b) the matter affects your financial position (or that of any of the persons/bodies as described in Paragraph 8 of the Code) or concerns a regulatory/licensing matter relating to you or any of the persons/bodies as described in Paragraph 8 of the Code); **AND**
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest is so significant that it is likely to prejudice your judgement of the public interest.

***What do I need to do if I have a prejudicial interest?***

If you have a prejudicial interest in a matter being discussed at a meeting, you must declare that you have a prejudicial interest (and the nature of that interest) as soon as it becomes apparent to you. You should then leave the room unless members of the public are allowed to make representations, give evidence or answer questions about the matter by statutory right or otherwise. If that is the case, you can also attend the meeting for that purpose.

You must, however, leave the room **immediately after you have finished speaking (or sooner if the meeting so decides)** and you cannot remain in the public gallery to observe the vote on the matter. Additionally, you must not seek to **improperly influence** a decision in which you have a prejudicial interest.

***What do I do if I require further guidance or clarification on declarations of interest?***

If you feel you may have an interest in a matter that will need to be declared but require further guidance on this, please contact the Clerk to the Authority – preferably before the date of the meeting at which you may need to declare the interest. Similarly, please contact the Clerk if you require guidance/advice on any other aspect of the Code of Conduct.

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

18 December 2008

## Present:-

Councillors B. Hughes (Chairman), Button, Cann, Clatworthy, Dyke, Foggin, Ford, Fry, Gordon, Hannon, Healey, S. Hughes, Leaves, Lewis, Manning, Mochnacz, Parker, Mrs. Parsons, Viney, Wallace and Yeomans.

## Also in attendance:-

Messrs. Watson and Withers (Independent Members of the Standards Committee).

## Apologies:-

Councillors Mrs. Nicholson, Shadrick, Tully and Way

### \*DSFRA/61. Minutes

**RESOLVED** that the Minutes of the meeting held on 23 October 2008 be signed as a correct record.

### \*DSFRA/62. Declarations of Interest

Members of the Authority were asked to consider whether they had any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and declare any such interests at this time.

No interests were declared.

### \*DSFRA/63. Minutes of Committees etc.

#### (a) Community Safety And Corporate Planning Committee

The Chair of the Committee (Cllr. Mrs. Fry) **MOVED** the Minutes of the meeting of the Community Safety and Corporate Planning Committee held on 6 November 2008 which had considered, amongst other things:-

- an update report on progress to date with operations and resilience activities as contained in the current Corporate and Departmental plans; and
- an update report on progress with the FiReControl (Regional Control Centre) project

**RESOLVED** that, in accordance with Standing Orders, the Minutes be adopted.

#### (b) Human Resources Management And Development Committee

The Chair of the Committee (Cllr. Cann) **MOVED** the Minutes of the meeting of the Human Resources Management and Development Committee held on 14 November 2008 which had considered, amongst other things:-

- a report on the initial results of the recently-undertaken staff survey and action proposed to address the issues raised;

- a report on absence management; and
- suggestions for a work-programme for the Committee

**RESOLVED** that, in accordance with Standing Orders, the Minutes be adopted.

**(c) Audit And Performance Review Committee**

The Chair of the Committee (Cllr. Wallace) **MOVED** the Minutes of the Audit and Performance Review Committee meeting held on 21 November 2008 which had considered a performance report for the Service from 1 April to 30 September 2008 against those activities and targets as contained in the current Corporate Plan.

**RESOLVED** that, in accordance with Standing Orders, the Minutes be adopted.

**(d) Resources Committee Minutes**

The Chair of the Committee (Cllr. Gordon) **MOVED** the Minutes of the meeting of the Resources Committee held on 8 December 2008 which had considered, amongst other things:-

- a monitoring report setting out projections of income and expenditure for the first seven months of the current financial year against the approved Revenue Budget;
- a report on proposed capital investment plans for 2009/10 to 2011/12; and
- information on the provisional grant settlement for 2009/10

**RESOLVED**

- (i) that the recommendation at Minute RC/14 (Revenue Budget Monitoring Report 2008/09) be approved;
- (ii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

**\*DSFRA/64. Communities in Control: Real People, Real Power. Code of Conduct for Local Authority Members and Employees - A Consultation**

The Authority considered a joint report of the Clerk and Head of Human Resources Management and Development (DSFRA/08/28) on a consultation by the Department for Communities and Local Government (CLG) on proposed revisions to the Members' Code of Conduct and the introduction of a Code of Conduct for local authority employees.

The report outlined the proposed revisions to the Members' Code (mainly linked to conduct in a "non-official" capacity). The proposed employees Code would feature "core values" to apply to all staff together with additional requirements to apply to "qualifying employees" (senior officers and those carrying delegated functions).

Responses to the consultation were invited by 24 December 2008 and appended to the report was an initial draft response on behalf of the Authority.

In debating the consultation and proposed draft response, Members commented:-

- that the draft response to the proposed revisions to the Members' Code should be amended to remove reference to minor motoring offences in response to the question on the definition of "criminal offence"; and



- that the draft response to the proposed employees Code should be amended to clarify the view of the Authority that – if introduced – the code should apply to all employees.

#### **RESOLVED**

(a) that, subject to incorporation of those amendments indicated above, the draft response to the Communities and Local Government (CLG) consultation document “Communities in Control: Real People, Real Power. Code of Conduct for Local Authority Members and Employees” as appended to report DSFRA/08/28 be approved and the Clerk authorised to submit it on behalf of the Authority;

(b) that, subject to (a) above, the report be noted.

(**NOTE:** In accordance with Standing Order 25(3), Councillor Mrs. Parsons asked that her vote be recorded against the decision to remove from the response reference to minor motoring offences which, when accumulated, equated to a criminal conviction).

#### **\*DSFRA/65. Devon & Somerset Fire & Rescue Authority Annual Meeting 2009 - Proposal For Change Of Date**

The Authority considered a proposal to change the date of its 2009 Annual Meeting in light of decision to change the forthcoming elections in 2009 from the first Thursday in May to Thursday 4 June 2009 (to coincide with the date of the European Parliamentary general election).

#### **RESOLVED**

(a) that the Annual Meeting of the Devon & Somerset Fire & Rescue Authority in 2009 be held **Tuesday 14 July 2009, commencing at 10.00hours at Service Headquarters;**

(b) that the May 2009 meeting of the Authority be re-arranged to take place **at 10.00hours on Wednesday 6 May 2009 at Service Headquarters.**

#### **\*DSFRA/66. South West Regional Management Board Minutes 7 November 2008**

The Authority received for information the Minutes of the meeting of the Board held on 7 November 2008 which had considered, amongst other things:-

- a highlight report on progress in relation to the South West Regional Improvement and Efficiency Partnership (SW REIP) projects and in relation to other workstreams (e.g. community safety; Regional Control Centre) being addressed on a regional basis;
- a report on the new Incident Recording System (IRS) and the potential financial burden of this on South West fire and rescue services; and
- a proposed regional response to the Department for Communities and Local Government (CLG) consultation on the National Procurement Strategy for the fire and rescue service 2008-11.

#### **\*DSFRA/67. Chairman's Announcements**

The Authority received, for information, a Schedule on activities undertaken by the Chairman on behalf of the Authority since its last meeting.

Additionally, the Vice-Chairman (Cllr. Healey) reported attendance at:

- the Passing Out Parade held at the Service Training Centre, Plymstock, on 4 December 2008;
- a visit to Retained Duty System (RDS) staff at Chard Fire and Rescue Station, Somerset, accompanied by the Chief Fire Officer, on 8 December 2008; and
- the Firebreak passing out ceremonies held at Martock Fire and Rescue Station, Somerset, on 11 December 2008.

**\*DSFRA/68. Chief Fire Officer's Announcements**

The Chief Fire Officer reported on:-

- the announcement by the Department for Communities and Local Government (CLG) of the Capital Grant Allocation for the Authority for 2009/10 and 2010/11 (£2.063m in total);
- the recently-published Audit Commission national study on Fire Modernisation. Although the study did not directly refer to the Devon & Somerset Fire & Rescue Authority, it would nonetheless still be necessary for the Authority in due course to assess the implications of the report and its response to it;
- an acknowledgement from the Department of Communities and Local Government (CLG) to representations made by the Authority to the FiReControl Part 1 Business Case. CLG had indicated that a composite response to all representations received would be issued in due course, although it was considered that this was now unlikely given recent publication of the Part 2 Business Case. The Part 2 Business Case was currently being studied and the Authority would in due course be afforded the opportunity to respond to it;
- A fatality in Yeovil on 3 December 2008. The cause of death was still to be confirmed;
- response by the Service to the widespread flooding in both Devon and Somerset over the weekend of 12 – 15 December 2008. There had been 99 rescues in total (69 from vehicles and 30 from flooded properties), with one fatality. The Service had been assisted by Avon Fire and Rescue Service (provision of a boat) and by Police and Search and Rescue helicopters.

The Chief also reported that this would be his final Authority meeting in light of his impending retirement on 31 December 2008. The Chief asked to have placed on record his thanks for the considerable support afforded him by the Members and Chairmen of both the Devon and Somerset fire and rescue authorities prior to combination and of this Authority since combination.

**\*DSFRA/69. Exclusion of the Press and Public**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to an individual and which is likely to reveal the identity of that individual.

**\*DSFRA/70. Appointment of A New Chief Fire Officer - Further Considerations**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded from the meeting.

The Authority considered a report of the Chief Fire Officer (DSFRA/08/29) outlining:-

- his retirement with effect from 31 December 2008;
- commencement in post of the new Chief Fire Officer with effect from 12 January 2009; and
- a proposal for an Acting Chief Fire Officer to serve during the period 1 to 11 January inclusive.

**RESOLVED**

That, subject to there being no consequential temporary promotions and to the associated costs being contained from within the approved revenue budget 2008/09, the Deputy Chief Fire Officer be designated to serve as Acting Chief Fire Officer from 1 to 11 January 2009 inclusive (the period between the retirement of the current Chief Fire Officer and the commencement of employment of the Chief Fire Officer (Designate)) and authorised to exercise all powers and duties associated with the post of Chief Fire Officer, with his salary adjusted to be commensurate with this post during this period.

The meeting started at 10.00hours and finished at 11.10hours.

## **COMMUNITY SAFETY AND CORPORATE PLANNING COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

14 January 2009

### Present:-

Councillors Fry (Chair), Dyke, Foggin, Manning and Tully

### Apologies:-

Councillors S. Hughes and Leaves

### **\*CSCPC/22. Minutes**

**RESOLVED** that the Minutes of the meeting held on 6 November 2008 be signed as a correct record.

### **\*CSCPC/23. Declarations of Interest**

Members of the Committee were invited to consider whether they had any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and to declare any such interests at this time. No such interests were declared.

### **\*CSCPC/24. Community Safety Proactive Measures**

The Committee considered a report of the Assistant Chief Fire Officer (Community Safety) (CSCPC/09/1) that proposed improvements to service delivery in respect of its prevention activities and specifically, to be able to identify groups in the community that are more at risk and to target resources accordingly. The proposal would:

- improve the ability of the service to access and analyse risk information in order to prioritise those wards with the greatest predominance of high risk groups and;
- develop a delivery strategy, building on the excellent work undertaken by Community Safety Action Teams (CSATs), expanding this work with the utilisation of community fire safety advocates.

### **RESOLVED**

- (a) That the Committee endorsed the proposals within this report to enable the initiation of a project to develop the delivery options set out in paragraph 3 within 2009/10.
- (b) That the Committee endorsed the proposal to undertake work to improve the targeting of those considered to be at highest risk from fire.
- (c) Subject to (a) and (b) above, to note the content of this report.

**\*CSCPC/25. Partnership Governance Framework and Toolkit**

The Committee received for information a report of the Assistant Chief Fire Officer (Community Safety) (CSCPC/09/2) that set out a proposal for the introduction of a Partnership Governance Framework and Toolkit for Devon and Somerset Fire and Rescue Service. It was intended that the framework would provide a means of administering, governing and reviewing the performance of all formal partnerships in which both the Service and Authority had an involvement.

**\*CSCPC/26. Update of Projects Relating to Retained Duty Systems**

The Committee received for information a report of the Assistant Chief Fire Officer (Community Safety) (CSCPC/09/3) that set out the planned and proposed projects to be undertaken including:

- the development of new Retained Duty Systems (RDS working arrangements);
- the procurement of availability monitoring systems and electronic payroll.

There were various projects in development and these included the introduction of a forum to improve communications with retained staff, a review of the recruitment process and the development of a strategy to improve liaison with the primary employers of retained staff. It was envisaged that retained staff would be involved in the project teams that would be set up to develop both these and associated projects

**\*CSCPC/27. New Operational Risk Information System (ORIS)**

The Committee received for information a report of the Assistant Chief Fire Officer (Operations) (CSCPC/09/4) that detailed the proposal to review and revise current arrangements in terms of the gathering and provision of risk information into a new, harmonised system to be known as the Operational Risk Information System (ORIS).

**\*CSCPC/28. Target Setting for Devon and Somerset Fire and Rescue Authority Corporate Plan 2009/10 to 2011/12**

The Committee considered a joint report of the Assistant Chief Fire Officers (Operations and Community Safety) and Head of Service Planning and Review (CSCPC/09/5) which set out the recommendations for targets under Goal 1 of the Corporate Plan “to proactively reduce risk, to save life, protect property and the environment from fire and other emergencies” and Goal 3, “to provide an efficient, effective and economic service”. In addition, a presentation was given by the Head of Service Planning and Review to support the recommended targets.

## RESOLVED

- (a) That the following targets for Goal 1 be included in the Devon and Somerset Fire and Rescue Authority Corporate Plan 2009/10 to 2011/12:
- (i) Deaths in Accidental Dwelling Fires – to reduce deaths in accidental dwelling fires by 20% averaged over the eleven years to 31 March 2010;
  - (ii) Casualties in accidental dwelling fires per 100,000 population – to reduce casualties at accidental dwelling fires to meet the regional average of 5.5 casualties by 2010/11;
  - (iii) Accidental Dwelling Fires per 10,000 dwellings – to reduce accidental dwelling fires by 5% (based on 2008/09 levels) each year up to 2011/12;
  - (iv) Fires in non-domestic premises per 1000 non-domestic premises – to reduce fires at non-domestic premises by 3% (based on 2008/09 levels) each year up to 2011/12;
  - (v) Deliberate Primary Fires (excluding vehicles) per 10,000 population – to reduce deliberate primary fires excluding vehicles by 3% (based on 2008/09 levels) year on year;
  - (vi) Deliberate primary fires in vehicles per 10,000 population – to reduce deliberate primary fires in vehicles by 3% (based on 2008/09 levels) year on year;
  - (vii) Deliberate secondary fires (excluding vehicles) per 10,000 population – to reduce the number of deliberate secondary fires by 5% averaged over the three years to 31 March 2011 compared to the 3 years to March 2008;
  - (viii) Deliberate secondary fires in vehicles per 10,000 population – to reduce the number of secondary vehicle fires by 5% averaged over the three years to 31 March 2011 compared to the 3 years to March 2008;
  - (ix) Primary fires per 10,000 population - to reduce primary fires by 3% (based on 2008/09 levels) year on year;
- (b) That the following targets for Goal 3 be included in the Devon and Somerset Fire and Rescue Authority Corporate Plan 2009/10 to 2011/12:
- (i) False alarms caused by automatic fire detection equipment – to re-set the target to a 5% reduction based on 2008/09 levels each year for the next 3 years;
  - (ii) Malicious false alarms per 1,000 population – to continue the existing target of reducing both malicious false alarms not attended and those attended by 1% each year for the next 3 years.

- (c) That, with the inclusion of the targets set out above, the Draft Corporate Plan for 2009/10 to 2011/12 be submitted to the Devon and Somerset Fire and Rescue Authority on 16 February 2009 for final approval.

**\* DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 14.00hours and concluded at 15.55 hours.

**HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT COMMITTEE**  
(Devon and Somerset Fire and Rescue Authority)

22 January 2009

Present:-

Councillors Cann (Chair), Ford, Manning, Parker, Mrs. Parsons and Viney

Apologies:-

Councillor Shadrick

Prior to the commencement of the formal business of the meeting, Councillor Cann advised the Committee that Councillor Des Shadrick was seriously ill in hospital. He extended the best wishes of Members and requested that a letter be sent on behalf of the Committee to this effect.

**\*HRMDC/26. Minutes**

**RESOLVED** that the Minutes of the meeting held on 14 November 2008 be signed as a correct record.

**\*HRMDC/27. Declarations of Interest**

Members were asked to consider whether they had any personal/personal and prejudicial interests in items as set out on the agenda for this meeting and to declare any such interests at this time.

No interests were declared.

**\*HRMDC/28. Absence Management**

The Committee received for information a report of the Head of Human Resources Management and Development (HRMDC/09/1) that set out the position in respect of performance on sickness absence (to the end of November 2008). The report also updated the Committee on progress that had been made on the Absence Management Policy.

It was noted that there had been a 12.9% decrease in absence for all staff compared with the same period last year (Q1 to Q3 in 2008), although there were variations in performance across staff categories. The breakdown for control room staff continued to be over the target as compared with the same period last year with a 69% variance. Reference was made to the Absence Management Policy and it was requested that this be submitted to the Committee for information in due course.



**\*HRMDC/29. Staff Survey**

The Committee received for information an update given by the Head of Human Resources Management and Development on the action being taken to address the issues raised in the recent Staff Survey.

The Committee noted that there had been a 30% response rate to the survey which was very good for an exercise of this type. The results of the ORS survey were to be published on the intranet with a commentary to explain the action taken where points had been drawn to the attention of the service. The Head of Human resources Management and Development added that a Steering Group had been established to manage the way forward.

**\*HRMDC/30. Corporate Manslaughter Bill - Update**

The Committee received for information a presentation given by the Head of Human Resources Management and Development.

The presentation covered the action that needed to be taken to ensure that the Authority's policies, procedures and processes were consistent with best practice. It was noted that there had not been any changes made to the Corporate Manslaughter Bill itself, but the new Guide to Health and Safety Offences Act 2008 contained updated penalties that could be imposed for health and safety contraventions and these were outlined at the meeting.

**\*HRMDC/31. Community Safety Proactive Measures**

The Committee received for information a report of the Assistant Chief Fire Officer (Community Safety) (HRMDC/09/2) that, following the introduction of enhanced response times for dwellings, proposed improvements to service delivery in respect of its prevention activities and specifically, to be able to identify groups in the community that were more at risk and to target resources accordingly. The proposal would:

- improve the ability of the service to access and analyse risk information in order to prioritise those wards with the greatest predominance of high risk groups and;
- develop a delivery strategy, building on the excellent work undertaken by Community Safety Action Teams (CSATs), expanding this work with the utilisation of community fire safety advocates.

This work required the implementation of different forms of employment contract and the Committee was asked to endorse this approach.

Councillor Cann drew attention to a project that had been undertaken in North Devon in respect of Houses in Multiple Occupation (HIMOs) and he suggested that this work should be promoted widely by the Authority. He proposed (seconded by Councillor Parker) that a second resolution be added to the advice in the report

“that the Authority takes steps to promote widely the excellent work being undertaken in North Devon in respect of Houses in Multiple Occupation (HIMOs)”.

Upon a vote, the motion was carried.

## RESOLVED

- (a) that the Committee supports the proposal set out within paragraphs 4 and 5 of this report for different employment contracts and conditions;
- (b) that the Authority takes steps to promote the excellent work being undertaken in North Devon in respect of Houses in Multiple Occupation (HIMOs).

### **\*HRMDC/32. Target Setting for Goal 2 of the Devon and Somerset Fire and Rescue Authority Corporate Plan 2009/10 to 2011/12**

The Committee considered a joint report of the Head of Human Resources Management and Development and the Head of Service Planning and Review (HRMDC/09/3) that set out options in respect of targets under Goal 2 “to be an employer of choice” for inclusion within the Corporate Plan for 2009/10 to 2011/12.

## RESOLVED

- (a) That the following targets be included within Goal 2 of the Corporate Plan for 2009/10 to 2011/12:
  - (i) By 2013, the percentage of recruits from minority ethnic groups across the whole organisation to be 7.29%;
  - (ii) by 2013, 18% of firefighters recruited into the service to be women;
  - (iii) to reduce the proportion of working days/shifts lost per person due to sickness absence to 9.0 days by 2010/11;
  - (iv) to ensure that 90% of retained posts are filled;
- (b) That, with the inclusion of the targets set out above, the Corporate Plan for 2009/10 to 2011/12 be submitted to the Devon and Somerset Fire and Rescue Authority on 16 February 2009 for final approval.

### **\*HRMDC/33. Update of Projects Relating to Retained Duty Systems**

The Committee received for information a report of the Assistant Chief Fire Officer (Community Safety) (HRMDC/09/4) that updated the Committee in respect of the progress made with the review of the Retained Duty System (RDS), setting out important areas for potential improvement that have been identified. The report also set out details of existing projects that had been instigated to address issues raised during the review and projects in development including:

- The introduction of a retained forum to improve communication and consultation with RDS employees;
- To review the provision of the existing recruitment process in order to improve access and availability of recruitment information;

- To develop a strategy to raise awareness of the role of retained firefighters within the community;
- To develop a strategy to improve liaison with the primary employers of RDS staff.

**\*HRMDC/34. Work Programme**

The Head of Human Resources Management and Development provided an update on the current position in terms of a Work Programme for the Committee. The areas in which further work was to be undertaken for consideration by the Committee included:

- Staff Survey;
- Retained Review;
- Health of the Organisation;
- Training and Development;
- Health and Safety.

It was suggested that the next meeting on 15 April 2009 could be themed around Training and development, with the meeting to be held at Service Training Centre at Plympton. This would also give the Committee the opportunity to have a tour of the facilities and to view at first hand the work being undertaken there.

**\*HRMDC/35. Exclusion of the Press and Public**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 4 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

**HRMDC/36. Job Evaluation For Non-Uniformed Staff**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded).

The Committee considered a report of the Head of Human Resources Management and Development (HRMDC/09/5) that set out the progress made with the job evaluation scheme for non-uniformed staff.

**RESOLVED**

- (a) that the Devon and Somerset Fire and Rescue Authority be recommended to adopt the proposed pay and grading structure as set out in paragraph 4 of report HRMDC/09/5;
- (b) that, in relation to pay protection (and given that incremental increases and cost of living increases have been made in the two previous financial years):
  - (i) an incremental increase and cost of living rise be applied for 2009/10 to match the commitment made to staff at the point of combination; and;
  - (ii) a further year of continued protection be made for 2010/11 by way of a cost of living rise only (i.e. without any further incremental increases);
- (c) that, to facilitate (a) and (b) above, additional budget provision as identified in paragraph 5.2 of the report HRMDC/09/5 be made.

**\* DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 14.00hours and concluded at 16.12 hours.

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

4 February 2009

### Present:-

Councillors Gordon (Chair), Fry, Healey, B. Hughes, Lewis, Way and Yeomans

### In attendance:-

Councillor Mochnacz

#### **\*RC/17. Minutes**

**RESOLVED** that the Minutes of the meeting held on 8 December 2008 be signed as a correct record.

#### **\*RC/18. Declarations of Interest**

Members of the Committee were asked to consider whether they had any personal/personal and prejudicial interests in any items to be considered at the current meeting in accordance with the Authority's approved Code of Conduct.

No interests were declared.

At this point, the Chairman stated that he felt that the agenda should be re-ordered to take the item on the Capital Programme 2009/10 to 2011/12 and associated Prudential Indicators prior to the report on the 2009/10 Revenue Budget and Council Tax level. The Committee was in agreement with this action.

#### **RC/19. Capital Programme 2009/10 To 2011/12 and Associated Prudential Indicators**

The Committee considered a joint report of the Head of Physical Assets and the Treasurer (RC/09/2) that set out proposals to review and update the existing capital programme to include projects and schemes which had been deemed essential for either normal replacement of assets or for major business development in line with structured asset management planning. The proposal set out the inclusion of replacement appliances within the fleet and equipment programme, together with the reprofiling of the debt charges associated with slippage on the existing programme.

Reference was made to the funding that had been secured from the Department for Communities and Local Government (CLG) in the sum of £2 million over two years on a debt free basis to address primarily equality and diversity issues on stations. This took the total expenditure on the Capital Programme in 2009/10 to £8.7 million, of which only £1.7 million was funded by central government. Whilst this had been welcomed, the point was made that the Authority still had capital investment pressures and, as the largest non metropolitan fire and rescue authority in the country, the CLG had not addressed its concerns in respect of sparsity factors which had been raised on numerous occasions.

The Committee noted that the revised programme was affordable in accordance with its prudential indicators and was recommended for approval.

**RESOLVED** that the Authority be recommended to approve the revised Capital Programme 2009/12 to 2011/12 and the associated Prudential Indicators as set out in report RC/09/2.

**RC/20. 2009/2010 Revenue Budget and Council Tax Level**

The Committee considered a joint report of the Treasurer and the Chief Fire Officer (RC/09/1) that set out the necessary financial background in order that the Committee could give due consideration to an appropriate level of Revenue Budget and Council Tax for 2009/10 and to make a recommendation to the Fire and Rescue Authority accordingly.

The Treasurer made reference to the following information in presenting the report:

- details of the local government finance settlement for 2009/10 (which was part of the three year grant settlement covering the years 2008/09 to 2010/11);
- details of the commitments that had been included on the draft revenue budget for 2009/10;
- the Medium Term Financial Plan (MTFP) 2009/10 to 2011/12;
- the precept consultation for 2009/10;
- the levels of reserves and balances;
- options for setting the 2009/10 revenue budget.

The Treasurer stated that, to set a budget at £73.039 million (a 3.9% increase on the approved 2008/09 budget), would require an increase in the council tax of 4.9% over the 2008/09 level. Whilst this was unlikely to be a figure that would result in capping, it would represent one of the highest percentage increases of all fire and rescue authorities and therefore had not been pursued as an option.

The four options put forward, however, were summarised as follows:

Option	Council Tax increase	Budget increase	Council Tax for a Band D Property	Increase over 2008/2009	Reduction required in 2009/2010 draft Revenue Budget £m
	%	%	£ p	£ p	
A	4.5	3.7	£69.58	£3.00	(0.140)
B	3.9	3.4	£69.18	£2.60	(0.380)
C	3.5	3.1	£68.92	£2.34	(0.540)
D	3.0	2.8	£68.59	£2.01	(0.740)

The report set out the implications of setting the council tax at each of these levels, together with a risk assessment and a forecast of the impact of each on budget setting for the following two financial years, namely 2010/11/and 2011/12.

The Treasurer made reference to the position in respect of reserves and stated that the Authority had agreed that the minimum level of reserves should be 5% of the total revenue budget. He commented that he was anticipating an increase in reserves to around 6.9% as a result of the underspend in 2008/09 although this was still not the optimum position for the Authority. This would still position the Authority in the bottom quartile in terms of the level of reserves held.

During a debate on this matter, the suggestion was made that the Authority should utilise reserves to support a lower council tax in 2009/10 on the basis that it was likely that an underspend would occur again and this would still enable the minimum level of 5% of reserves to be retained. This suggestion was not supported widely by the Committee.

Reference was made to factors that were unknown to the service at this point such as the pay settlement in 2009, pension provision, the move to the Regional Control Centre and the impact of the Working Time Directive, all of which could have an adverse impact on the budget in 2009/10.

The Chief Fire Officer stated that officers were acutely aware of the need to set a level of council tax that was as low as possible but there were a number of points to take into account in doing so. These were:

- that setting a disproportionately low figure would inevitably impact on the position for 2010/11;
- decisions to make savings should be taken on the basis of risk rather than on the need to set a balanced budget;
- if the option of 3.5% was the preferred option, this would result in a potential increase in council tax of 4.5% in 2010/11 which would be insufficient to meet all of the demands and commitments at that time.

Whilst there was support for recommending that the level of council tax be set at 3.9%, there was concern expressed that this meant that there may be community safety prevention activity that would be lost as a result. The Deputy Chief Fire Officer gave an assurance, however, that this work could still be picked up in the event that a level of 3.9% was subsequently agreed.

In view of this, Councillor B Hughes proposed (and was seconded by Councillor Healey):

“that the Devon and Somerset Fire and Rescue Authority be recommended to approve Option B (as set out in report RC/09/1) as the level of revenue budget and council tax in 2009/10”.

Upon a vote (4 for, 1 against and 2 abstentions), the motion was carried.

**RESOLVED** that the Devon and Somerset Fire and Rescue Authority be recommended to approve Option B (as set out in report RC/09/1) as the level of revenue budget and council tax in 2009/10.

**\*RC/21. Revenue Budget Monitoring Report 2008/09**

The Committee received for information a report of the Treasurer (RC/09/3) that set out projections of income and expenditure for the first nine months of the financial year (to the end of December 2008) against the approved Revenue Budget for 2008/09 and which detailed any significant variations against individual budget lines.

At this stage, it was projected that spending would be £0.665m less than the approved Revenue Budget, equivalent to 0.95%. The main reasons for this position were as a consequence of a higher number of vacancies than had been anticipated resulting in a saving on pay costs, coupled with a reduction in incident activity levels which had impacted on retained pay lines.

**\*DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 14.00hours and finished at 15.25hours.



**AUDIT AND PERFORMANCE REVIEW COMMITTEE**  
(Devon and Somerset Fire and Rescue Authority)

5 February 2009

Present:-

Councillors Wallace (Chair), Button, Clatworthy, Hannon, Lewis and Mrs. Nicholson.

Apologies:-

Councillors Mochnacz

**\*APRC/19. Minutes**

**RESOLVED** that the Minutes of the meeting held on 21 November 2008 be signed as a correct record.

**\*APRC/20. Declarations of Interest**

Members of the Committee were invited to consider whether they had any **personal/personal and prejudicial interests** in items as set out on the agenda for the meeting and declare any such interests at this time.

Councillor Wallace declared a **personal** (but not prejudicial) interest in relation to item on Performance Report April 2008 to December 2008 by virtue of his Membership of Somerset County Council and its partnership in South West One (a service provider to the Devon & Somerset Fire & Rescue Service).

**\*APRC/21. Performance Report: April 2008 to December 2008**

**(NOTE:** Councillor Wallace declared a personal but not prejudicial interest in this item by virtue of his Membership of Somerset County Council and its partnership in South West One (a service provider to the Devon & Somerset Fire & Rescue Service)).

The Committee considered a report of the Head of Service Planning and Review (APRC/09/1) giving an overview of the performance of the Devon & Somerset Fire & Rescue Service from 1 April to 31 December 2008 as against those goals, priorities, activities and targets as identified in the approved Corporate Plan 2008/09 to 2010/11.

The report highlighted particular good performance in relation to sickness absence, with a 16% reduction in absence levels being recorded for the period when compared to the same period last year. The Service continued to progress the production of quality absence management data and more robust absence management procedures and at present there was every indication that the target of a reduction in sickness absence levels, by 2010, to the regional average of 9 days/shifts lost per person would be met.

The report also indicated, however, the following four areas where improvement was required:-

- improving the Service approach to equality and diversity;
- reducing accidental dwelling fires;

- smoke alarm activation; and
- reducing malicious false alarms attended.

The report detailed, for each of these areas, measures either undertaken or proposed to improve performance.

In debating the report, Members commented on the following issues:-

- the increase in December of long-term sickness for retained duty system (RDS), which replicated a similar position in the previous year. In responding, it was stated that this could be as a result of a number of factors but that it was hoped that the introduction of a new availability system, scheduled for the summer of this year, would assist in providing more accurate data on actual availability for duty;
- the need to improve performance in relation to equality and diversity. The Service had adopted “stretch” targets in relation to the recruitment of female and black and ethnic minority (BME) staff and was in the process of developing its single equality scheme – “Making the Connections” – setting out strategies aimed at meeting the Corporate Plan target of achieving Level 3 of the Local Government Equality Standard in 2008/09 and 2009/10. It was accepted, however, that there were some intrinsic difficulties in meeting certain targets e.g. a low staff turnover reduced recruitment opportunities;
- the need to link in national campaigns (e.g. the fitting of smoke alarms) with local prevention/safety initiatives;
- the current situation in relation to the fire safety enforcement target. The enforcement regime had changed some two years ago with the introduction of the Regulatory Reform Order. The targets set at that time were based on best estimates of performance. The Service was actively considering how performance in this area might be improved by the correct alignment of resources to realistically achieve targets.

**RESOLVED** that the report be noted.

**\*APRC/22. Comprehensive Area Assessment**

The Committee received for information a presentation by the Head of Service Planning and Review on the introduction of the Comprehensive Area Assessment (CAA) and its implications for the Authority. The presentation covered, amongst other things:-

- the two elements of the CAA – an Area Assessment and an Organisational Assessment (which in turn would encompass four themes: managing finances; governance; resource management; and performance management);
- the use of a National Indicator Set (198 Performance Indicators replacing the existing 1,200 Best Value Performance Indicators) to inform both the Area and Organisational Assessments;
- a shift in focus away from assessing how government expectations have been met to assessing the impact that local services are having on improving outcomes for citizens.

**\*APRC/23. Audit Commission: Audit Progress Report**

(Steve Brown and Angela Hull, representing the Audit Commission, in attendance for this item).

The Committee received for information a progress report prepared by the Audit Commission setting out:-

- details of the reports finalised and action plans agreed since the last meeting of the Committee;
- work completed and to be reported to a future meeting in the 2007/08 Annual Audit letter;
- work currently in progress (including audit planning for 2009/10 and a refresh of 2008/09 planning); and
- recent national reports (including “Rising to the Challenge” – the national study on fire and rescue service modernisation) and upcoming events.

***(SEE ALSO MINUTES \*APRC/24 AND \*APRC/25 BELOW).***

**\*APRC/24. Review Of Control Environment And Material Systems 2007/08**

The Committee received for information the final report prepared by the Audit Commission following its review in 2007/08 of Control Environment and Material Systems for the Authority. The objective of the review had been to assess the risk of material misstatement from the information systems in place at the Authority. An action plan to address during the current financial year those areas identified in the review as requiring attention had been produced and was appended to the report.

**\*APRC/25. Audit of Financial Statements 2007/08**

The Committee received for information the final report prepared by the Audit Commission following its review of the Authority’s 2007/08 financial statements. The report summarised the key themes arising from the audit of the Authority’s Statement of Accounts for 207/08 on which an unqualified opinion had been issued in September 2008.

Appended to the report was an action plan developed by the Authority of measures to be undertaken during the current financial year to address those recommendations as contained in the Audit Commission report.

***(SEE ALSO MINUTE \*APRC/23 ABOVE)***

**\*APRC/26. Direction of Travel and Use of Resources Assessment 2008**

The Committee received for information a copy of the Audit Commission’s report on its most recent Use of Resources assessment for the Authority (the last to be undertaken under the Comprehensive Performance Assessment – CPA – framework).

The report detailed the findings for each of the Key Lines of Enquiry (KLOEs) (Financial Reporting; Financial Management; Financial Standing; Internal Control; and Value for Money) and concluded that the Authority had secured an overall score of 3 (consistently above minimum requirements – performing well) from the following scale used for Use of Resource judgements:-

- 4 Well above minimum requirements – performing strongly
- 3 Consistently above minimum requirements – performing well
- 2 at only minimum requirements – adequate performance
- 1 Below minimum requirements – inadequate performance

The Direction of Travel report was currently subject to an embargo but would be published on 12 February 2009. Both the Direction of Travel and Use of Resources reports would be reported to a future meeting of the Authority.

**\* DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 10.00hours and finished at 11.20hours.

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	DSFRA/09/1
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (BUDGET MEETING)
<b>DATE OF MEETING</b>	16 FEBRUARY 2009
<b>SUBJECT OF REPORT</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY CORPORATE PLAN 2009/10 TO 2011/12
<b>LEAD OFFICER</b>	CHIEF FIRE OFFICER
<b>RECOMMENDATIONS</b>	<p>(a) <i>that the final Corporate Plan 2009/10 to 2011/12, as enclosed with the agenda for this meeting and revised to reflect, where appropriate, the results of stakeholder consultation, be approved.</i></p> <p>(b) <i>that the results of the Corporate Plan consultation and meetings with Community Groups be further used to contribute to the development of corporate equality scheme 'Making the Connections';</i></p> <p>(c) <i>that the final Corporate Plan be used as a basis for further activities to increase awareness of the contribution that the Service can make to its partners in order to improve safety for the public.</i></p> <p>(d) <i>that, subject to (a) to (c) above, the report (including the results of the consultation on the draft Corporate Plan) be noted.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>This report seeks approval to the final Authority Corporate Plan 2009/10 to 2011/12 and summarises the results of the stakeholder consultation on the Draft Plan. Stakeholders were asked specifically to comment on two areas: Service Ambition and Service Priorities.</p> <p>A hard-copy of the amended Devon and Somerset Fire and Rescue Authority Corporate Plan 2009/10 to 2011/12 revised to reflect, where appropriate, the results of the consultation has already been provided to Members of the Authority. The Corporate Plan sets out how it is proposed to realise the ambitions of the Authority over the next three years by reference to organisational goals, priorities, targets and activities.</p>
<b>RESOURCE IMPLICATIONS</b>	Elsewhere on the agenda for this meeting are reports addressing the proposed revenue budget 2009/10 and Capital Programme 2009/10 to 2011/12. These have been prepared with regard to the contents of the Corporate Plan.

<b>EQUALITY IMPACT ASSESSMENT</b>	No potentially negative impact sufficient enough to warrant a full impact assessment has been identified in the content of this report.
<b>APPENDICES</b>	<p>A      Advert promoting consultation period</p> <p>B      Primary Stakeholders who responded to the consultation</p> <p>C      Comments received during consultation</p>
<b>LIST OF BACKGROUND PAPERS</b>	Report DSFRA/07/23 (Draft Corporate Plan 2009/10 to 2011/12) to the meeting of the Authority held on 23 October 2008.

## **1. INTRODUCTION**

- 1.1 Devon and Somerset Fire and Rescue Service (DSFRS) is required by Government guidelines to produce an annual Integrated Risk Management Action Plan (IRMP) by 31 March of each year. Since Combination the requirements of an IRMP has been integrated into the production of the Corporate Plan and this format continues for the plan 2009/10 to 2011/12.
- 1.2 At its meeting on 23 October 2008 the Authority approved the Draft Corporate Plan 2009/10 to 2011/12 in principle for consultation purposes (Minute DSFRA/49 refers). Whilst there are many different consultation techniques the Authority agreed that the plan be consulted upon by writing and seeking views from key stakeholders as well as promoting the plan to raise awareness amongst the general public. The period of consultation commenced on 27 October 2008 and closed on 12 January 2009.

## **2. METHODOLOGY AND ACCESSIBILITY**

- 2.1 To assist in making the consultation more accessible a leaflet was produced that summarised the detail behind each of the two specific areas on which opinion was sought.
- 2.2 The questions in the consultation leaflet were a combination of 'closed' and 'open ended' questions, this means there was a mixture of pre-determined answers and space for respondents to write as little or as much as they wanted in response to a question. A combination of quantitative and qualitative techniques were used to analyse the responses.
- 2.3 Many opportunities were made available to ensure that the consultation was as accessible as possible to different members of the community. Views and opinions on the proposals could be registered using the following methods:
- Online survey service
  - Email
  - Telephone
  - Fax
  - Post
- 2.4 The online survey service could be accessed from dedicated pages on both the intranet and website. The online service provided users with the opportunity to complete an online survey and view the consultation leaflet and the draft corporate plan. A link was also created on the bottom of all emails sent from DSFRS staff. This link would enable the recipients to connect directly to the online consultation service.
- 2.5 Alongside the above consultation a series of initial meetings were held with Community Groups representing the six equality strands. The purpose of the meetings was to:
- Develop contacts with Community Groups for future consultation and engagement work.
  - Raise awareness of services provided by DSFRS.
  - Understand how DSFRS can better improve services for the community.
  - Obtain feedback on the Service's Ambition and Priorities.

- Obtain feedback on the Equalities Strategy 'Making the Connections' and the 2009/10 – 2011/12 Corporate Plan.

2.6 Recommendations are given for further involvement and engagement with these groups within the results section.

### 3. **PROMOTION OF THE CONSULTATION PERIOD**

3.1 The consultation period was promoted to raise awareness and attract comments from key stakeholders. The consultation was actively promoted by placing adverts in local papers, details of the adverts placed are given in Table 1. (A copy of the advert can be found in Appendix A). The adverts were followed up by a press release on 5 December and an article was placed in the winter edition of Devon Talk.

Table 2: Details of adverts placed in local papers

<b>PAPER</b>	<b>AREA OF DISTRIBUTION</b>	<b>DATE</b>
Western Daily Press	Somerset	22 November 2008
Western Morning News	Devon	28 November 2008
Herald Express	Torbay	28 November 2008
Evening Herald	Plymouth	28 November 2008
Express and Echo	Exeter	28 November 2008

3.2 Staff were made aware of the consultation through a series of communications. In addition to the dedicated page on the intranet two articles were placed in the Service Update, posters were sent to all stations and departments and leaflets were distributed during the Middle Mangers and Watch Commanders meetings held in November and December 2008.

3.3 Key stakeholders, see Table 2, were invited by letter or email to comment on the Draft Corporate Plan 2009/10 to 2011/12.

Table 2: Key stakeholders invited to comment on the Draft Corporate Plan.

<b>STAKEHOLDERS INVITED TO COMMENT ON DRAFT CORPORATE PLAN 2009/10 TO 2011/12</b>	
Chief Executives of Devon and Somerset Local Authorities	Leaders of Devon and Somerset Local Authorities
Government Agencies	Town Councils
Local Strategic Partnerships	Health Organisations
Key organisations representing the hospitality sector	Organisations representing business including Chambers of Commerce
Insurance companies linked to the service	Key organisations representing the rural sector
Registered Social Landlords	Road Safety organisations
Members of Parliament	Emergency Services
Minister for Fire and Resilience	Representative Bodies



3.4 In addition to contacting key stakeholders letters and emails were sent to a database of consultation volunteers held within DSFRS. The database consists of members of the public and local businesses who have previously indicated they would like to participate in future consultations.

3.5 In total a combination of 705 letters and emails were sent to key stakeholders and contacts held in the database.

#### 4. **RESULTS**

4.1 The consultation focused on inviting views and opinions on two specific areas: the Service Ambition and Service Priorities. A summary of the total representations received during the consultation period by method of response is provided in Table 3.

Table 3: Summary of total consultation responses received during the consultation period

<b>METHOD OF RESPONSE</b>	<b>NUMBER OF RESPONSES</b>
Online surveys completed	18
Consultation leaflet surveys complete	62
Emails received	3
Letters received	5
Response given over the phone	2
Meeting	1
<b>Total number of responses</b>	<b>91</b>

4.2 The 91 responses came from a range of different stakeholders within the community. A summary of types of respondents is provided in Table 4. A list of named stakeholders is provided in Appendix B.

Table 4: Summary of the types of respondents who replied to the consultation

<b>TYPE OF RESPONDENT</b>	<b>NUMBER OF RESPONSES</b>	<b>%</b>
Public	28	30%
Other	26	28%
Business	19	22%
Staff	14	15%
Community Group	2	3%
MP	1	1%
Cllr	1	1%
<b>Total number of responses</b>	<b>91</b>	<b>100%</b>

\*Other included a range of key stakeholders listed in table 1

- 4.3 The online survey service attracted many readers with 755 viewings recorded.
- 4.4 The results were analysed using a both quantitative and qualitative methods. A summary of the results for each of the two areas is provided below.

### **Service Ambition**

- 4.5 Respondents were given a copy of the Service Ambition then asked a series of three questions. Question One asked how strongly respondents agreed or disagreed that the DSFRS Ambition would allow the service to meet the needs of the community. Of the 80 respondents who completed a survey 89% agreed that that the Ambition would allow the service to meet the needs of the community and only 9% disagreed.

Table 5: Q1 How strongly do you agree or disagree that the DSFRS Ambition will allow the service to meet the needs of the community?

<b>RESPONSE</b>	<b>COUNT</b>	<b>%</b>
Agree	71	89%
Neither	2	2%
Disagree	7	9%

- 4.6 Question Two asked how strongly respondents agreed or disagreed that the DSFRS Ambition presents a safer future for Devon and Somerset. The majority of respondents, 83% agreed that the Ambition presented a safer future for Devon and Somerset and 6% disagreed.

Table 6: Q2 How strongly do you agree or disagree that the DSFRS Ambition presents a safer future for Devon and Somerset?

<b>RESPONSE</b>	<b>COUNT</b>	<b>%</b>
Agree	66	83%
Neither	8	11%
Disagree	5	6%

- 4.7 Question Three asked how strongly respondents agreed or disagreed that the DSFRS Ambition will help to move the organisation forward. Again there was a positive response with 81% of respondents agreeing that the Ambition would help to move the organisation forward.

Table 7: Q3 How strongly do you agree or disagree that the DSFRS Ambition will help to move the organisation forward?

<b>RESPONSE</b>	<b>COUNT</b>	<b>%</b>
Agree	64	81%
Neither	8	10%
Disagree	7	9%

4.8 Respondents were given the opportunity to provide comments on the Ambition, where appropriate these comments have been analysed in themes. Some of the responses suggested changes whilst others were general comments. The comments received suggested a need for greater engagement and consultation, raised concerns around the allocation of budget and resources and emphasised a need for further partnership working.

### Service Priorities

4.9 Respondents were given a copy of the Service Priorities then asked a series of three questions. Question Six asked respondents how strongly they agreed or disagreed that the four priorities (1a-1d) will help DSFRS to achieve Goal 1 'To proactively reduce risk, to save life, protect property and the environment from fire and other emergencies.' Nearly all respondents 90% agreed that the priorities would help to achieve the Goal.

Table 8: Q6 How strongly do you agree or disagree that the four priorities (1a-1d) will help us to achieve Goal 1?

RESPONSE	COUNT	%
Agree	69	90%
Neither	3	4%
Disagree	5	6%

4.10 Question Seven asked respondents how strongly they agreed or disagreed that the four priorities (2a-2d) will help DSFRS to achieve Goal 2 'To be an employer of choice'. The majority of respondents 79% agreed that the priorities would help achieve Goal 2.

Table 9: Q7 How strongly do you agree or disagree that the four priorities (2a-2d) will help us to achieve Goal 2

RESPONSE	COUNT	%
Agree	62	79%
Neither	8	11%
Disagree	8	10%

4.11 Question Eight asked respondents how strongly they agreed or disagreed that the three priorities (3a-3d) will help DSFRS to achieve Goal 3 'To provide an effective, efficient and economic service'. Again there was a positive response with 82% agreeing the priorities would help achieve Goal 3.

Table 10: Q8 How strongly do you agree or disagree that the three priorities (3a-3d) will help us to achieve Goal 3?

RESPONSE	COUNT	%
Agree	64	82%
Neither	8	10%
Disagree	6	8%

- 4.12 Respondents were given the opportunity to provide comments on the Priorities, where appropriate these comments have been analysed in themes. Service delivery was the theme that received the most suggestion for a priority. Other common comments were on the format of the plan, issues surrounding staff, request for more detail behind the plan, improvement of communication and further consideration of environment under Goal 1.

**Additional comments**

- 4.13 Respondents were asked if there were any additional comments they had on the content of the plan, where appropriate these comments have been analysed in themes. Most of the comments received acknowledged the importance of partnership working. The main comments were about working in partnership at a strategic level and to reduce road traffic collisions. Other comments referred to service delivery especially in relation to prevention and response (flooding/water rescue and youth strategies), the switch over to Regional Control Centre and a need for more detail behind the plan.

**Meetings with Community Groups**

- 4.14 During November and December meetings were held with seven community groups representing the six equality strands (age, disability, faith, gender, race and sexuality.) Meetings were held with the groups listed in table 11.

Table 11: Community Groups met with

<b>GROUP</b>	<b>EQUALITY STRAND</b>
Forum for Equality and Diversity in Somerset (FEDS)	All 6 equality strands
Fawcett Devon	Gender
Intercom Trust	Lesbian Gay Bisexual and Transgender (LGBT)
Devon Racial Equality Council	Race
Plymouth and District Racial Equality Council	Race
Living Options Devon	Disability
Senior Council for Devon	Age (50+)

- 4.15 The meetings were held at a strategic level with senior members of each organisation. During the meetings attendees were asked for feedback on the Corporate Plan. The common themes which emerged during these meetings are presented below.

Priorities are set at a high level.

It was suggested that everyone will agree with the Goals and Priorities. The general feedback suggested that it is the actions that are carried out to meet the priorities and how these consider the different groups within society that are important.

Not to automatically assume priorities will be different.

It was felt that different groups in the community would not want DSFRS to assume that their priorities would be different to that of the wider community just because of the group they sit in.

The language for the priorities should be simple, specific and measurable.

It was suggested that the language used for the priorities needed to be simple in its description. It was also felt that often the priorities contain abstract or vague language resulting in an immeasurable statement.

Accessibility of the plan.

It was recognised that a Corporate Plan needs to fulfil a specific brief in the way they are presented and the information they contain. However, it was suggested there was still scope to make the plan more accessible.

Partnership working and referrals.

Two key messages resulted from the meetings about partnerships. The need to ensure a higher level of interaction was recognised by all partners. It was recognised more effective mechanisms need to be in place to achieve this. Secondly that DSFRS must send staff to partnership meetings who have the executive authority to fully engage in discussion at a strategic level.

Governance and decision making.

There was concern that there are very few independently elected members and that the make up of the Authority seemed to under represent specific groups within society. There was also concern that Authority Members are taking decisions when they are not close to operational needs.

- 4.16 As previously mentioned the meetings were held as an initial step to develop contacts for future consultation and engagement. To conclude the meetings it was asked how the groups would like to engage with DSFRS in the future; the two following suggestions were given.
- a) To set up Service Level Agreements (SLAs) with Community Groups. This would allow DSFRS access to the users of the Community Groups and assistance to carry out consultation and engagement within the group.
  - b) To set up an 'Equality Advisory Group'. This would consist of a community led group representative of the six equality strands who could be used to independently advise DSFRS on how to reflect the needs of all communities.

**Representative Bodies**

- 4.17 The Fire Brigades' Union (FBU), Fire Officers' Association (FOA), Retained Firefighters Union (RFU) and UNISON were invited to submit representations on the Draft Corporate Plan 2009/10 to 2011/12. The invitation also offered a meeting to discuss the plan. Responses were received from the FOA and UNISON and the RFU accepted the invitation to attend a meeting.
- 4.18 UNISON were of the opinion that the staff survey is not dealt with adequately enough in the Corporate Plan. They felt that there needs to be some assurances from DSFRS that the areas highlighted within the staff survey will be addressed.

- 4.19 The FOA agreed that if the ambition was met it would allow the service to meet the needs of the community, present a safer future and help to move the organisation forward. They disagreed that the priorities under Goal 1 and 2 would help the Goals to be achieved. They disagreed that Goal 2 would be achieved as a greater commitment to staff development, involvement, consultation and communication is needed. They agreed that the priorities under Goal 3 would help it to be achieved. FOA suggested five additional priorities; greater focus on service delivery, greater service accountability for all managers, better leadership, improved planning process and greater involvement.
- 4.20 The RFU felt that under Priority 2a 'to improve the Service's approach to equality and diversity' it is important that the Service's approach to equality and diversity permits Retained Duty System Staff (RDS) to progress from their present role into wholetime positions. Under Priority 3c 'to optimise the use of resources' the RFU expressed concern that resource optimisation may result in a reduction of stations and therefore be detrimental to the members they represent. It was considered that in a move to optimise resources more use could be made of Retained staff to provide effective cover at wholetime stations. They considered that there was opportunity to use crewing more effectively by reviewing the provision of appliances / vehicles.

## **5. SUMMARY**

- 5.1 The period of consultation on the Draft Corporate Plan was widely promoted throughout Devon and Somerset using variety of methods over an 11 week period. A total of 91 responses were received and analysed.
- 5.2 The results on the Service Ambition were positive with the majority of respondents agreeing the Service Ambition will allow the Service to meet the needs of the community, present a safer future and help to move the organisation forward.
- 5.3 The results on the Service Priorities were also positive with the majority of respondents agreeing that the Priorities will allow the three Goals of DSFRS to be met.
- 5.4 Meetings were held with community groups representing the six equality strands. During these meetings useful feedback was received and the groups were keen to develop proposals for future engagement.

## **6. CHANGES TO CORPORATE PLAN 2009/10 to 2011/12**

- 6.1 Changes have been made to the Corporate Plan to reflect comments received during the consultation process, the progress of the service planning process and decisions made by the Authority since the draft version was open for consultation. A summary of the changes are listed below:
- a) The Ambition has been amended to incorporate the outcome of a safer community.
  - b) The Introduction has been updated to reflect the current economic situation and progress towards the Regional Control Centre.
  - c) The Risks in Our Community section has been updated to reflect the greater BME population in Plymouth and the Service's work towards reducing environmental impact.
  - d) New images are used in the emergency response standard tables on pages 12 and 13.
  - e) A summary of the Quality of Service Survey results has been added to page 19.

- f) A paragraph has been added to page 21 on the impact of the current economic situation on the Service's plans.
- g) Targets have been added to the tables on pages 24 to 27. The targets were agreed at the Community Safety and Corporate Planning Committee and the Human Resource Management and Development Committee.
- h) The performance target table in the Performance Framework section has been removed to improve the document's accessibility.
- i) The activity in Priority 1c of the Draft Corporate Plan, *to develop emergency response standards for other emergencies*, has been removed as this activity has been completed more quickly than anticipated. A new Corporate Activity has been added to Priority 1c, *"Consider revised emergency response standards for other emergencies and consult publicly prior to implementation"*.
- j) A new activity has been added to Priority 1c as a result of the consultation responses on the prominence of environmental issues. The new activity is:  
*"Develop a service wide environmental policy for service delivery arrangements:*
  - a) *review and identify service delivery arrangements that meet the needs of operating in, and protecting a changing environment.*
  - b) *recognise and contribute to environmental issues impacting on service delivery with partner agencies"*
- k) A new activity has been added to Priority 2a in response to the meetings with the Community Groups on future community engagement. The new activity is: *"Create an equality and diversity steering group to act as a reference point"*.  
A new activity has been added to Priority 3a. The new activity is: *"To implement the International Finance Reporting Standards"*. This is a government requirement and will have an impact across the service with particular focus on the Finance, Human Resource Management and Development and Physical Asset Departments as well as the financial management of the operational Groups.
- l) A new activity has been added to Priority 3b in response to the consultation response to make fire stations more accessible to the public. The new activity is: *"To review and consider the impact of making fire stations accessible to members of the public"*.
- m) The Consultation section has been removed.
- n) A new section has been added to provide information on becoming a retained firefighter.

**LEE HOWELL**  
**Chief Fire Officer**

Advert placed in local newspapers to promote the consultation period.



## Having your say...

**Devon and Somerset Fire and Rescue Authority is now consulting on its Draft Corporate Plan 2009/10 to 2011/12.**

The plan presents our intentions for the next three years and we would like you to have your say. There are two specific areas in the plan on which we would like your views and opinions:

- Service Ambition
- Service Priorities

Visit our website [www.dsfire.gov.uk](http://www.dsfire.gov.uk) for more information about the plan and for your opportunity to comment. Alternatively you can contact us on:

Telephone: 01392 872354

Fax: 01392 872300

Email: [ConsultationOfficer@dsfire.gov.uk](mailto:ConsultationOfficer@dsfire.gov.uk)

By Post: DSFRS, Fire Service Headquarters, The Knowle, Clyst St George, Exeter, Devon, EX3 0NW.

**The closing date for comment is 12 January 2009.**



ACTING TO PROTECT AND SAVE





Named stakeholders who responded to the consultation.

Abbyfield, Dawlish  
Anchor Trust, Kingsbridge  
Arcada Housing Group, Whorle  
Arthur Roberts House, Exeter  
Audit Commission  
Avon and Somerset Police (Two returns from different Departments)  
Babcock Marine, Plymouth  
Burnham on Sea and Highbridge Town Council  
CARE, South Molton  
Communities and Local Government, Fire Minister  
Cooperative Group, Axminster  
Dartmoor National Park Authority  
Devon and Cornwall Police – Territorial Policing Department  
Devon County Council  
Devon Strategic Partnership  
Fernham Day Centre, Paignton  
Fire Officers Association  
Fire Protection Association  
Gloucestershire Fire and Rescue Service  
Government Office for the South West  
Hawchurch Parish Council, Axminster  
Ivy Bridge Town Council  
King Sturge, Plymouth  
Linden House Nursing Home, Wellington  
Northcote House, Exeter  
Peveler, Wellington  
Pheonix Childcare Ltd, Barnstaple  
Plymouth Charity Trust Almshouse Accommodation  
Princess Yachts, Plymouth  
Retained Firefighters Union  
Sodexo, Exeter  
Somersfield, Plymstock  
Somerset County Council  
Somerset Primary Care Trust, Yeovil (2 returns from different Departments)  
South Somerset District Council  
South West Ambulance Service  
Taunton Deane Borough Council  
Torbay Care Trust, Torquay  
Torbay Council  
Torrige District Council  
Two Trees Care Home, Plymouth  
UNISON  
Woolworths, Plymouth  
Wyke Farm Wincanton Ltd, Wincanton

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	<b>DSFRA/09/2</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (BUDGET MEETING)</b>
<b>DATE OF MEETING</b>	<b>16 FEBRUARY 2009</b>
<b>SUBJECT OF REPORT</b>	<b>CAPITAL PROGRAMME 2009/10 TO 2011/12</b>
<b>LEAD OFFICER</b>	<b>Head of Physical Assets and Treasurer</b>
<b>RECOMMENDATIONS</b>	<b><i>That the revised Capital Programme 2009/12 to 2011/12 as set out in this report</i></b>
<b>EXECUTIVE SUMMARY</b>	<p>This report details the proposed capital programme for the Authority for the period 2009/10 to 2011/12. In essence, it is the same report as submitted to the meeting of the Resources Committee held on 4 February 2009 and should be read in conjunction with the recommendation of that Committee (Minute RC/19 refers) and the paper elsewhere on this agenda dealing with the associated Prudential Indicators.</p> <p>Appendix B illustrates the existing approved 2008/09 to 2010/11 capital programme.</p> <p>Appendix A illustrates the proposed 2009/10 to 2011/12 capital programme, which includes elements of the aforementioned programme already approved, but additionally includes further proposals to meet ongoing fleet and equipment replacement programme needs and ongoing estates development and maintenance needs. A prudent approach has been taken to the proposals as fully explained within the report.</p>
<b>RESOURCE IMPLICATIONS</b>	A full financial appraisal is contained within the report.
<b>EQUALITY IMPACT ASSESSMENT</b>	No potentially negative impact sufficient enough to warrant a full impact assessment has been identified in the content of this report.
<b>APPENDICES</b>	<p>A. Proposed 2009/10 to 2011/12 Capital Programme.</p> <p>B. Existing approved 2008/09 to 2010/11 Capital Programme.</p>
<b>LIST OF BACKGROUND PAPERS</b>	Report RC/09/10 – “Affordable Capital Investment Plans for 2009/10 to 2011/12” – submitted to the meeting of the Resources Committee on 8 December 2008:

## 1. **INTRODUCTION**

- 1.1 This report is essentially the same as that submitted to the meeting of the Resources Committee held on 4 February 2009 and should be read in conjunction with the recommendation of that Committee (Minute RC/19 refers) and with the paper elsewhere on the agenda for this meeting dealing with the associated Prudential Indicators.
- 1.2 Each year, as part of the annual budget setting process, the capital programme for the next three years needs to be reviewed and updated to include projects and schemes which are deemed essential for either the normal replacement cycle of assets or for major business development in line with structured asset management planning.
- 1.3 Since programmes are set down on a three year rolling programme basis, the remaining two years from the previously approved programme are still extant. These two years are updated to include any new proposals and a new third year introduced. This gives rise to a situation where part of the capital programme has been previously approved. Appendix B illustrates the previous capital programme 2008/09 to 2010/11, originally approved by the Authority at its budget meeting on 15 February 2008, for which the latest revised edition was approved by the Resources Committee at its meeting on 3 October 2008 (Minute \*RC/11 refers).
- 1.4 Appendix A represents the proposed capital programme 2009/10 to 2011/12, which includes the elements already approved in the Appendix B table plus the newly introduced elements. The newly introduced elements are fully explained below.
- 1.5 The debt charges and prudential indicators are necessarily revised as a consequence of the proposals and these are fully illustrated within the report.
- 1.6 The report 'Affordable Capital Investment Plans 2009/10 to 2011/12' was endorsed by the Resources Committee at its meeting on 8 December 2008 (Minute \*RC/15 refers). This report illustrated the significant capital investment needs of a large rural fire and rescue authority such as the Devon & Somerset Fire & Rescue Authority (DSFRA) and the inability of the Authority to fund those requirements due to financial constraints. The report illustrated the inequity in the calculation of revenue grant support for capital expenditure (SCE(R)) from the Authority's viewpoint on sparsity grounds and its representations to CLG on the matter. The report also detailed the Authority's capital investment pressures and how it would require an additional £37m over the next three years to meet the ongoing full replacement programme needs.
- 1.7 For reasons of affordability, however, the report was only able to recommend a minimum spend in support of capital requirements. Fortunately, the Department for Communities and Local Government (CLG) has approved an additional injection of £2m debt free capital support for the next two years, principally to address equality and diversity issues on stations. The Resources Committee endorsed a proposal for an additional £7m over the next three years. These two elements, together with the previously approved capital programme, give rise to overall proposed programme in Appendix A. It may be observed, therefore, that this falls considerably short of the full requirement illustrated above, but necessarily addresses the immediate affordability issues facing the Authority. For the first time in several years there are no new major builds being planned within the programme. This will, however, allow a full review of station requirements and disposition in terms of local risk, whilst being mindful of recommendations within the recent Audit Report 'Rising to the Challenge'.

## 2. **BACKGROUND**

- 2.1 Capital finance costs principally involve debt charges resulting from borrowing, but there are some historic lease charges relating to the fleet portfolio. Operational Leasing is no longer being used by the Authority for capital financing following the introduction of the Prudential Borrowing Code.
- 2.2 Debt charges impact on the revenue budget, but timing and term of the borrowing vary according to category of borrowing, the point at which expenditure occurs and the bank balance. For these reasons the impact of the proposals in this report will largely take effect from financial year 2010/11 onwards. A detailed financial appraisal is given in sections 4 and 5.
- 2.3 For similar reasons any slippage in the previously approved capital programme will impact the 2009/10 revenue budget as debt charges will be less than planned, resulting in a revenue budget saving in that year. Current slippage is documented in Section 3 and the financial consequences are included within section 4.
- 2.4 Financing costs associated with the programme approved on 3 October 2008 are used as a base comparison in the financial analysis in section 4.

## 3. **PROGRAMME AND PROPOSALS**

### ***Estate Development***

#### ***Exeter Middlemoor and Exeter Danes Castle***

- 3.1 There are no changes to these already approved schemes. Good progress is being made with the schemes considered to be ahead and in excess of forecast budget cashflow at financial year end. The schemes will remain within budget overall.

#### ***Other Projects***

- 3.2 The ongoing sums approved by the Authority in February 2008 in respect of ring-fenced maintenance have been increased by inflation to £750,000.
- 3.3 The proportion of the two year £2m government capital grant allocated to 2009/10 is £870,000. Although there are no absolute constraints concerning its use, there is an assumption that facilities on station will be brought into line with equality and diversity requirements. The Service has many shortcomings in this respect and therefore the funds will be widely deployed to address some of these issues.
- 3.4 The currently planned projects covering the two budgets totalling £1.62m in total is shown below, but this is subject to amendment where blocking factors arise, albeit the overall budget will be adhered to.

Taunton	Phase 2 of internal refurbishment	150,000
Yeovil	Phase 2 of internal refurbishment	100,000
New drill tower	Teignmouth, Exmouth, Dulverton, Totnes, Shepton Mallet or Crownhill	60,000
Station extensions	Ivybridge	160,000
	Dawlish	160,000
	Street	160,000
	Bovey Tracey	160,000

DDA, DAW, BA,	Honiton	60,000
Drying Room,	Lynton	100,000
Community access	Martock	30,000
works	Chumleigh plus new roof	60,000
	Sidmouth	120,000
	STC Phase 2	65,000
Torquay	Phase 2 of training structure	175,000
New boiler	Crownhill, Camels Head or Torquay	45,000
<b>Total</b>		<b>1,605,000</b>

### 2008/09 Slippage

- 3.5 Slippage at financial year end is a regular phenomenon in major capital projects due to the inability to control certain external factors, examples of which are the planning process and conveyance transactions. In these circumstances it becomes difficult to fully complete 'other project' schemes within the financial year that they are approved.
- 3.6 Slippage on the major schemes is dealt with by re-profiling the scheme, whilst maintaining the originally approved threshold, albeit at the moment the Exeter schemes are generally performing ahead of profile. Slippage in other projects totalling an estimated £231,700 has occurred, however, but again, originally approved thresholds are held. Progress on Exeter stations ahead of October's revised schedule has compensated for this slippage.
- 3.7 Slippage does not necessarily have a major detrimental impact on the scheme as the prudential code financial guidelines now allow for greater flexibility in roll over between financial years. The originally projected debt charges are affected, however, in that there will be less revenue spend than originally planned in the relevant year. The final slippage figure may vary when the outturn report is completed following year end.

### ***Fleet and Equipment***

#### Replacement Appliances

- 3.8 The Authority approved a programme which allowed for the replacement of 9 appliances at its meeting of 30 May 2007 and these are due for delivery in April this year. No new appliances were approved in the 2008/09 budget year as the programme was effectively frozen. This currently results in a backlog in the replacement programme of 6 appliances overdue from 2007/08 and 8 from 2008/09. A further 9 are due for replacement in 2009/10, 13 in 2010/11 and potentially around 12 (the average figure) in 2011/12. This would give an overall total requirement of 48 appliances by 2011/12 if appliances were replaced 'like for like' in line with the current replacement policy. The endorsed proposal in Appendix A allows for an additional £6m to be spent on vehicle replacements over the next three years. This would need to cover the requirements of special vehicles and aerials in addition to appliances. For comparison purposes, these funds would allow for 21 appliances to be replaced with £1.17m spent on specials. The current euro currency exchange rate would impact on this, however, as a significant proportion of equipment is necessarily sourced from continental Europe.
- 3.9 As noted in previous reports, the Authority has the second largest fleet in England and failure to abide by the replacement schedules leads to significant problems in future years such as increased maintenance costs, less operational availability due to breakdown failures and difficulties in maintaining legislative and health and safety compliance. Furthermore, new vehicles are far more energy and environmentally efficient with significant ergonomic advantages, which take account of equality and diversity considerations, thereby encouraging use by a more diversified workforce, some of whom would feel disadvantaged and discouraged from working with old vehicles.

3.10 This rising backlog is perturbing, but in line with current best practice, as advocated in the recent Audit Report 'Rising to the Challenge' the Service is reviewing resource requirements and disposition in line with local risk. Hence it is considering a wider portfolio of vehicles specially targeted to meet these local risks. These vehicles are generically referred to as Targeted Response Vehicles (TRVs). A typical TRV is significantly less expensive than the traditional appliance and therefore it may be possible to achieve a wider replacement programme through a mixture of appliances and TRVs as appropriate to the defined risks.

3.11 It is likely, however, that there will still be an overall medium term funding deficit to meet full operational needs unless more stringent measures are put into place and/or other funding support realised through efficiency savings.

Aerial replacement

3.12 The Authority approved a programme which allowed for the replacement of 3 aerials and refurbishment of a further 2 aerials at its meeting of 30 May 2007. As was always the intention, subject to containment within the funding envelope, this was revised in October 2008 to allow the 2 refurbished aerials to become new ones through efficiencies in the procurement programme throughout. The aerials will be delivered in the first quarter of 2010 and there will be a degree of compatibility within the region. There are three further aerials within the Service due for replacement within timescales of this programme and these would be reviewed as part of asset review process and the total funding envelope available.

Specialist Operational Vehicles

3.13 The Authority approved a programme which allowed for the replacement of certain special operational vehicles at its meeting of 30 May 2007. The programme is in varying degrees of completion due to the bespoke nature of these vehicles. There is a backlog of 4 replacement vehicles due for 2008/09 and a further 10 or so are due over the next three years. As explained above the replacement programme was frozen in 2008/09 and new vehicles will have to be funded within the funding envelope proposed for vehicles in total. The new TRV concept may also impact on the specials programme as vehicle scope of operations become more flexible due to increased versatility of use and location.

Equipment

3.14 The previously approved equipment replacement budget has been updated in line with inflation only.

2008/09 Slippage

3.15 Slippage occurs due to the inability to control certain external factors, an example of which is the manufacturer's build schedule slots for vehicles.

3.16 Slippage inevitably occurred with the aerial replacement programme and there has been a minor delivery delay of appliances to April 2009, resulting in final payment being in the next financial year. Such delays may be managed within the prudential code financial guidelines. The originally projected debt charges are affected, however, in that there will be less revenue spend than originally planned in the relevant year. Slippage for fleet and equipment is estimated at £700,000, largely as a result of the 9 new appliances being slightly late in delivery and slipping into the 2009/10 financial year as stated.

#### **4. FINANCING OF THE PROPOSED REVISED CAPITAL PROGRAMME**

- 4.1 The amount of capital expenditure borrowing that is supported through the Revenue Support Grant and known as Supported Capital Expenditure (SCE(R)) for 2009/10 is £1,757,000. The SCE(R) is based on population (as it is for County Councils) and not on asset base as it is for Metropolitan Fire Authorities. This fails to take account of the need to provide significantly more assets in sparsely populated areas than in urban areas. This “sparsity” factor is well recognised but as yet receiving insufficient funding support from government. It has a particularly significant impact on Devon and Somerset. The Authority has made representations to government on this aspect, but without any positive outcome to date.
- 4.2 Borrowing in excess of the SCE(R) is permitted through the Prudential Code and classed as unsupported borrowing. These borrowing requirements are controlled by the approval and monitoring of the prudential indicators, and through the adoption of the Authority’s treasury management strategy and practices.
- 4.3 There are projected overall slippages in the 2008/09 Capital programme will result in the debt charges appertaining to those schemes being lower in 2009/10 than originally forecast.
- 4.4 The schedule in Appendix A illustrates the revised spending profiles for 2009/10 through to 2011/12. The estimated debt charges emanating from this revised spending profile are illustrated in Table 1 below. These figures have been included in the 2009/2010 revenue budget and Medium Term Financial Plan (MTFP).

**TABLE 1 – SUMMARY OF ESTIMATED CAPITAL FINANCING COSTS**

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£m</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Base budget for Capital Financing Costs – debt charges and operating leasing rentals	4.413	4.544	4.971	5.355
Increase over previous year		0.131	0.427	0.384

#### **5. REVISED PRUDENTIAL INDICATORS**

- 5.1 In considering the original capital programme for the years 2008/2009 to 2010/2011 at the February budget meeting (revised in October 2008), the Authority also approved the prudential indicators associated with the proposed level of spending. These are the indicators required to be set, by the Authority, under the Prudential Code for Capital Financing, to ensure that capital spending plans are affordable, prudent and sustainable. Given the revised capital programme included in this report it is necessary for those indicators to be revised based upon the new proposed level of spending. These revised indicators form the basis of a separate report elsewhere on the agenda for this meeting.

#### **6. CONCLUSION AND RECOMMENDATION**

- 6.1 This report has built upon the report “Affordable Capital Investment Plans for 2009/10 to 2011/12” as submitted to the previous meeting of the Committee.

- 6.2 Both this and the previous report have emphasised the pressure a Service of the size of DSFRS puts upon its capital programme requirements. It is clearly necessary that an affordable proposal is put in place, however, and both reports have recommended the same prudent solution.
- 6.3 It is clear, however, that the solution does not fully address the needs of the Service either now or in the future. With budget settlements set to become even more stringent in future years as a consequence of the economic downturn, it is apparent that it will become extremely difficult to address the backlog in asset replacement and maintenance that is accruing. The CLG grant has 'softened the blow', but it perhaps seems unlikely that this will be continued beyond the initial two year period. It would be prudent for the Service to seek to review its asset base for the future to consider more flexible, economic and targeted resources to meet local risk requirements. Preliminary studies are underway in this respect.
- 6.4 The proposed capital programme as set down in Appendix A is now recommended for approval.

**DEREK WENSLEY**  
Head of Physical Assets

**KEVIN WOODWARD**  
Treasurer



**APPENDIX A TO REPORT DSFRA/09/2**

**Proposed Capital Programme (2009/10 - 2011/12)**

<b>PREV YEARS (£000)</b>	<b>2008/09 (£000)</b>	<b>PROJECT</b>	<b>2009/10 (£000)</b>	<b>2010/11 (£000)</b>	<b>2011/12 (£000)</b>	<b>Project Total incl. prev years (£000)</b>
		<b><u>Estate Development</u></b>				
661	1,522	Exeter Middlemoor	1,769	150		4,102
61	1,187	Exeter Danes Castle	1,692	103		3,043
	469	Other Projects				
		Funded Capital grant	870	1,193		2,063
		Allocation			1,000	1,000
	483	Maintenance ring fenced	750	750	750	2,733
		2008/09 slippage	231			231
	624	2007/08 slippage				
	<b>4,285</b>	<b>Estates Sub Total</b>	<b>5,312</b>	<b>2,196</b>	<b>1,750</b>	
		<b><u>Fleet &amp; Equipment</u></b>				
	1,155	Appliance replacement	1,675	880		3,710
	200	Specialist Operational Vehicles	368			568
		Vehicle replacement programme	870	3,140	2,000	6,010
	259	Equipment	319	319	319	1,216
26	55	Asset Management Plan (Miquest) software	144			225
		2008/09 slippage	50			50
	400	2007/08 slippage				
	170	BA cylinder replacement				
	<b>2,239</b>	<b>Fleet &amp; Equipment Sub Total</b>	<b>3,426</b>	<b>4,339</b>	<b>2,319</b>	
	<b>6,524</b>	<b>Overall Capital Totals</b>	<b>8,738</b>	<b>6,535</b>	<b>4,069</b>	

Note that the total of £25,866 for 2008/09, 2009/10, 2010/11 and 2011/12 equates directly with the sums presented to Resources Committee on 8 December 2008 in the report: Affordable Capital Investment Plans 2009/10 to 2011/12. The only movement is that the overall slippage for 2008/09 has been updated from £655,000 to £536,000, but the totals remain the same.

**APPENDIX B TO REPORT DSFRA/09/2**

**Revised Capital Programme (2008/09 - 2010/11)**

<b>PREV YEARS (£000)</b>	<b>2007/08 (£000)</b>	<b>PROJECT</b>	<b>2008/09 (£000)</b>	<b>2009/10 (£000)</b>	<b>2010/11 (£000)</b>	<b>Project Total incl. prev years (£000)</b>
		<b><u>Estate Development</u></b>				
52	609	Exeter Middlemoor	1,450	1,841	150	4,102
	61	Exeter Danes Castle	864	2,015	103	3,043
	1,019	SHQ building	449			1,468
	1,310	USAR Project	20			1,330
		Maintenance ring fenced	714	714	714	2,142
		2007/08 slippage	525			525
		2006/07 slippage	99			99
		<b>Estates 2008 - 2010 Sub Total</b>	<b>4,121</b>	<b>4,570</b>	<b>967</b>	
		<b><u>Fleet &amp; Equipment</u></b>	-			
		Appliance replacement	1,760	1,950		3,710
		Specialist Operational Vehicles	200	368		568
		Equipment	309	309	309	927
		BA cylinder replacement	170			170
	26	Asset Management Plan (Miquest) software	100	99		225
		2007/08 slippage	234			234
		2006/07 slippage	166			166
		<b>Fleet &amp; Equipment 2008 - 2010 Sub Total</b>	<b>2,939</b>	<b>2,726</b>	<b>309</b>	
		<b>Overall Capital 2008 - 2010 Totals</b>	<b>7,060</b>	<b>7,296</b>	<b>1,276</b>	

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	DSFRA/09/3
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (BUDGET MEETING)
<b>DATE OF MEETING</b>	16 FEBRUARY 2009
<b>SUBJECT OF REPORT</b>	PRUDENTIAL INDICATORS REPORT 2009/10 TO 2011/12 AND TREASURY MANAGEMENT STRATEGY
<b>LEAD OFFICER</b>	Treasurer
<b>RECOMMENDATIONS</b>	<p><i>That the Fire and Rescue Authority approves:</i></p> <ul style="list-style-type: none"> <li><i>(a) the prudential indicators and limits contained in this report;</i></li> <li><i>(b) the Treasury Management Strategy including the Annual Investment Strategy;</i></li> <li><i>(c) that the Treasurer be delegated authority to effect movements between the separately agreed limits for borrowing;</i></li> <li><i>(d) the Minimum Revenue Provision (MRP) statement for 2009/2010, included with this report as Appendix B;</i></li> <li><i>(d) that the statement at Section 7 of this report that borrowing limits and the debt management strategy have been set to ensure that net borrowing remains below the capital financing requirement for 2009/2010 to 2011/2012, in line with the requirements of the CIPFA Prudential Code, be noted.</i></li> </ul>
<b>EXECUTIVE SUMMARY</b>	This report sets out the Prudential Indicators associated with the capital programme for 2009/2010 to 2011/2012 considered elsewhere on the agenda of this meeting, a treasury management strategy and investment strategy for the same period. A Minimum Revenue Provision Statement for 2009/2010 is also set out in this report.
<b>RESOURCE IMPLICATIONS</b>	As indicated in this report
<b>EQUALITY IMPACT ASSESSMENT</b>	None

<b>APPENDICES</b>	<p>A. Summary of the Proposed Prudential Indicators.</p> <p>B. Minimum Revenue Provision Statement 2009/2010</p>
<b>LIST OF BACKGROUND PAPERS</b>	<p>Local Government Act 2003.</p> <p>Chartered Institute of Public Finance Accountancy's (CIPFA) Prudential Code.</p> <p>Report to Resources Committee 8 December 2008 – Affordable Capital Investment Plans for 2009/2010 to 2011/2012</p>

## **1 INTRODUCTION**

- 1.1 The Local Government Act 2003 and supporting regulations requires the Authority to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- 1.2 The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act); this sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.3 The suggested strategy for 2009/10 in respect of the following aspects of the treasury management function is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Authority's treasury advisor. The strategy covers:
- treasury limits in force which will limit the treasury risk and activities of the Authority;
  - Prudential Indicators;
  - the borrowing strategy;
  - the investment strategy;
  - the minimum revenue provision (MRP) strategy,
- 1.4 It is a statutory requirement for the Authority to produce a balanced budget. In particular, it requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -
- a) increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
  - b) any increases in running costs from new capital projects
- are limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

## **2. TREASURY LIMITS FOR 2009/10 TO 2011/12**

- 2.1 It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in section 3 of the Local Government Act 2003.
- 2.2 The Authority must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.
- 2.3 Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

### 3. PRUDENTIAL INDICATORS FOR 2009/10 – 2011/12

- 3.1 The prudential indicators are relevant for the purposes of setting an integrated treasury management strategy. A summary of the proposed indicators are included as Appendix A to this report. Explanations of the purpose of each of these indicators are provided in the following paragraphs. The Authority is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This was adopted on 11 April 2007 by the full Authority

### 4 CAPITAL EXPENDITURE

- 4.1 The capital expenditure plans, as proposed in the Capital Programme report to be incurred for the next three years are shown in Table 1.

<b>TABLE 1</b>	<b>2009/10 Estimate £m</b>	<b>2010/11 Estimate £m</b>	<b>2011/12 Estimate £m</b>
Land and buildings	5.312	2.196	1.750
Vehicles, Plant and Equipment	3.426	4.339	2.319
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>8.738</b>	<b>6.535</b>	<b>4.069</b>

- 4.2 Additional capital finance sources may become available during the year, for example, additional grants or external contributions. The Authority will be requested to approve increases to the capital programme to be financed from other capital resources as and when the need arises.

### 5. CAPITAL FINANCING REQUIREMENT (CFR)

- 5.1 The Capital Financing Requirement represents the authority's underlying need to borrow for capital purposes. The forecast CFR for 2008/2009 to 2010/2011, based on the spending plans are shown in Table 2.

<b>TABLE 2</b>	<b>2009/10 Estimate £m</b>	<b>2010/11 Estimate £m</b>	<b>2011/12 Estimate £m</b>
Capital Financing Requirement as at 31 March	28.673	32.048	33.761

### 6. LIMITS TO BORROWING ACTIVITY

- 6.1 Two Prudential Indictors control the level of borrowing. They are:

- The **authorised limit** - this represents the limit beyond which any additional borrowing is prohibited until the limit is revised by the Authority. Revision may occur during the year if there are substantial and unforeseen changes in circumstances, for example, a significant delay in achieving forecast capital receipts. In normal circumstances this limit will not require revision until the estimate for 2010/11 is revised as part of the 2010/11 budget process. Table 3 overleaf details the recommended Authorised Limits for 2009/2010 and the medium term.
- The **operational boundary** – this indicator is based on the probable external debt during the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. Table 4 overleaf details the recommended Operational Boundaries for 2009/2010 and the medium term.

<b>TABLE 3</b>	<b>2009/10 Estimate £m</b>	<b>2010/11 Estimate £m</b>	<b>2011/12 Estimate £m</b>
<b><u>Authorised limit for External Debt</u></b>			
- External Debt	36.628	38.602	40.205
- Other long term liabilities	0	0	0
<b><i>TOTAL AUTHORISED LIMIT FOR EXTERNAL DEBT</i></b>	<b>36.628</b>	<b>38.602</b>	<b>40.205</b>

<b>TABLE 4</b>	<b>2009/10 Estimate £m</b>	<b>2010/11 Estimate £m</b>	<b>2011/12 Estimate £m</b>
<b><u>Operational Boundary for External Debt</u></b>			
- External Debt	33.761	35.397	36.829
- Other long term liabilities	0	0	0
<b><i>TOTAL OPERATIONAL BOUNDARY FOR EXTERNAL DEBT</i></b>	<b>33.761</b>	<b>35.397</b>	<b>36.829</b>

6.2 It is estimated that the actual external debt at 31 March 2009 for DSFRA will be £20.946 million.

## **7 NET BORROWING IN COMPARISON TO THE CAPITAL FINANCING REQUIREMENT**

7.1 The debt management strategy and borrowing limits for the period 2009/10 to 2011/12 have been set to ensure that over the medium term, net borrowing will only be for capital purposes i.e. net external borrowing does not exceed the total Capital Financing Requirement in the preceding year plus the estimates for the current year and the next two years. This is demonstrated by the fact that the operational boundary for external debt borrowing in 2009/2010 of £33.761 million (Table 4) does not exceed the CFR for 2011/12 of £33.761 million (Table 2).

## **8. PRUDENTIAL INDICATORS FOR AFFORDABILITY**

8.1 The previous sections of the report cover the overall limits for capital expenditure and borrowing, but within the overall framework indicators are also included to demonstrate the affordability of capital investment plans.

8.2 A key indicator of the affordability of capital investment plans is the ratio of financing costs to the net revenue stream; this indicator identifies the trend in the cost of capital financing (borrowing costs net of investment income) against the Authority's net budget requirement. Annual capital financing costs are a product of total debt outstanding, the annual repayment regime and interest rates. The forecast ratios for 2009/10 to 2011/12 based on current commitments and the proposed Capital Programme are included in Table 5.

<b>TABLE 5</b>	<b>2009/10 Estimate %</b>	<b>2010/11 Estimate %</b>	<b>2011/12 Estimate %</b>
Ratio of Financing Costs to Net Revenue Stream	3.42	4.19	4.67

- 8.3 At the meeting of Resources Committee, held on the 8 December 2008, the report 'Affordable Capital Investment plans for 2009/2010 to 2011/2012, was considered with a view to determining a level of borrowing for the Authority, which would be deemed to be affordable, sustainable and prudent. In considering this report an 'in principle' decision was, for the period 2009/2010 to 2011/12, a ceiling of 5%, for the ratio of financing costs to net revenue stream, should be adopted as a measure of affordability.

#### **Incremental Impact on the Council Tax**

- 8.4 The estimate of the incremental impact of capital investment decisions proposed in the recommended Capital Programme over and above capital investment decisions that have previously been taken by the Authority are given in Table 6. These figures do not represent the total impact on the council tax over and above 2008/2009 as a consequence of the total capital programme, only the incremental impact over and above previous decisions made on capital investment. The figures given represent the incremental impact for a Band D property.

<b>TABLE 6</b>	<b>2009/10 Estimate £ p</b>	<b>2010/11 Estimate £ p</b>	<b>2011/12 Estimate £ p</b>
Element of Council tax for New Capital Spending	(£0.36)	(£0.47)	£0.12

### **9. TREASURY MANAGEMENT STRATEGY**

- 9.1 The Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. One of the Prudential Indicators required by the code is the analysis of long-term debt. Table 7 below shows the actual level of debt for DFRA as at 31 March 2008 and a forecast of the Authority's fixed and variable rate debt at 31 March 2009.

<b>TABLE 7</b>		<b>Actual 31/03/08 £m</b>	<b>Interest Rate %</b>	<b>Estimate 31/03/09 £m</b>	<b>Interest Rate %</b>
Fixed Rate Debt	PWLB*	16.223	4.423%	20.946	4.253%
Variable Rate Debt	PWLB	0.000		0.000	
<b>TOTAL EXTERNAL BORROWING</b>		<b>16.223</b>	<b>4.423%</b>	<b>20.946</b>	<b>4.253%</b>

(\* PUBLIC WORKS LOAN BOARD)

### **10. BORROWING AND DEBT MANAGEMENT STRATEGY 2009/10 – 2011/12**

- 10.1 **Interest Rates** – forecasting future interest rate movements even one year ahead is always difficult. The factors affecting interest rate movements are clearly outside the Authority's control. Whilst short term rates are clearly linked to the Bank of England's Base Rate, the long term rates are determined by other factors e.g. the market in Gilts. The Authority retains the services of an external advisor who forecasts future rates several years' forward and similar information is received from a number of different other sources. When budgeting for interest payments and receipts a prudent approach has to be adopted if the budget is to be achievable.



- 10.2 **New Borrowing** – the Medium Term Financial Strategy assumes that, over the three year period, new long-term borrowing will all be undertaken at 4.50% p.a. This is thought to be a cautious assumption that is expected to be achievable. The timing of new borrowing will aim to minimise the interest cost but also to ensure that the budget is achieved. If there is a risk of rates increasing above the target in 2010/11 or 2011/12 those years' requirements may be borrowed in advance (in 2009/10). The benefits of doing this will need to be weighed against any short-term loss on re-lending the money until required.
- 10.3 The next financial year is expected to be a time of historically low Bank Rate. This opens up an opportunity for the authority to fundamentally review its strategy of undertaking external borrowing. As long term borrowing rates are expected to be higher than investment rates and look likely to be so for the next couple of years or so, the authority may prefer to avoid all new external borrowing in the next financial year in order to maximise savings in the short term. This extent to which this will be possible will be dependent on the ability to utilise internal borrowing from available cash. The running down of investments will also be considered, which will provide benefits in terms of reducing exposure to interest rate and credit risk.
- 10.4 Against this background caution will be adopted with the 2009/10 treasury operations. The Treasurer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the Authority at the next available opportunity.
- 10.5 **Sensitivity of the forecast** – In normal times the main sensitivities of the forecast are likely to be the two scenarios below. The Authority officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:
- *if it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*
  - *if it were felt that there was a significant risk of a sharp fall in long and short term rates, due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.*
- 10.6 However, after the freezing of some local authority investments by Icelandic banks now in receivership, many local authorities are currently concerned about the safety of investments and the ability of authorities to rely on credit ratings as a basis for ensuring that investments can be undertaken safely, especially for longer periods of time. The approach of this authority is therefore to minimise its exposure to investment risk as much as is possible, through the utilisation of internal borrowing rather than external borrowing, and to maximise its ability to use investments to repay some of its debt.
- 10.7 **Debt Repayment** – the extent to which an amount is charged to Revenue Budget for debt repayment (the Minimum Revenue Provision), is conditioned by the approval of a MRP statement for the authority. The timing of the actual repayment of loans will take into account prevailing interest rates and premiums payable or discounts receivable. Until used for this purpose the monies may be used to replace new borrowing or may be invested.

10.8 **Debt Restructuring** – Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in the light of premiums that may be incurred by such a course of action and other financial considerations. Any positions taken via rescheduling will be in accordance with the borrowing strategy.

10.9 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping fulfil the borrowing strategy outlined in paragraphs 10.2 to 10.4 above;
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

## 11. **INVESTMENT STRATEGY 2009/10 – 2011/12**

11.1 In line with guidance in the CIPFA Treasury Management in the Public Services publication, the Authority is required to approve an Annual Investment Strategy. The paragraphs below set out the Authority's strategy.

11.2 The Strategy relates to investments that are made as part of the Authority's Treasury Management function. It does not cover the acquisition of share or loan capital in any body corporate (loans) which has to be funded out of capital or revenue resources. Investments only have to be funded from revenue if there is a real risk of loss that has to be provided for.

11.3 **Prudence** – the Authority will at all times invest its surplus funds prudently. Priority will be given to security and liquidity rather than yield.

11.4 **Specified Investments** – are those offering high security and high liquidity and the Authority can freely rely on these with minimal procedural formalities. They include investments made with the UK Government, a UK Local Authority (or parish) and with banks, building societies and money market funds that have 'high' credit ratings. Consideration is also given to UK building societies without a credit rating where the decision to invest will be based on asset size rather than credit ratings. All such investments must be in sterling and with a maturity of no more than a year. All of the Authority's investments in 2009/10 are expected to be in specified investments.

11.5 **Non-Specified investments** – are not clearly defined and must therefore be those that are not 'Specified'. The Strategy must identify general types of Non-Specified Investments that may be used during the year, set maximum limits and lay down guidelines for making decisions e.g. the circumstances in which professional advice will be sought, for example, the Authority's investment in the Fire and Rescue Mutual Insurance Company (FRAML). Subject to seeing a clearer definition, it is not envisaged that any other Non-specified Investments will be used. If this situation changes a further report will be submitted.

- 11.6 **Credit Ratings** – The Authority uses Fitch ratings to derive its counterparty criteria. Where counterparty does not have a Fitch rating, the equivalent Moody’s rating will be used. All credit ratings will be monitored monthly. The Authority is alerted to changes in Fitch ratings through its use of the Sector creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Authority’s minimum criteria, its further use as a new investment will be withdrawn immediately. If a body is placed on negative rating watch (i.e. there is a reasonable probability of a rating change and the likelihood of that change being negative) and it is currently near the floor of the of the minimum acceptable rating for placing investments with that body, then no further investments will be made with that body, until the review has been completed.
- 11.7 **Liquidity of investments** – Surplus funds may be earmarked for specific purposes or may be general balances and as such may be available for quite long periods or very short when investing cash flow forecasts will be used to judge for how long cash will be available and a margin will be allowed for unexpected cash requirements. All known short-term commitments will be covered before lending for over one month.
- 11.8 For the period 2009/10 – 2011/12 it has been assumed that the interest rate earned on short-term lending will be 2.00% p.a. throughout the three years. This is a significant reduction from previous year assumptions, as a consequence of the reduction in the base rate of 4% over five consecutive from October 2008, to a rate of 1% in February 2009. Whilst at this stage it is considered that this is achievable, there is a possibility that the base rate could be reduced further during 2009, which could put the achievement of this target at risk. The aim will be to maximise interest receipts by lending for the most advantageous periods, within the investment policies adopted in the Treasury Management Strategy.

## 12. **MINIMUM REVENUE PROVISION (MRP) STRATEGY**

- 12.1 **What is a Minimum Revenue Provision?** - Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and will in future be determined under Guidance.

- 12.2 **New statutory duty** - Statutory Instrument 2008 no. 414 s4 lays down that: “A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146 (as amended). There is no requirement to charge MRP where the Capital Financing Requirement is nil or negative at the end of the preceding financial year.

- 12.3 **New Government Guidance** - Along with the above duty, the Government issued new guidance in February 2008 which requires that a Statement on the Council’s policy for its annual MRP should be submitted to the full Authority for approval before the start of the financial year to which the provision will relate.

12.4 The Authority are legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Authority should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to ‘have regard’ to the guidance therefore means that: Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent;

12.5 It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance. The guidance broadly requires authorities to make revenue provision for the repayment of borrowing over a period of time which bears some relation to the finite life of the asset to which borrowing is being taken. There are four options set out in the guidance which are briefly as follows;

- 1) For borrowing after 1<sup>st</sup> April 2008 which is supported by Revenue Support Grant (RSG) and for all borrowing before 1<sup>st</sup> April 2008;

**Option 1 – Regulatory Method**

MRP calculated on the basis of the old rules as this is the basis for calculating Revenue Support Grant implications.

**Option 2 – CFR Method**

MRP can be calculated on the basis of 4% of the CFR at the end of the preceding financial year. If the CFR at that date is nil or negative, no MRP is required.

- 2) For new borrowing after 1<sup>st</sup> April 2008, under the Prudential system and for which no Government support is given;

**Option 3 – Asset Life Method**

Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be made in equal annual instalments over the life of the asset. In this circumstance the asset life is to be determined when MRP commences and not changed after that.

MRP should normally commence in the financial year following the one in which the expenditure is incurred. However, when borrowing to construct an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. It may accordingly postpone beginning to make MRP until that year. Investment properties should be regarded as becoming operational when they begin to generate revenues.

**Option 4 – Depreciation Method**

MRP is to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements.

12.6 Whilst options 1 and 2 are available for unsupported borrowing before 1<sup>st</sup> April 2008, authorities are able to use options 3 and 4 if they choose to do so.

12.7 A draft MRP statement for 2009/2010 is attached as Appendix B for Authority approval. The financing of the approved 2009/2010 capital programme, and the resultant prudential indicators, have been set on the basis of the content of this statement.

**13. TREASURY MANAGEMENT – PERFORMANCE TARGETS**

13.1 The primary targets of the Treasury Management Strategy are to minimise interest payments and maximise interest receipts over the long term whilst achieving annual budgets, without taking undue risk. Where there are comparative statistics available for individual aspects of the Strategy (e.g. the CIPFA Treasury Management Statistics) these will be used to monitor performance.

**14. TREASURY MANAGEMENT – PRUDENTIAL INDICATORS**

14.1 These indicators seek to reduce the risks associated with fixed and variable interest rate loans and with borrowing for different loan periods. Borrowing at fixed rates of interest rates for long periods can give the opportunity to lock into low rates and provide stability but risks missing possible opportunities to borrow at even lower rates in the medium term. Variable rate borrowing can be advantageous when rates are falling but there is a risk of volatility and it is vulnerable to unexpected rate rises. Borrowing for short periods or having large amounts of debt maturing (and having to be re-borrowed) in one year increases the risk of being forced to borrow when rates are high. The Authority’s policy is generally to borrow at fixed rates of interest for as long as possible when rates are considered attractive. This has worked well in recent years but the flexibility to adapt to changing interest rate environments must be retained. The proposed treasury management indicators are set out in Table 8 below.

<b>TABLE 8 - Treasury Management Prudential Indicators</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Limits on borrowing at fixed interest rates	100	70
Limits on borrowing at variable interest rates	30	0
Percentage of Fixed Rate Debt maturing in:-		
Under 12 months	10	0
- 12 Months to within 24 months	15	0
- 24 Month to within 5 Years	30	0
- 5 years and within 10 Years	50	0
- 10 years and above	100	50

**15. MONITORING THE INDICATORS**

15.1 It is important to monitor performance against forward-looking indicators and the requirement that borrowing should only be for a capital purpose. The total level of borrowing will be monitored daily against both the operational boundary and the authorised limit. If monitoring indicates that the authorised limit will be breached a report will be brought to the Fire and Rescue Authority outlining what action would be necessary to prevent borrowing exceeding the limit and the impact on the revenue budget of breaching the limit.

15.2 The indicators for capital expenditure, capital financing requirement, capital financing costs and the treasury management indicators will be monitored monthly. Any significant variations against these indicators will be reported to the Fire and Rescue Authority with other budget monitoring information.

**KEVIN WOODWARD**  
Treasurer

**APPENDIX A TO REPORT DSFRA/09/3**

<b>PRUDENTIAL INDICATOR</b>	<b>2009/10 £m estimate</b>	<b>2010/11 £m estimate</b>	<b>2011/12 £m estimate</b>
<b>Capital Expenditure</b>			
Non - HRA	8.738	6.535	4.069
HRA (applies only to housing authorities)	0	0	0
<b>TOTAL</b>	<b>8.738</b>	<b>6.535</b>	<b>4.069</b>
<b>Ratio of financing costs to net revenue stream</b>			
Non - HRA	3.42%	4.19%	4.67%
HRA (applies only to housing authorities)	0%	0%	0%
<b>Capital Financing Requirement as at 31 March</b>			
Non – HRA	28.673	32.048	33.761
HRA (applies only to housing authorities)	0	0	0
<b>TOTAL</b>	<b>28.673</b>	<b>32.048</b>	<b>33.761</b>
<b>Annual change in Cap. Financing Requirement</b>			
Non – HRA	2.860	3.375	1.713
HRA (applies only to housing authorities)	0	0	0
<b>TOTAL</b>	<b>2.860</b>	<b>3.375</b>	<b>1.713</b>
<b>Incremental impact of capital investment decisions</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Increase/(decrease) in council tax (band D) per annum	(£0.36)	(£0.47)	£0.12
<b>TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>			
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Authorised Limit for external debt - borrowing</b>	36.628	38.602	40.205
other long term liabilities	0	0	0
<b>TOTAL</b>	<b>36.628</b>	<b>38.602</b>	<b>40.205</b>
<b>Operational Boundary for external debt - borrowing</b>	33.761	35.397	36.829
other long term liabilities	0	0	0
<b>TOTAL</b>	<b>33.761</b>	<b>35.397</b>	<b>36.829</b>

	<b>upper limit %</b>	<b>lower limit %</b>
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
<b>Maturity structure of fixed rate borrowing during 2009/10</b>		
Under 12 months	10%	0%
12 months and within 24 months	15%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	50%

**DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY**

**MINIMUM REVENUE STATEMENT (MRP) 2009/2010**

**Supported Borrowing**

The MRP will be calculated using the regulatory method (option 1). MRP will therefore be calculated using the formulae in the old regulations, since future entitlement to RSG in support of this borrowing will continue to be calculated on this basis.

**Un-Supported Borrowing (including un-supported borrowing prior to 1<sup>st</sup> April 2008)**

The MRP in respect of unsupported borrowing under the prudential system will be calculated using the asset life method (option 3). The MRP will therefore be calculated to repay the borrowing in equal annual instalments over the life of the class of assets which it is funding. The repayment period of all such borrowing will be calculated when it takes place and will be based on the finite life of the class of asset at that time and will not be changed.

MRP will normally commence in the financial year following the one in which the expenditure was incurred. However, when borrowing to construct an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. It may accordingly postpone the beginning to make MRP until that year. Investment properties will be regarded as becoming operational when they begin to generate revenues.



# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	DSFRA/09/4
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (BUDGET MEETING)
<b>DATE OF MEETING</b>	16 FEBRUARY 2009
<b>SUBJECT OF REPORT</b>	2009/2010 REVENUE BUDGET AND COUNCIL TAX LEVEL
<b>LEAD OFFICER</b>	Treasurer and Chief Fire Officer
<b>RECOMMENDATIONS</b>	<p><i>That the Fire and Rescue Authority ratifies the recommendation of the meeting of the Resources Committee, held on 4 February 2009, that from the four options (Options A to D) for revenue budget and council tax levels for 2009/2010 considered, Option B is agreed, and therefore that;</i></p> <ul style="list-style-type: none"> <li><i>(i) a Net Budget Requirement of £72,659,000 for 2009/2010 be approved;</i></li> <li><i>(ii) a level of council tax of £69.18 for a Band D property, representing an increase of 3.90% over the figure for 2008/2009, be approved;</i></li> <li><i>(iii) the tax base for payment purposes and the precept required from each billing authority for payment of the total precept of £41,900,779, as detailed in Appendix F to this report, be approved;</i></li> <li><i>(iv) the council tax for each property bands A to H associated with a total precept of £41,900,779 as detailed in Appendix F to this report, be approved.</i></li> </ul>
<b>EXECUTIVE SUMMARY</b>	<p>It is a legislative requirement that the Authority sets a level of revenue budget and council tax by the 1<sup>st</sup> March each year.</p> <p>This report considers four options of levels for 2009/2010, indicated as Options A to D in the report, and asks the Fire and Rescue Authority to ratify the recommendation made from the meeting of the Resources Committee, held on the 4 February 2009, that Option B is approved, which would represent an increase in council tax of 3.90% over 2008/2009.</p>
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.

<b>EQUALITY IMPACT ASSESSMENT</b>	No potentially negative impact sufficient enough to warrant a full impact assessment has been identified in the content of this report.
<b>APPENDICES</b>	<ul style="list-style-type: none"> <li>A. Letter sent to CLG in response to the provisional Local Government Finance Settlement 2009/2010.</li> <li>B. The profile of the Devon &amp; Somerset Fire &amp; Rescue Service compared to other English fire and rescue services.</li> <li>C. Draft Revenue Commitment Budget 2009/2010.</li> <li>D. Report on Precept Consultation for 2009/10 Budget</li> <li>E Council Tax and Precept Information (Option A)</li> <li>F Council Tax and Precept Information (Option B)</li> <li>G Council Tax and Precept Information (Option C)</li> <li>H Council Tax and Precept Information (Option D)</li> </ul>
<b>LIST OF BACKGROUND PAPERS</b>	Nil.

## 1. INTRODUCTION

- 1.1 It is a legislative requirement that the Authority sets a level of revenue budget and council tax for the forthcoming financial year, before 1<sup>st</sup> March, in order that it can inform each of the 15 Council Tax billing authorities within Devon and Somerset of the level of precept required from the Authority for 2009/2010. The purpose of this report is to provide Members with the necessary financial background, in order that consideration can be given as to what would be appropriate levels for this authority.
- 1.2 The report considers four options of potential levels (Options A to D), which have previously been considered at the meeting of the Resources Committee, held on the 4 February 2009. From that meeting a recommendation was made that Option B be selected, resulting in a net budget requirement of £72,659,000, and a council tax for a Band D property of £69.18, representing an increase of 3.90% over the figure for 2008/2009. The Fire and Rescue Authority are asked to ratify this recommendation.

## 2. LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.1 The provisional Local Government Finance Settlement for 2009/2010 was announced on the 26 November 2008. This announcement only served to confirm that the indicative figure for 2009/2010, announced in December 2007 as part of the three-year grant settlement covering the years 2008/2009 to 2010/2011, would not be changed. It was also stated that there were no current proposals for the indicative figures for year three i.e. 2010/2011 to be changed.
- 2.2 This announcement was only provisional as it was subject to the normal consultation period which ended on 7 January 2009. During the consultation period every local authority had an opportunity to challenge individual grant allocations. The Devon and Somerset Fire and Rescue Authority (DSFRA) response submitted to the Department of Communities and Local Government (CLG) is attached as Appendix A. This response, amongst other things, challenged the methodology used to distribute Fire Formula Grant which the Service believes does not reflect the disproportionate costs of providing a fire and rescue service in a sparse rural area such as Devon and Somerset. Appendix B provides graphical illustrations of how the sparsity issue impacts on this Authority more than most other fire and rescue authorities and the consequent impact on resources required.
- 2.3 The final grant settlement figures were announced on 21 January 2009. These final figures, disappointingly, made no changes to the provisional figures. The Minister was not sufficiently convinced by any of the arguments and made no changes on the basis that no exceptional circumstances had been identified from the consultation process. The grant allocations included in that announcement relating to Devon and Somerset FRA are shown in Table 1 below

<b>TABLE 1 – FINAL GRANT SETTLEMENT FIGURES</b>	<b>£m</b>	<b>%</b>
Formula Grant 2009/2010	30.529	
<b>Increase over 2008/2009 Grant</b>	<b>615</b>	<b>2.1%</b>
Formula Grant 2010/2011	31.245	
<b>Increase over 2009/2010 Grant</b>	<b>716</b>	<b>2.3%</b>

- 2.4 A grant allocation of £30.529m for 2009/2010 represents an increase of 2.1% over the 2008/2009 figure. This compares with an average increase for all fire and rescue authorities of 1.85%, ranging from 0.5% to 4.86%.

### ***Comprehensive Spending Review 2007 (CSR 2007)***

- 2.5 Prior to the grant settlement announcement the government had published its latest Spending Review (CSR 2007). This included the following headline figures for public spending for the next three years:
- that provision has been made for increases in spending at an average of 1% per year in real terms over the next three years;
  - that these increases are underpinned by an ambitious value for money programme that will see local government deliver cash releasing savings of 3% per year; and
  - that the settlement will enable local authorities to keep council tax rises low with the Government expecting the overall increase to be well under 5% in each of the next three years.

### ***Capping***

- 2.6 As has been the case in previous years, the government has not announced the criteria to be used in determining whether budget and council tax increases for 2009/10 are excessive. The provisional grant settlement has re-emphasised the statement made in CSR 2007, that:-

*“For 2009/2010 Government expects the overall increase to be significantly below 5%”*

- 2.7 It has also been re-emphasised that it should not be assumed that the principles applied in 2008/2009 will be repeated in 2009/2010. In 2008/2009 no local authorities or fire and rescue authorities were capped although three police authorities were, having breached both of the capping principles applied namely:
- that the increase in revenue budget should not exceed 5%; and
  - that the increase in council tax should also not exceed 5%.

The Devon and Somerset Fire and Rescue Authority did not breach either of these tests and was not therefore considered for capping.

## **3. DRAFT COMMITMENT REVENUE BUDGET 2009/2010**

- 3.1 A draft revenue budget commitment requirement for 2009/2010 has been assessed as £73.039m (a 3.9% increase on the approved 2008/09 budget). A summary of the make up of this budget requirement is provided in Table 2 overleaf. The detailed items included in this draft budget are included in Appendix C.
- 3.2 It should be noted that this figure is a revision to an original assessment of £73.511m as a consequence of the following reductions.
- The removal of two inescapable spending pressures (totalling £0.386m) relating to the replacement of alerter transmitter systems on fire stations (£0.206m) and the decommissioning costs associated with existing radio systems following the implementation of the national radio system Firelink (£0.175m). This Committee at its meeting on 8 December 2008 resolved that these two spending items would be funded from the current year underspend (Minute \*RC/14 refers).

- A reduction in the provision for pay awards during 2009 of £0.086m by reducing pay award assumptions from 2.5% to 2.3%. This reduction does provide some risk to the budget should the pay award be settled at a higher level which, as a national agreement, this Authority would be bound to honour. Financial provision will be made within the General Reserve to mitigate against this risk.

<b><u>TABLE 2 – SUMMARY OF REVISED DRAFT REVENUE COMMITMENT BUDGET 2009/2010</u></b>	<b>£m</b>	<b>%</b>
Approved Net Revenue Budget Requirement 2008/2009	70.302	
PLUS Provision for pay and price increases (items 1 to 4 included in Appendix C to this report)	1.833	2.6%
PLUS Inescapable Commitments (items 5 to 21 included in Appendix C to this report)	0.992	1.4%
MINUS Efficiency Savings (items 22 to 28 included in Appendix C to this report)	(0.673)	(0.9)%
PLUS Essential Spending Needs (items 29 to 37 included in Appendix C to this report)	0.585	0.8%
<b>DRAFT REVENUE COMMITMENT BUDGET 2009/2010</b>	<b>73.039</b>	<b>3.9%</b>
<b>INCREASE IN COUNCIL TAX OVER 2008/09</b>		<b>4.9%</b>

3.3 The Committee is particularly asked to note that, in formulating the commitment budget as set out in the table above, account has already been taken of £0.673m of identified efficiency savings to be delivered during 2009/10. These efficiency savings feature reductions in support areas. Details of each of the efficiency savings are set out in Appendix C to this report.

3.4 Based on the issues included in the 2009/2010 draft revenue commitment an assessment has been made with regard to indicative core budget proposals for the following two years, 2010/2011 and 2011/2012. This will enable the Medium Term Financial Plan (MTFP) for the Authority to include projections of budgets and council tax levels for a three-year time span. The indicative budget figures for 2010/2011 and 2011/2012 have been assessed as £75.5m and £77.5m respectively. It should be emphasised, however, that these assessments are based upon known commitments only. The assessments do not include the impact of other spending pressures known to be on the horizon and which are difficult to quantify at this stage e.g. increases in pension costs and costs associated with the implementation of the Regional Control Centre and Firelink. These issues are further explored in Section 7 of this report when considering the impact in future years of each of the budget options.

#### **4. MEDIUM TERM FINANCIAL PLAN (MTFP) 2009/2010 TO 2011/2012**

4.1 A summary of the implications to the MTFP of funding the draft revenue commitment budget proposal is shown in Table 3 overleaf.

<b>TABLE 3 – EXTRACT FROM MEDIUM TERM FINANCIAL PLAN</b>						
	<b>2009/10</b>		<b>2010/11</b>		<b>2011/12</b>	
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
Previous year Revenue Budget	70.302		73.039		75.471	
Draft Revenue Commitment Budget	73.039		75.471		77.497	
<b>Increase over previous year</b>	<b>2.737</b>	<b>3.9%</b>	<b>2.432</b>	<b>3.3%</b>	<b>2,026</b>	<b>2.7%</b>
Previous year Band 'D' Council Tax	£66.58		£69.81		£72.51	
Band 'D' Council Tax based upon commitment budget	£69.81		£72.51		£75.14	
<b>Increase in Band 'D' Council Tax over previous year</b>	<b>£3.23</b>	<b>4.9%</b>	<b>£2.70</b>	<b>3.9%</b>	<b>£2.63</b>	<b>3.6%</b>

4.2 The figures in Table 3 illustrate that to set a revenue budget for 2009/2010 at £73.039m (a 3.9% increase on the 2008/09 approved budget) would require the Council Tax for a Band 'D' property for 2009/2010 to be set at £69.81 (an increase of 4.9% over the 2008/2009 level).

4.3 The percentage increase in revenue budget differs from the percentage increase in council tax level because of the gearing effect. This means that, as the level of government grant is fixed (see Section 2, Table 1 above), any increase in overall revenue budget over and above the grant increase can only be met by a proportionately higher increase in council tax level.

## **5. PRECEPT CONSULTATION 2009-10**

5.1 Section 65 of the Local Government Finance Act 1992 requires precepting authorities to consult non-domestic ratepayers on its proposals for expenditure. The Act requires consultation in each financial year to be completed before the first precept is issued by the authority for that financial year. For the non-domestic ratepayer consultation on the expenditure proposals for 2009/2010 it was decided to adopt the telephone survey approach previously used in 2007/08 and 2008/09.

5.2 The main findings from the survey, undertaken between 7 and 16 January 2009, revealed that the majority - 68% (239) - of respondents felt that an increase to £69.81 for a Band 'D' property represented value for money whilst 32% (114) did not consider it value for money. This represents a decline in the number of people who considered the proposed level of council tax to be value for money in comparison to the survey undertaken in previous years - see Table 4 overleaf.

**Table 4: Question 1 Do you consider '£69.81' to be value for money? - Comparison between results in 2007/08, 2008/09 and 2009/10**

<b>Response</b>	<b>2007/08 Proposed Council Tax £63.45</b>	<b>2008/09 Proposed Council Tax £66.58</b>	<b>2009/10 Proposed Council Tax £69.81</b>
Yes	79%	75%	68%
No	21%	25%	32%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

5.3 Of the 68% (239) of respondents who agreed £69.81 was value for money, 93% indicated that they would be prepared to pay £1 more a year to enable the Devon Fire and Rescue Service (DSFRS) to improve community safety. This equates to 52% of all respondents who were surveyed. Of the 32% (114) who disagreed that £69.81 was value for money:

- 64% (73) indicated that they would not find any increase on last years figure of £66.58 to be reasonable; and
- 36% (41) indicated that an increase of between 2.5% and 4.5% would be reasonable.

5.4 Appendix D to this report is a briefing note providing details of the methodology and sample sizes used for the consultation together with a summary of the results.

## **6. RESERVES AND BALANCES**

6.1 In setting the revenue budget and council tax for 2009/2010, the Authority will also need to consider an appropriate level of financial reserves to be held to provide a financial contingency against any unforeseen expenditure that may arise during the course of 2009/2010. In making this assessment the Treasurer, as the Proper Officer for the purposes of Section 112 of the Local Government Finance Act 1988 (the equivalent provision, for combined fire and rescue authorities, of Section 151 of the Local Government Act 1972), has a duty to advise the Authority on his view as to the robustness of the budget and level of reserves recommended. This report will need to be considered at the budget meeting alongside decisions on the levels of budget and council tax.

6.2 At this time, the level of General Reserve is £4.291m, equivalent to 6.1% of the revenue budget. The latest projection of spending against the current years budget indicates a projected underspend of £0.665m. If this underspend were to be transferred to the General Reserve then this would result in a balance, as at 1 April 2009, in the region of £5m (equivalent to 6.9% of the revenue budget).

6.3 In terms of a strategy for Reserve balances, the Authority at its budget meeting last year resolved to adopt an "in principle" strategy to maintain the level of reserves at a minimum of 5% of the revenue budget for any given year, with the absolute minimum level of reserves only being breached in exceptional circumstances, as determined by risk assessment (Minute DSFRA/80 refers). This does not mean that the Authority should not aspire to have more robust reserve balances based upon changing circumstances, but that if the balance drops below 5% (as a consequence of the need to utilise reserves) then it should immediately consider methods to replenish the balance back to a 5% level.

- 6.4 It is, of course, pleasing that the Authority has not experienced the need to call on reserve balances in the last two years to fund emergency spending. This has enabled the balance, through budget underspends, to be increased to a level in excess of 5%. Given the current economic climate and the increased risk to the Service budget from the impact of the economic downturn, it is my view that the Authority should seek to protect reserve balances, as much as possible, to provide added financial stability through the downturn period. The deterioration of the banking system and the potential loss of local authority investments from the Icelandic banks provide a stark reminder of why reserve balances are needed. While this Authority is not directly impacted by the Icelandic bank situation (as these banks are not included on the list of financial institutions the Authority invests with), it was exposed by the problems of Northern Rock at the time that that bank was in trouble during 2007.
- 6.5 It should also be emphasised that – even with a reserve balance equivalent to 6.9% - this Authority would still be placed in the lower quartile when compared to all fire and rescue authorities. The average reserve balance is 13.5% of revenue budget, with the Upper Quartile being 15.0% and Lower Quartile 8.0%. Consequently, even at 6.9% this Authority's reserve level would still be the fourth lowest of all combined fire and rescue authorities in the country, positioning this Authority at 29 out of 33.

## **7. OPTIONS FOR SETTING THE 2009/2010 REVENUE BUDGET**

- 7.1 As is reported in paragraph 4.2 of this report, to set a revenue budget at £73.039m (a 3.9% increase on the approved 2008/09 budget) would require the level of council tax for a Band D property to be set at £69.81 (a £3.23 – 4.9% - increase over 2008/2009 level). While at this level it is considered unlikely that the Authority would be subject to capping it is likely to represent the highest percentage increase of all fire and rescue authorities in the country. As such it is recommended that the Authority should not consider any increase in council tax in excess of 4.5%.
- 7.2 To set a revenue budget of £72.899m (an increase of £2.597m – 3.7% - over the approved 2008/09 budget) would require the level of council tax for a Band D property to be set at £69.58 (a £3.00 - 4.5% - increase over 2008/2009 level). To achieve this, however, would require the draft revenue commitment budget to be reduced by an amount of £0.140m.
- 7.3 While it is considered that setting at this level would not subject the Authority to capping principles, the Authority should still seek to balance the extent to which it can afford to set the council tax at a lower level while still providing sufficient funding for the Service to maintain, and improve upon, its delivery of emergency services to the community it serves. Table 5 overleaf provides a summary of the financial implications of setting a level of council tax level at three other levels below 4.5%, i.e. 3.9%, 3.5% and 3.0%.
- 7.4 In terms of comparisons with other local authorities and in particular other fire and rescue authorities, whilst no levels of council tax for 2009/2010 have actually been set at this time, a recent survey carried out by the Local Government Association suggests that the average increase to council tax bills will be 3.5%. It should be remembered that this is an average figure which - by definition - means that there will be a range of increases some of which will be less, and some more, than 3.5%. In terms of fire and rescue authorities, the results of a recent survey would indicate that the average increase will be in the region of 3.85%.



7.5

It is typical for fire and rescue authorities to be more than the average of all local authorities, primarily as the element of the total council tax bill that relates to a fire and rescue authority is relatively small and therefore the impact to the 'bottom line' council tax bill is far less. For example, the 2008/2009 council tax figure for this Authority of £66.58 represented, on average, 4.8% of the total council tax bill. An increase in 2009/10, therefore, to £69.58 (Option A) would only increase the bottom line council tax figure by £3.00 - equivalent to an increase to the total council tax figure for each of the 15 billing authorities within the two counties of approximately 0.2%. In fact, the difference in council tax between options A and D included in this report is only 99 pence per annum, i.e. £3.00 for Option A reducing to £2.01 for Option D. For the Service, however, this 99 pence reduction equates to a permanent budget reduction of £0.600m.

**TABLE 5 – SUMMARY OF COUNCIL TAX OPTIONS**

Option	Council Tax increase %	Council Tax for a Band D Property £ p	Increase over 2008/2009 £ p	Reduction required in 2009/2010 draft Revenue Budget £m
A	4.5%	£69.58	£3.00	(0.140)
B	3.9%	£69.18	£2.60	(0.380)
C	3.5%	£68.92	£2.34	(0.540)
D	3.0%	£68.59	£2.01	(0.740)

7.6

The implications of setting the council tax at each of these four levels are outlined in the following paragraphs which also feature:

- the calculation of the council tax figure;
- proposals for budget reductions for each option;
- a risk assessment for each of those reductions, and
- a forecast of the impact to budget setting for the following two financial years; 2010/2011 and 2011/2012.

**OPTION A - REVENUE BUDGET INCREASE OF 3.69% (COUNCIL TAX INCREASE OF 4.50%)**

7.7

This option would lead to the council tax being set at £69.58 for a Band D property, calculated as below:

<b>TABLE 6 – CALCULATION OF 2009/2010 COUNCIL TAX FOR A BAND 'D' PROPERTY BASED ON OPTION A</b>	£	Increase over 2008/2009 %
<b>NET REVENUE BUDGET REQUIREMENT 2009/2010</b>	<b>72,899,000</b>	<b>3.69%</b>
LESS Government Grant	(30,529,028)	
LESS Share of net surplus on Collection Funds	(229,193)	

AMOUNT TO BE COLLECTED FROM COUNCIL TAX PAYERS 2009/2010	42,140,779	
<b>COUNCIL TAX FOR BAND 'D' PROPERTY IN 2009/2010</b>	<b>£69.58</b>	
<b>INCREASE OVER 2008/2009 BAND 'D' COUNCIL TAX</b>	<b>£3.00</b>	<b>4.50%</b>

7.8 The impact of Option A, in terms of the precept required from each of the of the billing authorities, is included as Appendix E to this report, together with the council tax levels required for each of the Property Bands A to H.

7.9 To fund these levels would require a reduction to the draft commitment budget of £0.140m. If this is the chosen option then it is proposed that this level of reduction would be achieved by:

	<b>£m</b>
Reduction in the provision for price increases by revising the assumed increase in the RPI from 3.0% to 1.0%.	(0.140)
<b>TOTAL REDUCTIONS</b>	<b>(0.140)</b>

***Risk Assessment***

7.10 A reduction to the provision for price increases will provide some risk to the Service budget should price increases during 2009/2010 exceed provision e.g. if fuel increases rise again to the extent that they did during 2008. Should this prove to be the case then the additional costs would need to be absorbed from within the overall budget and provision made within the level of General Reserve for variations in prices increases above budget provision.

***Impact to 2010/2011 and beyond***

7.11 Based on Option A the MTFP assesses that the revenue budget requirement for 2010/2011 and 2011/2012 would be £75.3m and £77.3m respectively. To fund these levels of budget, it is estimated that council tax would need to be increased by 3.9% for 2010/2011, and 3.6% for 2011/2012.

**OPTION B – INCREASE IN REVENUE BUDGET OF 3.35% (COUNCIL TAX INCREASE OF 3.90%)**

7.12 This option would lead to the council tax being set at £69.18 for a Band D property, calculated as below:

<b>TABLE 7 – CALCULATION OF 2009/2010 COUNCIL TAX FOR A BAND 'D' PROPERTY BASED ON OPTION B</b>	<b>£</b>	<b>Increase over 2008/2009 %</b>
<b>NET REVENUE BUDGET REQUIREMENT 2009/2010</b>	<b>72,659,000</b>	<b>3.35%</b>
LESS Government Grant	(30,529,028)	
LESS Share of net surplus on Collection Funds	(229,193)	

AMOUNT TO BE COLLECTED FROM COUNCIL TAX PAYERS 2009/2010	41,900,779	
COUNCIL TAX FOR BAND 'D' PROPERTY IN 2009/2010	£69.18	
INCREASE OVER 2008/2009 BAND 'D' COUNCIL TAX	£2.60	3.90%

7.13 The impact of Option B, in terms of the precept required from each of the of the billing authorities, is included as Appendix F to this report, together with the council tax levels required for each of the Property Bands A to H.

7.14 To fund these levels would require a reduction to the draft commitment budget of £0.380m. If this is the chosen option then it is proposed that this level of reduction would be achieved by:

	<b>£m</b>
Reduction in the provision for price increases by revising the assumed increase in the RPI from 3.0% to 1.0%.	(0.140)
Revision to list Essential Spending Pressures	
<ul style="list-style-type: none"> <li>• Removal of provision for a new post of Policy Support Officer. (0.052)</li> <li>• Removal of provision for additional community fire safety hours for retained staff to support Group Plans. (0.165)</li> <li>• Reduce the provision for the implementation of an electronic Documents Management system by deferring implementation so as spending is over two years. (0.023)</li> </ul>	
<b>TOTAL REDUCTIONS</b>	<b>(0.380)</b>

### ***Risk Assessment***

7.15 The reduction in the provision for price increases by £0.140m is identified in paragraph 7.7. In relation to the revision to the list of Essential Spending Pressures, the Service will seek to fund the investment in group plans for additional community fire safety (CFS) activities from targeted savings against retained pay costs from driving down activity levels. The extent to which this can be achieved will be compromised should the Service experience an upturn in activity levels during 2009/2010 (for example, as a result of spate weather conditions; the impact of the economic downturn; or increases in incidents of arson and other anti-social behaviour).

7.16 The post of Policy Support Officer is currently filled on a temporary basis funded from vacancy savings across the wholetime pay budget. It should be noted that in setting the draft budget for 2009/2010, an amount of £0.250m has already been included as a vacancy margin saving. To defer the implementation of the electronic documents management system will result in a delay in the delivery of efficiency savings from this initiative.

***Impact to 2010/2011 and beyond***

- 7.17 Based on Option B the MTFP assesses that the revenue budget requirement for 2010/2011 and 2011/2012 would be £75.1m and £77.1m respectively. To fund these levels of budget, it is estimated that council tax would need to be increased by 3.9% for 2010/2011, and 3.6% for 2011/2012.

**OPTION C – REVENUE BUDGET INCREASE OF 3.12% (COUNCIL TAX INCREASE OF 3.51%)**

- 7.18 This option would lead to the council tax being set at £68.92 for a Band D property, calculated as below:

<b>TABLE 8 – CALCULATION OF 2009/2010 COUNCIL TAX FOR A BAND 'D' PROPERTY BASED ON OPTION C</b>	<b>£</b>	<b>Increase over 2008/2009 %</b>
<b>NET REVENUE BUDGET REQUIREMENT 2009/2010</b>	<b>72,499,000</b>	<b>3.12%</b>
LESS Government Grant	(30,529,028)	
LESS Share of net surplus on Collection Funds	(229,193)	
<b>AMOUNT TO BE COLLECTED FROM COUNCIL TAX PAYERS 2009/2010</b>	<b>41,740,779</b>	
<b>COUNCIL TAX FOR BAND 'D' PROPERTY IN 2009/2010</b>	<b>£68.92</b>	
<b>INCREASE OVER 2008/2009 BAND 'D' COUNCIL TAX</b>	<b>£2.34</b>	<b>3.51%</b>

- 7.19 The impact of Option C, in terms of the precept required from each of the of the billing authorities, is included as Appendix G to this report, together with the council tax levels required for each of the Property Bands A to H.
- 7.20 To fund these levels would require a reduction to the draft commitment budget of £0.540m. If this is the chosen option then it is proposed that this level of reduction would be achieved by:

	<b>£m</b>
Reduction in the provision for price increases by revising the assumed increase in the RPI from 3.0% to 1.0%.	(0.140)
Revision to list Essential Spending Pressures	
<ul style="list-style-type: none"> <li>• Removal of provision for a new post of Policy Support Officer.</li> </ul>	(0.052)
<ul style="list-style-type: none"> <li>• Removal of provision for additional community fire safety hours for retained staff to support Group Plans.</li> </ul>	(0.165)
<ul style="list-style-type: none"> <li>• Reduce the provision for the implementation of an electronic Documents Management system by deferring implementation by spreading expenditure over two years.</li> </ul>	(0.023)
Utilisation of Reserves	(0.160)
<b>TOTAL REDUCTIONS</b>	<b>(0.540)</b>

### ***Risk Assessment***

7.21

In addition to the reductions in price increases and essential spending pressures, this option proposes that the balance of £0.160m is funded from a contribution from the General Reserve. In making this proposal however, it should be emphasised that any contribution from the General Reserve can only be used once and does not provide a sustainable means of funding future budget reductions. In addition, the Authority should be mindful of the fact that indications are that the next two years will present very challenging times for the Service in terms of funding additional budget pressures, and expectations for the delivery of efficiency savings, and therefore the extent to which the base budget is reduced by the utilisation of Reserve balances in 2009/2010, will only serve to exacerbate the difficulties to be faced in setting budgets for 2010/2011 and 2011/2012. Examples of the issues likely to impact on budget setting for 2010/2011 and 2011/2012 are:

- the full impact of the economic downturn;
- potential reductions to future government grant levels, CSR 2007 and CSR 2009;
- expectation for further efficiency savings;
- additional employer pension contributions following the actuarial assessment of pension funds due during 2009. In relation to the firefighters pension scheme, early indications are to expect an increase in contributions of around 20% to fund future liabilities, which would incur additional on-going costs of approximately £1m for this Authority;
- financial implications of the outcome of the ruling from the Part-Time Workers (less than favourable working conditions) tribunal which in 2008 ruled in favour of retained firefighters in so much as they should enjoy similar pension and sickness benefits as wholetime firefighters. Guidance on the impact from this ruling is due in the coming months and has the potential to have significant financial implications to the authority budget given the large number of retained firefighters in the workforce;
- the need to invest in the Service, e.g. further capital investment, CFS initiatives, replacement of obsolete equipment and invest-to-save initiatives.

- The potential costs at Authority level associated with the implementation of the Regional Control Centre and Firelink.

***Impact to 2010/2011 and beyond***

7.22 Based on Option C the MTFP assesses that the revenue budget requirement for 2010/2011 and 2011/2012 would be £75.1m and £77.1m respectively. To fund these levels of budget, it is estimated that council tax would need to be increased by 4.3% for 2010/2011, and 3.7% for 2011/2012. The forecast increase of 4.3% in 2010/2011 is higher than the increase of 3.5% for 2009/2010 as a direct consequence of the one-off use of the General Reserve in 2009/2010. To set a council tax strategy which would aspire to set an increase in 2010/2011 of no more than 2009/2010 levels (i.e. increase of 3.5%) would require consideration of how on-going efficiency savings of £0.330m can be delivered from 2010/2011 and beyond.

**OPTION D – REVENUE BUDGET INCREASE OF 2.84% (COUNCIL TAX INCREASE OF 3.02%)**

7.23 This option would lead to the council tax being set at £68.59 for a Band D property, calculated as below:

<b>TABLE 9 – CALCULATION OF 2009/2010 COUNCIL TAX FOR A BAND 'D' PROPERTY BASED ON OPTION D</b>	<b>£</b>	<b>Increase over 2008/2009 %</b>
<b>NET REVENUE BUDGET REQUIREMENT 2009/2010</b>	<b>72,299,000</b>	<b>2.84%</b>
LESS Government Grant	(30,529,028)	
LESS Share of net surplus on Collection Funds	(229,193)	
AMOUNT TO BE COLLECTED FROM COUNCIL TAX PAYERS 2009/2010	41,540,779	
<b>COUNCIL TAX FOR BAND 'D' PROPERTY IN 2009/2010</b>	<b>£68.59</b>	
<b>INCREASE OVER 2008/2009 BAND 'D' COUNCIL TAX</b>	<b>£2.01</b>	<b>3.02%</b>

7.24 The impact of Option D, in terms of the precept required from each of the of the billing authorities, is included as Appendix H to this report, together with the council tax levels required for each of the Property Bands A to H.

7.25 To fund these levels would require a reduction to the draft commitment budget of £0.740m. If this is the chosen option then it is proposed that this level of reduction would be achieved by:

	<b>£m</b>
Reduction in the provision for price increases by revising the assumed increase in the RPI from 3.0% to 1.0%.	(0.140)
Revision to list Essential Spending Pressures	
<ul style="list-style-type: none"> <li>• Removal of provision for a new post of Policy Support Officer.</li> </ul>	(0.052)
<ul style="list-style-type: none"> <li>• Removal of provision for additional community fire safety hours for retained staff to support Group Plans.</li> </ul>	(0.165)
<ul style="list-style-type: none"> <li>• Reduce the provision for the implementation of an electronic Documents Management system by deferring implementation so as spending is over two years.</li> </ul>	(0.023)
Utilisation of Reserves	(0.360)
<b>TOTAL REDUCTIONS</b>	<b>(0.740)</b>

### ***Risk Assessment***

- 7.26 To fund these levels would require a reduction to the draft commitment budget of £0.740m. In addition to the reductions in price increases and essential spending pressures, this option proposes that the further reduction of £0.360m is funded from a contribution from the General Reserve. As is highlighted with Option C, it should be emphasised that any contribution from the General Reserve is only a short-term measure that provides funding for one year only. It does not provide a sustainable solution to fund budget shortfalls and will exacerbate anticipated difficulties in setting budgets for 2010/2011 and 2011/2012.

### **Impact to 2010/2011 and beyond**

- 7.27 Based on Option D the MTFP assesses that the revenue budget requirement for 2010/2011 and 2011/2012 would be £75.1m and £77.1m respectively. To fund these levels of budget, it is estimated that council tax would need to be increased by 4.8% for 2010/2011, and 3.7% for 2011/2012. The forecast increase of 4.8% in 2010/2011 is higher than the increase of 3.0% for 2009/2010, as a direct consequence of the one-off use of the General Reserve in 2009/2010. To set a council tax strategy which would aspire to set an increase in 2010/2011 of no more than 2009/2010 levels (i.e. increase of 3.0%) would require consideration of how on-going efficiency savings of £0.750m can be delivered from 2010/2011 and beyond. To deliver on-going savings of this magnitude will inevitably require consideration of existing operational cover arrangements and what changes could be made in time to deliver the required level of savings by April 2010.

## **8. SUMMARY**

- 8.1 The Authority is required to set its level of revenue budget and council tax for 2009/2010 by 1<sup>st</sup> March, in order that it can meet its statutory obligation to advise each of the 15 billing authorities in Devon and Somerset of the required level of precept for 2009/2010. This report provides the necessary financial background, as it impacts on this authority, in order to inform Members in considering what levels would be appropriate for 2009/2010.
- 8.2 Members of the Resources Committee have already considered this report, at its meeting held on the 4 February 2009, and made a recommendation that Option B; an

increase in council tax of 3.90%, be agreed. Members of the Fire and Rescue Authority are asked to ratify this recommendation.

**KEVIN WOODWARD**  
Treasurer

**LEE HOWELL**  
Chief Fire Officer



**Neil Gibbins  
ACTING CHIEF FIRE OFFICER**

Mr Andrew Lock  
Formula Grant Review Team  
Department for Communities and Local  
Government  
Zone 5/J2 Eland House  
Bressenden Place  
LONDON SW1E 5DU

**SERVICE HEADQUARTERS  
THE KNOWLE  
CLYST ST GEORGE  
EXETER  
DEVON  
EX3 0NW**

Your ref

Date : 7<sup>th</sup> January 2009

Telephone : 01392 872200

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Please ask for : Mr Woodward

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Direct Telephone : 01392 872317

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k

Dear Mr Lock,

**RESPONSE FROM DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY IN  
RELATION TO THE REVENUE SUPPORT GRANT SETTLEMENT 2009/2010 TO  
2010/2011**

In relation to the provisional Local Authority Finance Settlement announcement on the 26th November 2008 for 2009/2010 to 2010/2011, I am writing to make representations in response to the settlement as it affects Devon and Somerset Fire and Rescue Authority.

As your department will be aware, this Authority has on a number of occasions, challenged the methodology used to distribute Fire Formula grant, which in its view, does not fairly reflect the disproportionate cost issues faced by a rural authority providing fire and rescue cover in a large sparsely populated geographical area, such as Devon and Somerset. The most recent challenges were outlined in my letter dated 8<sup>th</sup> January 2008, in response to the 2008/2009 grant settlement, and my letter of the 4<sup>th</sup> October 2007, in response to proposed changes to grant distribution formulae.

It is disappointing that the eventual changes made to the Fire Formula grant, as included into the current three-year grant settlement figures covering the years 2008/2009 to 2010/2011, were nothing more than a 'fine tuning' exercise, rather than an attempt to address some of the failings of the current distribution methodology, which means that there was no attempt to eradicate those elements of the formula which resulted in an inequitable distribution of grant. There are three specific issues that this authority has raised previously, and which it again, as part of this consultation exercise, requests are addressed in the final 2009/2010, and future, settlements. These issues are:-

- The inequity of the Formula Grant system to recognise the additional costs of running a rural fire and rescue authority i.e. sparsity.
- The inequity of the Formula Grant system in the way that support to capital spending is distributed.

The additional financial burden from changes in legislation which now provides access to a pension scheme for retained fire-fighters. It is estimated that this change alone has placed an additional financial burden on the Authority in 2008/2009 of £0.480 million.

The paragraphs below expand further on each of these issues.

### **SPARSITY**

The current formula distribution mechanism for Fire does not include a sparsity factor, and therefore does not reflect the additional resource implications of providing a Fire Service in a rural area. This is the case despite the fact that in the other Formula Grant calculations, such as Education, Social Services and Police, sparsity is recognised as a factor.

The issue is amply demonstrated by looking at grant per head of population for urban and rural authorities:

2009/2010 Average grant per head = £24.64

<u>Urban Authorities</u>	
Cleveland	£39.84
London	£33.82
Merseyside	£34.05
<u>Rural Authorities</u>	
Hereford and Worcester	£14.27
Wiltshire	£14.54
Dorset	£15.34
Devon and Somerset	£18.16

The impact of recent large scale flooding incidents is a good example of the sort of issues that are not adequately recognised in formula grant, and which impact on rural areas in particular. This position can only be exacerbated from the impact of climate change. Sparsity is also an important influence on costs because of: -

- Distance of travel, which is compounded when topographical features such as moors, rivers, estuaries, etc are also prevalent in area;
- The need to provide fire cover, at a disproportionate cost to its utilisation;
- Diseconomies of scale;
- Management effort in terms of running a large retained fire service with generally high turnover rates of staff.
- Significant transport costs.

In terms of area covered, sparse Fire and Rescue Authorities are in a different league from urban authorities. For example, area covered on average per rural station compared with that of urban stations is shown below:

<b>Sparse</b>	Hectares	<b>Urban</b>	Hectares
Cumbria	18,000	London	1,400
Lincolnshire	16,000	Merseyside	2,400
North Yorks	22,000	Manchester	3,100
Devon and Somerset	12,400	West Yorks	4,000

Because of the huge areas they have to cover rural authorities have to maintain many more fire stations than their urban counterparts, as shown in the table below. This compares the population served on average by each station in urban and rural areas.

<b>Sparse</b>	Population per station	<b>Urban</b>	Population per station
Cumbria	13,000	London	67,500
Lincolnshire	18,000	Merseyside	52,000
Devon and Somerset	19,900	West Midlands	63,000

Clearly, it is important that the grant distribution formula is changed to include an allowance to recognise the additional costs of sparsity by taking into account the area of each authority and the number of fire stations an authority has to maintain to meet fire cover requirements.

**What Devon and Somerset FRA is seeking:** an equitable grant distribution formula which fully reflects the additional costs of maintaining service provision in a large rural area, both through an allowance for the area served and an allowance for the number of fire stations necessary to maintain minimum standards of fire cover across the area.

### **ALLOCATION OF CAPITAL RESOURCES**

The Formula grant includes support for capital spending through a formula to calculate notional debt charges emanating from capital spending levels. Prior to the introduction of the Prudential Code this calculation was based upon the amount of Basic Credit Approval allocated to each Authority. Whilst the Prudential Code now permits authorities to set its own levels of capital spending, as long the spending is prudent and affordable, the Formula Grant calculation still includes a contribution towards the debt charges, which is based upon the Supported Capital Expenditure (Revenue) figure, which is a figure allocated to each Authority by government to enable the calculation of notional debt charges to be made.

Under current arrangements the total amount of supported capital expenditure is split between Metropolitan Fire Authorities 50.9% and non-Metropolitan Fire Authorities 49.1%, with the non-Metropolitan share being distributed based upon population, and the Metropolitan share being distributed based on a formula which takes account of the number of fire stations, appliances and staff that each authority has. This distribution would clearly seem to favour Metropolitan Authorities as is illustrated from Table 1 below;

**TABLE 1 – ANALYSIS OF SUPPORTED CAPITAL EXPENDITURE (PER HEAD OF POPULATION)**

	Population (m)	Supported Capital Expenditure (SCE) 2009/2010 (£m)	Number of Stations	SCE per station (£)
<b><i>Combined Fire Authorities</i></b>				
Devon and Somerset	1.681	1.757	82	£21,426
Hampshire	1.711	1.811	52	£34,826
Kent	1.673	1.750	65	£26,923
Essex	1.700	1.788	51	£35,058
<b><i>Metropolitan Fire Authorities</i></b>				
Merseyside	1.353	3.160	26	£121,538
South Yorkshire	1.296	2.748	25	£109,920
Greater Manchester	2.580	4.396	41	£107,219
Tyne and Wear	1.075	2.129	17	£125,235

As can be illustrated from the above the current mechanism for the distribution of SCE amongst fire authorities is 'unfair' and clearly does not recognise the needs of a more rural Fire Service, which will inevitably have greater capital spending issues as a result of the need to build and maintain more fire stations, and to replace more fire appliances and equipment. For instance, under the current distribution methodology Tyne and Wear (£2.129m), receives a larger allocation than Devon and Somerset (£1.757m), even though it has significantly less fire stations, i.e. 17 compared to 82. Similarly, when compared to other combined fire authorities, Devon and Somerset receives a similar SCE figure to that of Hampshire, Kent and Essex, as all have similar populations, and yet Devon and Somerset has by far the greater number of stations.

**What Devon and Somerset FRA is seeking:** An equitable formula for the allocation of SCE (R) which is consistent right across England, and which reflects the factors which give rise to the need for Capital Spending.

**ADDITIONAL COSTS RELATING TO RETAINED STAFF JOINING THE NEW PENSION SCHEME**

The new fire-fighters pension scheme has for the first time given access to a scheme for retained staff. This has incurred a new cost to fire authorities in relation to an employer's contribution for each member that joins the scheme. Whilst this has placed additional financial burdens on most FRA's, it will be in rural authorities such as Devon and Somerset where the biggest cost impact will be felt. To put this into context, Devon and Somerset FRA currently employs **1,185 retained staff**, of which 512 (43%) have opted to join the pension scheme, at an additional cost of £480,000 for 2008/2009. This figure can only grow in future years, as new entrants are automatically entered into the scheme. For a Metropolitan Authority such as Greater Manchester (**36 retained staff**) or South Yorkshire (**53 retained staff**) the impact of this change has been relatively insignificant. There is no recognition in the new formula of this additional burden.

**What Devon and Somerset FRA is seeking:** A formula, which is changed to reflect the additional burdens faced by rural authorities in relation to employer's contributions to the Pensions Account for retained staff. If this issue is not to be reflected in Formula grant distribution, then this Authority would request that funding be allocated through 'New Burdens' grant.

## **SUMMARY**

It is the view of this Authority that the most recent changes to the Fire Formula Grant, as introduced into the current three-year settlement, does not go far enough to eradicate some of the flaws contained in the current methodology, and requests that the CLG give serious consideration to the changes suggested in this response.

Yours faithfully

Kevin Woodward  
Treasurer to Devon and Somerset Fire and Rescue Authority

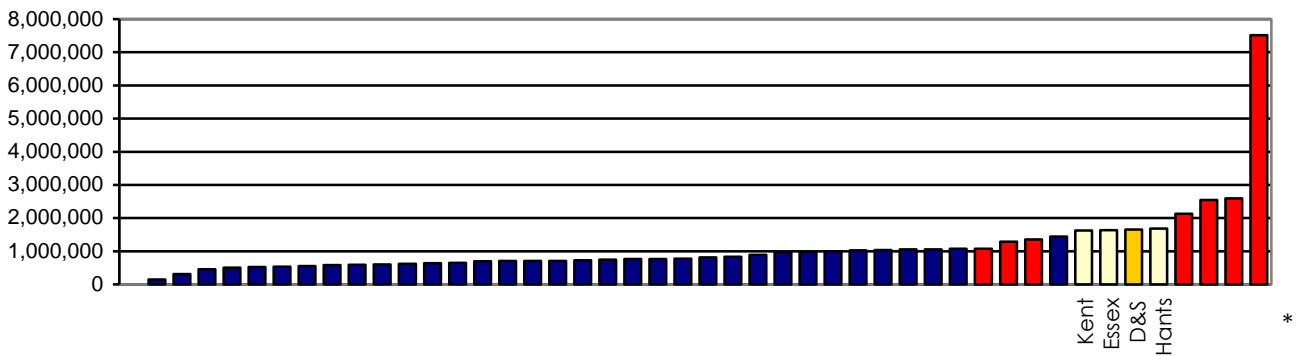


## The profile of Devon & Somerset Fire & Rescue Service compared to other English fire & rescue services.

### Population

Within Devon and Somerset there is a residential population of 1.66 million. A very similar number when compared to Kent (1.62 million), Essex (1.64 million) and Hampshire (1.69 million).

Population as at June 2007\*:

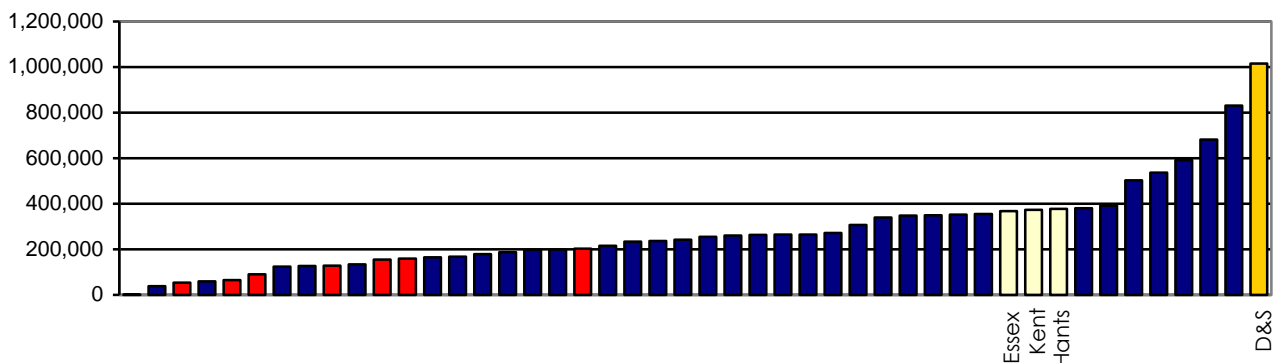


The metropolitan Services are shown as red.

### Area

However, the population in Devon and Somerset is spread over the largest geographical area compared to all other services within England and an area approximately 3 times the size of Essex, Kent and Hampshire.

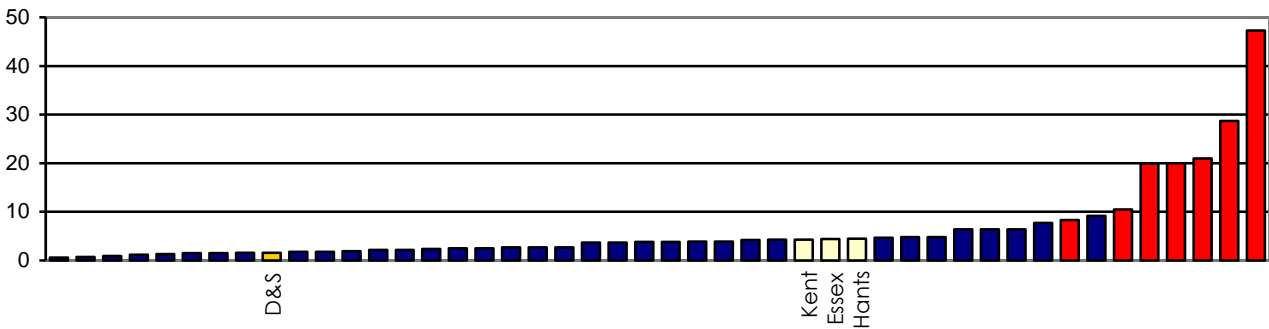
Area in hectares:



**Population Density**

Not surprisingly, the Service has one of the most sparsely populated areas.

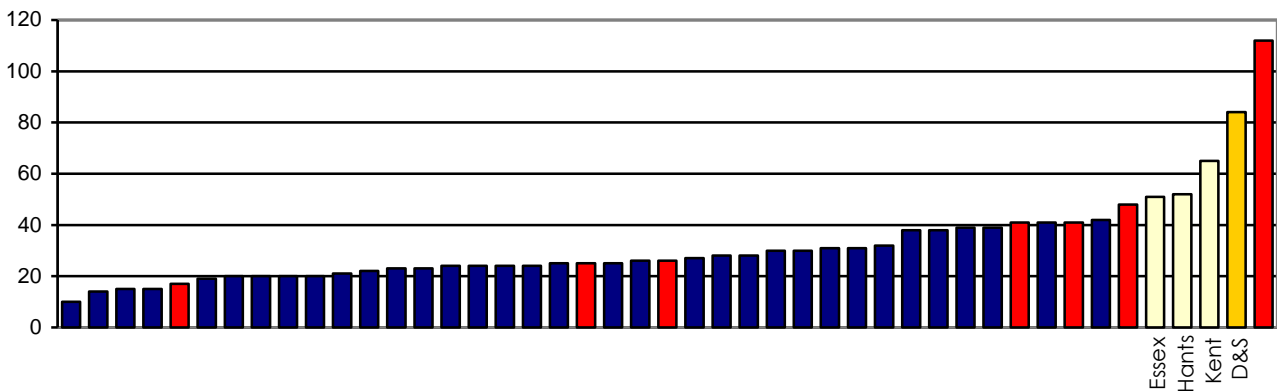
Population per hectare:



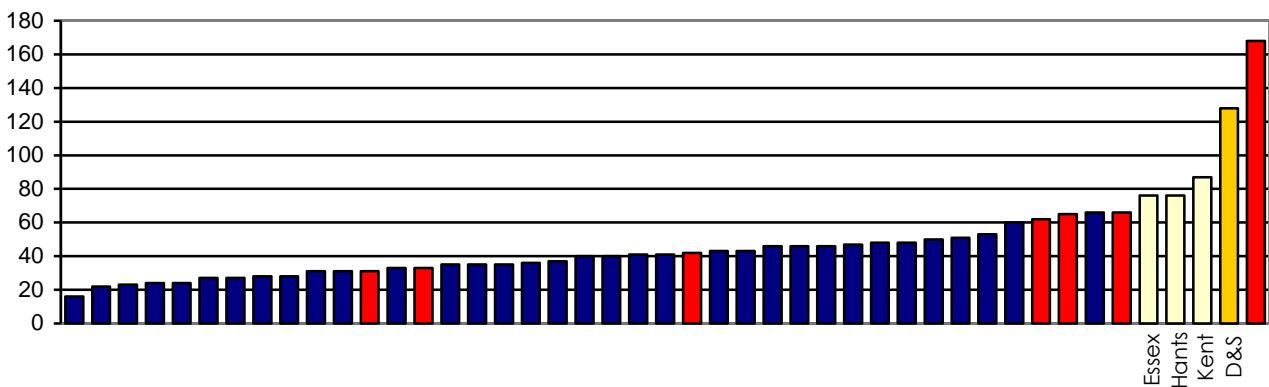
**Resources**

To provide services to the community, there are the following number of stations, appliances and people employed.

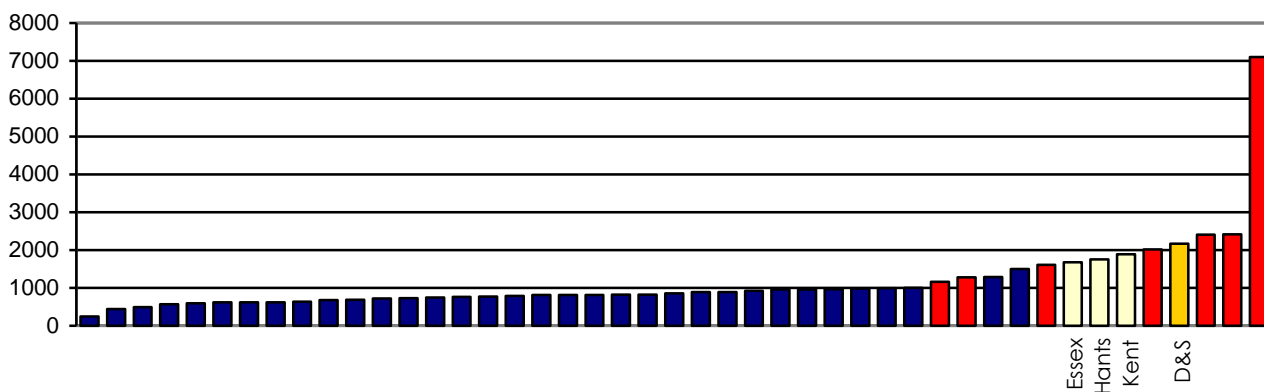
Estimated number of Fire Stations as at 31 March 2008:



Estimated number of pumping appliances as at 31 March 2008:



Estimated number of people employed (FTE) as at 31 March 2008:

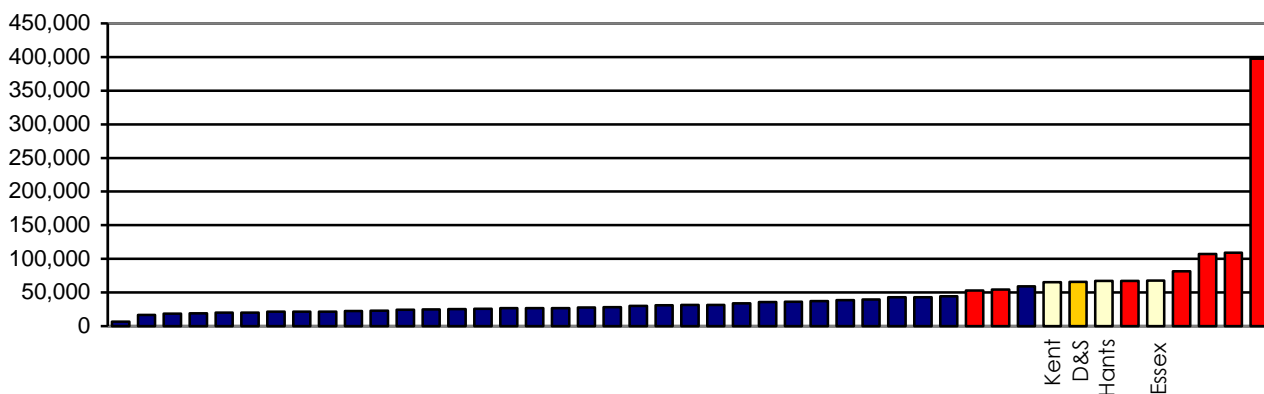


The three factors above have the biggest impact upon the levels of spending required to support the service.

### Funding

Therefore, Devon and Somerset have to support more staff, stations and appliances than most other FRSs in order to deliver its services to the community. However, levels of net expenditure are still in line with others services who serve the same population, but have fewer resources to support.

Estimated net expenditure (excluding capital charges) for 2007/08: (£,000s)



Source of all data: CIPFA Fire and Rescue Service Statistics 2007



**DRAFT REVENUE COMMITMENT BUDGET 2009/2010**

		£m		%
	<b>Revenue Budget 2008/2009</b>		<b>70.302</b>	
	<b><u>Provision for Pay and Prices Increases</u></b>			
1	Uniformed Pay Award	1.116		
2	Non-uniformed pay award	0.201		
3	Provision for increase in prices	0.426		
4	Provision for inflationary increase in pensions	0.090		
			1.833	2.6%
	<b><u>Inescapable Commitments</u></b>			
5	One-off utilisation of Reserves in 2008/2009	0.153		
6	Additional debt charges arising from revised capital programme	0.131		
7	Leasing costs for replacement light vehicle programme	0.144		
8	Reduction in investment income following reductions in interest rate.	0.232		
9	Increase in insurance premiums	0.019		
10	Reduction in retained pay costs	(0.158)		
11	Provision for Pay Increments and other pay changes	0.128		
12	Additional pension costs from ill-health retirements	0.068		
13	Implementation of Integrated Clothing Project	0.064		
14	Provision for increase in utilities and rates costs	0.028		
15	Costs of fitting Firelink into light vehicles	0,055		
16	Reduction in income levels	0.033		
17	Smoke alarm replacements previously funded from capital grants.	0.057		
18	Inadequate budget for transport costs	0.055		
19	Reduction in training costs from economies of scale from combination	(0.095)		
20	Roll out of Incident Reporting System	0.040		
21	Other changes (net)	0.038	0.992	1.4%
	<b><u>Efficiency Savings</u></b>			
22	Phase 2 of the dual crewing of Aerial appliances	(0.293)		
23	Full year impact of reduction in Area Manager posts from 12 to 9.	(0.078)		
24	Changes in the delivery of Road Traffic Collision training	(0.038)		
25	Introduction of E-learning into training programmes	(0.058)		
26	Re-structure of the Operational Assets Department	(0.045)		
27	Introduction of mobile working practices	(0.035)		
28	Procurement and other savings	(0.126)	(0.673)	(0.9)%

**DRAFT REVENUE COMMITMENT BUDGET 2009/2010 (CONTINUED)**

		£m		%
	<b>Essential Spending Pressures</b>			
29	Enhance the delivery of Group Community Fire Safety activities	0.165		
30	Introduction of community targeting systems	0.012		
31	Property Maintenance e.g. thermal insulation programme	0.100		
32	Introduction of E-Market place systems	0.030		
33	New post to support policy development	0.052		
34	Introduction of systems to monitor retained staff availability	0.026		
35	Introduction of electronic document management systems	0.150		
36	Provision for a Member development programme	0.020		
37	Continuation of review of operational shift patterns	0.030	0.585	0.8%
	<b>TOTAL CHANGES (LINES 1 TO 37)</b>		<b>2.737</b>	<b>3.9%</b>
	<b>DRAFT REVENUE COMMITMENT BUDGET 2009/2010</b>		<b>73.039</b>	

**REPORT ON PRECEPT CONSULTATION FOR 2009-10 BUDGET****1. BACKGROUND**

- 1.1 Section 65 of the Local Government Finance Act 1992 requires precepting authorities to consult non-domestic rate payers on its proposals for expenditure. The Act requires the consultation for each financial year to be completed before the first precept is issued by the authority for that financial year.
- 1.2 In January 2007 Devon and Somerset Fire and Rescue Service undertook its first precept survey by commissioning a telephone survey to question businesses on the proposed level of precept. This same method was used in 2008 and again in 2009.

**2. SURVEY METHODOLOGY**

- 2.1 Whilst there are many different options that could be used for public consultation, the time restriction for completing the survey renders the options of postal survey and focus groups impractical. Therefore, as in previous years a telephone survey was commissioned with an external agency. The survey was conducted between Wednesday 7 January and Friday 16 January 2008.
- 2.2 The key specifications of the survey were:
  - To ask 4 questions
  - To collect both closed and open question answers
  - To provide a representative sample by constituent area (i.e. Devon County Council, Plymouth City Council, Somerset County Council and Torbay Council)
- 2.3 The survey sample size is important for quantitative consultation if statistical analysis is to be applied to the results. The sample size is determined by the population, confidence and confidence interval. It is important to set the confidence interval for the survey appropriately with regard to the importance attached to the results. It is important to remove the possibility of chance from the outcomes and to understand the accuracy of the results. A confidence interval of +/- 5% at 95% confidence level be set. At the estimated business population a sample of 400 is required, see Table 1.

Table 1: Population and sample size

Constituent authority	Actual number of businesses	%	Proportionate sample	Adjustment	Proposed sample		Actual response	
					Count	%	Count	%
Devon	34960	52.2%	209	-27	182	46	177	44
Somerset	22875	34.1%	136	-18	118	29	119	29
Plymouth	5115	7.6%	30	+ 20	50	12.5	59	15
Torbay	4060	6.1%	25	+ 25	50	12.5	50	12
<b>Total</b>	<b>67010</b>	<b>100%</b>	<b>400</b>	<b>0</b>	<b>400</b>	<b>100%</b>	<b>405</b>	<b>100%</b>

(The data on the actual number of businesses contained in Table 1 are produced from a snapshot of the Inter Departmental Business Register (IDBR) taken on 21 March 2008.)

### 3. **RESULTS**

3.1 1192 businesses were contacted to participate in the survey from which:

- 405 (34%) businesses completed the survey
- 141 (12%) businesses declined to participate
- 646 (54%) numbers unobtainable/incorrect/no answer

**Question 1 asked: 'For 2009/10 Devon and Somerset Fire and Rescue Authority is estimating a Council Tax increase of no more than 4.9% to maintain current standards of service. This would set a Council Tax figure of £69.81 per year per band 'D' property, an increase of 27p per month (£3.23 per year). Do you consider £69.81 to be value for money?'**

3.2 68% of respondents agreed that the proposed charge did represent value for money and 32% felt it wasn't. Table 2 illustrates that fewer respondents from Plymouth considered the proposed level of Council Tax to be value for money when compared with respondents from the other constituent authority areas.

Table 2: Responses to Question 1 by Local Authority Area.

Response	Plymouth		Devon		Somerset		Torbay	
	Count	%	Count	%	Count	%	Count	%
Yes	29	60%	94	66%	80	68%	36	78%
No	19	40%	48	34%	37	32%	10	22%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>142</b>	<b>100%</b>	<b>117</b>	<b>100%</b>	<b>46</b>	<b>100%</b>

3.3 When compared against the results from the 2007/08 survey it is observed that fewer respondents considered the proposed level of Council Tax to be value for money, see Table 3

Table 3: Question 1 Do you consider '£x' to be value for money? - Comparison between results in 2007/08, 2008/09 and 2009/10

Response	2007/08 Proposed Council Tax £63.45	2008/09 Proposed Council Tax £66.58	2009/10 Proposed Council Tax £69.81
Yes	79%	75%	68%
No	21%	25%	32%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

3.4 There were 49 general comments received from respondents on this question. The themes of the comments were:

- A difficult question, who wouldn't pay extra for an emergency service
- Not appropriate in current economy
- Should be funded by government money
- Pay too much already
- DSFRS should have enough money already

**Question 2 asked: ‘What percentage increase, based on last year’s figure of £66.58, would you consider reasonable?’**

3.5 This question was asked if respondents answered ‘No’ to Question 1. Respondents were given the opportunity of answering with options between 2.5% and 4.5%. Of the 103 respondents who answered this question 64% would not find any increase on last years figure of £66.58 to be reasonable with 36% feeling an increase between 2.5% and 4.5% would be reasonable.

Table 4: Question 2 ‘What percentage increase, based on last year’s figure of £66.58, would you consider reasonable?’

<b>Proposed % increase</b>	<b>Number of responses</b>	<b>Response %</b>
4.5%	4	4%
4%	1	1%
3.5%	3	3%
3%	12	12%
2.5%	17	16%
None	66	64%
<b>Total</b>	<b>103</b>	<b>100%</b>

3.6 There were 68 general comments received from respondents on this question. The themes of the comments were:

- Something in line with inflation
- Don’t know what figure would be reasonable
- Hadn’t thought about it
- An increase is not appropriate in the current economy
- There should be no council tax
- Pay too much already
- DSFRS should have enough money already
- Nothing can do about the increase

**Question 3 asked: ‘Would you be prepared to pay £1 more per year per household, in addition to the proposed charge of £66.58 per year, to enable Devon and Somerset Fire and Rescue Service to improve community safety?’**

3.7 All respondents who answered ‘Yes’ to Question 1 were asked if they would be prepared to pay £1 more to improve community safety. 93% (211) of participants responded that they would, which equates to 52% of all the respondents who were surveyed.

3.8 There were 45 general comments received from respondents on this question. The themes of the comments were

- Want to see where money is going and how it is spent
- Will pay the money as long as it is well spent and there is improvement
- Money should be better allocated/organised
- An increase is not appropriate in the current economy
- There should be no increase

- Pay too much money already
- DSFRS should have enough money already
- Don't have a choice have to pay

**Question 4 asked: 'If you were not prepared pay an extra £1 per year per household, how much would you be prepared to pay?'**

- 3.9 All respondents who answered 'No', 'don't know' or 'other comment' to Question 3 were asked how much extra they would be prepared to pay to improve community safety. Only two respondents answered this, the options they were given were £0.75, £0.50, £0.25 one selected £0.50 and the other £0.25. Three respondents provided additional comments, the comments were:
- 'I really don't have a choice do I'
  - 'I do not agree with the combination of Devon and Somerset I think that this is why the increase is a full pound.'
  - 'I am not looking forward to having anything increased this year'

**4. CONCLUSION**

- 4.1 The results of the telephone survey indicate that there is support for the proposed level of Council Tax and a high proportion of the respondents would be prepared to pay an additional £1 to improve community safety. Over the last three years there appears to be a decreasing opinion that the proposed level of Council Tax provides value for money. Underlying messages are that less people consider the proposed level of Council Tax to be value for money and the additional comments indicate that there is concern about increasing Council Tax in the current economic situation.

**APPENDIX E TO REPORT DSFRA/09/4**

**OPTION A - COUNCIL TAX INFORMATION AND PRECEPTS**

**TOTAL SPENDING TO BE MET FROM COUNCIL TAX**

Devon and Somerset Fire and Rescue Authority budget funded from Billing Authority Collection Funds.	42,369,972
LESS Net Surplus on Council Tax Collection Funds from 2008/2009.	229,193
<b>Total spending to be met from council tax precepts in 2009/2010</b>	<b>42,140,779</b>

**EQUIVALENT NUMBERS OF BAND 'D' PROPERTIES**

<b>Billing Authority</b>	<b>Tax Base Used for Collection £ p</b>
East Devon	56,771.00
Exeter	37,700.00
Mendip	39,743.53
Mid Devon	27,813.60
North Devon	34,564.95
Plymouth City	76,750.00
Sedgemoor	39,221.90
South Hams	37,626.03
South Somerset	59,802.02
Taunton Deane	40,399.85
Teignbridge	48,803.00
Torbay	48,299.22
Torrige	23,327.08
West Devon	20,205.75
West Somerset	14,636.90
	<b>605,664.83</b>

**DEVON AND SOMERSET FRA COUNCIL TAX DUE FOR EACH PROPERTY BAND**

Valuation Band	Government Multiplier Ratio	%	Council Tax £ p
A	6/9	0.667	46.39
B	7/9	0.778	54.12
C	8/9	0.889	61.85
<b>D</b>	<b>1</b>	<b>1.000</b>	<b>69.58</b>
E	11/9	1.222	85.04
F	13/9	1.444	100.50
G	15/9	1.667	115.97
H	18/9	2.000	139.16

## OPTION A - COUNCIL TAX INFORMATION AND PRECEPTS (CONTINUED)

### PRECEPTS DUE FROM BILLING AUTHORITIES

<b>Billing Authority</b>	<b>Surplus/(Deficit) for 2008/9</b>	<b>Precepts Due 2009/2010</b>	<b>Total due in 2009/2010</b>
	£	£	£
East Devon	47,000	3,949,997	3,996,997
Exeter	14,394	2,623,080	2,637,474
Mendip	11,210	2,765,264	2,776,474
Mid Devon	72,636	1,935,207	2,007,843
North Devon	(5,779)	2,404,950	2,399,171
Plymouth City	(10,843)	5,340,091	5,329,248
Sedgemoor	81,781	2,728,970	2,810,751
South Hams	0	2,617,933	2,617,933
South Somerset	19,691	4,160,888	4,180,579
Taunton Deane	(38,295)	2,810,930	2,772,635
Teignbridge	(4,599)	3,395,602	3,391,003
Torbay	0	3,360,550	3,360,550
Torrige	37,595	1,623,045	1,660,640
West Devon	3,302	1,405,870	1,409,172
West Somerset	1,100	1,018,402	1,019,502
<b>Total</b>	<b>229,193</b>	<b>42,140,779</b>	<b>42,369,972</b>



**APPENDIX F TO REPORT DSFRA/09/4**

**OPTION B - COUNCIL TAX INFORMATION AND PRECEPTS**

**TOTAL SPENDING TO BE MET FROM COUNCIL TAX**

Devon and Somerset Fire and Rescue Authority budget funded from Billing Authority Collection Funds.	42,129,972
LESS Net Surplus on Council Tax Collection Funds from 2008/2009.	229,193
<b>Total spending to be met from council tax precepts in 2009/2010</b>	<b>41,900,779</b>

**EQUIVALENT NUMBERS OF BAND 'D' PROPERTIES**

<b>Billing Authority</b>	<b>Tax Base Used for Collection £ p</b>
East Devon	56,771.00
Exeter	37,700.00
Mendip	39,743.53
Mid Devon	27,813.60
North Devon	34,564.95
Plymouth City	76,750.00
Sedgemoor	39,221.90
South Hams	37,626.03
South Somerset	59,802.02
Taunton Deane	40,399.85
Teignbridge	48,803.00
Torbay	48,299.22
Torrige	23,327.08
West Devon	20,205.75
West Somerset	14,636.90
	<b>605,664.83</b>

**DEVON AND SOMERSET FRA COUNCIL TAX DUE FOR EACH PROPERTY BAND**

Valuation Band	Government Multiplier Ratio	%	Council Tax £ p
A	6/9	0.667	46.12
B	7/9	0.778	53.81
C	8/9	0.889	61.49
<b>D</b>	<b>1</b>	<b>1.000</b>	<b>69.18</b>
E	11/9	1.222	84.55
F	13/9	1.444	99.93
G	15/9	1.667	115.30
H	18/9	2.000	138.36

**OPTION B - COUNCIL TAX INFORMATION AND PRECEPTS (CONTINUED)****PRECEPTS DUE FROM BILLING AUTHORITIES**

<b>Billing Authority</b>	<b>Surplus/(Deficit) for 2008/9</b>	<b>Precepts Due 2009/2010</b>	<b>Total due in 2009/2010</b>
	£	£	£
East Devon	47,000	3,927,501	3,974,501
Exeter	14,394	2,608,141	2,622,535
Mendip	11,210	2,749,516	2,760,726
Mid Devon	72,636	1,924,186	1,996,822
North Devon	(5,779)	2,391,254	2,385,475
Plymouth City	(10,843)	5,309,676	5,298,833
Sedgemoor	81,781	2,713,428	2,795,209
South Hams	0	2,603,024	2,603,024
South Somerset	19,691	4,137,191	4,156,882
Taunton Deane	(38,295)	2,794,921	2,756,626
Teignbridge	(4,599)	3,376,263	3,371,664
Torbay	0	3,341,411	3,341,411
Torrige	37,595	1,613,802	1,651,397
West Devon	3,302	1,397,863	1,401,165
West Somerset	1,100	1,012,602	1,013,702
<b>Total</b>	<b>229,193</b>	<b>41,900,779</b>	<b>42,129,972</b>

**APPENDIX G TO REPORT DSFRA/09/4**

**OPTION C - COUNCIL TAX INFORMATION AND PRECEPTS**

**TOTAL SPENDING TO BE MET FROM COUNCIL TAX**

Devon and Somerset Fire and Rescue Authority budget funded from Billing Authority Collection Funds.	41,969,972
LESS Net Surplus on Council Tax Collection Funds from 2008/2009.	229,193
<b>Total spending to be met from council tax precepts in 2009/2010</b>	<b>41,740,779</b>

**EQUIVALENT NUMBERS OF BAND 'D' PROPERTIES**

<b>Billing Authority</b>	<b>Tax Base Used for Collection £ p</b>
East Devon	56,771.00
Exeter	37,700.00
Mendip	39,743.53
Mid Devon	27,813.60
North Devon	34,564.95
Plymouth City	76,750.00
Sedgemoor	39,221.90
South Hams	37,626.03
South Somerset	59,802.02
Taunton Deane	40,399.85
Teignbridge	48,803.00
Torbay	48,299.22
Torrige	23,327.08
West Devon	20,205.75
West Somerset	14,636.90
	<b>605,664.83</b>

**DEVON AND SOMERSET FRA COUNCIL TAX DUE FOR EACH PROPERTY BAND**

Valuation Band	Government Multiplier Ratio	%	Council Tax £ p
A	6/9	0.667	45.95
B	7/9	0.778	53.60
C	8/9	0.889	61.26
<b>D</b>	<b>1</b>	<b>1.000</b>	<b>68.92</b>
E	11/9	1.222	84.24
F	13/9	1.444	99.55
G	15/9	1.667	114.87
H	18/9	2.000	137.84

## OPTION C - COUNCIL TAX INFORMATION AND PRECEPTS (CONTINUED)

### PRECEPTS DUE FROM BILLING AUTHORITIES

<b>Billing Authority</b>	<b>Surplus/(Deficit) for 2008/9</b>	<b>Precepts Due 2009/2010</b>	<b>Total due in 2009/2010</b>
	£	£	£
East Devon	47,000	3,912,503	3,959,503
Exeter	14,394	2,598,182	2,612,576
Mendip	11,210	2,739,016	2,750,226
Mid Devon	72,636	1,916,838	1,989,474
North Devon	(5,779)	2,382,123	2,376,344
Plymouth City	(10,843)	5,289,403	5,278,560
Sedgemoor	81,781	2,703,067	2,784,848
South Hams	0	2,593,084	2,593,084
South Somerset	19,691	4,121,393	4,141,084
Taunton Deane	(38,295)	2,784,248	2,745,953
Teignbridge	(4,599)	3,363,371	3,358,772
Torbay	0	3,328,651	3,328,651
Torrige	37,595	1,607,639	1,645,234
West Devon	3,302	1,392,526	1,395,828
West Somerset	1,100	1,008,735	1,009,835
<b>Total</b>	<b>229,193</b>	<b>41,740,779</b>	<b>41,969,972</b>

**APPENDIX H TO REPORT DSFRA/09/4**

**OPTION D - COUNCIL TAX INFORMATION AND PRECEPTS**

**TOTAL SPENDING TO BE MET FROM COUNCIL TAX**

Devon and Somerset Fire and Rescue Authority budget funded from Billing Authority Collection Funds.	41,769,972
LESS Net Surplus on Council Tax Collection Funds from 2008/2009.	229,193
<b>Total spending to be met from council tax precepts in 2009/2010</b>	<b>41,540,779</b>

**EQUIVALENT NUMBERS OF BAND 'D' PROPERTIES**

<b>Billing Authority</b>	<b>Tax Base Used for Collection £ p</b>
East Devon	56,771.00
Exeter	37,700.00
Mendip	39,743.53
Mid Devon	27,813.60
North Devon	34,564.95
Plymouth City	76,750.00
Sedgemoor	39,221.90
South Hams	37,626.03
South Somerset	59,802.02
Taunton Deane	40,399.85
Teignbridge	48,803.00
Torbay	48,299.22
Torrige	23,327.08
West Devon	20,205.75
West Somerset	14,636.90
	<b>605,664.83</b>

**DEVON AND SOMERSET FRA COUNCIL TAX DUE FOR EACH PROPERTY BAND**

Valuation Band	Government Multiplier Ratio	%	Council Tax £ p
A	6/9	0.667	45.73
B	7/9	0.778	53.35
C	8/9	0.889	60.97
<b>D</b>	<b>1</b>	<b>1.000</b>	<b>68.59</b>
E	11/9	1.222	83.83
F	13/9	1.444	99.07
G	15/9	1.667	114.32
H	18/9	2.000	137.18

**OPTION D - COUNCIL TAX INFORMATION AND PRECEPTS (CONTINUED)****PRECEPTS DUE FROM BILLING AUTHORITIES**

<b>Billing Authority</b>	<b>Surplus/(Deficit) for 2008/9</b>	<b>Precepts Due 2009/2010</b>	<b>Total due in 2009/2010</b>
	£	£	£
East Devon	47,000	3,893,757	3,940,757
Exeter	14,394	2,585,733	2,600,127
Mendip	11,210	2,725,892	2,737,102
Mid Devon	72,636	1,907,653	1,980,289
North Devon	(5,779)	2,370,709	2,364,930
Plymouth City	(10,843)	5,264,059	5,253,216
Sedgemoor	81,781	2,690,115	2,771,896
South Hams	0	2,580,659	2,580,659
South Somerset	19,691	4,101,646	4,121,337
Taunton Deane	(38,295)	2,770,908	2,732,613
Teignbridge	(4,599)	3,347,255	3,342,656
Torbay	0	3,312,702	3,312,702
Torrige	37,595	1,599,936	1,637,531
West Devon	3,302	1,385,853	1,389,155
West Somerset	1,100	1,003,902	1,005,002
<b>Total</b>	<b>229,193</b>	<b>41,540,779</b>	<b>41,769,972</b>

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	<b>DSFRA/09/5</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (BUDGET MEETING)</b>
<b>DATE OF MEETING</b>	<b>16 FEBRUARY 2009</b>
<b>SUBJECT OF REPORT</b>	<b>STATEMENT ON THE ROBUSTNESS OF THE BUDGET ESTIMATES AND ADEQUACY OF THE DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY'S LEVELS OF RESERVES</b>
<b>LEAD OFFICER</b>	<b>Treasurer</b>
<b>RECOMMENDATIONS</b>	<b><i>That the report be noted.</i></b>
<b>EXECUTIVE SUMMARY</b>	This report informs the Authority of the Treasurer's views on the robustness of the budget estimates for 2009/2010 and the adequacy of the level of reserves.
<b>RESOURCE IMPLICATIONS</b>	As indicated in this report
<b>EQUALITY IMPACT ASSESSMENT</b>	No potentially negative impact sufficient enough to warrant a full impact assessment has been identified in the content of this report.
<b>APPENDICES</b>	A. Budget Setting 2009/2010 – Assessment of budgets subject to volatile changes.
<b>LIST OF BACKGROUND PAPERS</b>	None

## **1. INTRODUCTION**

- 1.1 It is a legal requirement under Section 25 of the Local Government Act 2003, that the person appointed as the 'Chief Finance Officer' to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions.

## **2. THE ROBUSTNESS OF THE 2009/2010 BUDGET OPTIONS**

- 2.1 Within the main budget report (report DSFRA/09/xx) considered elsewhere on the agenda, are included four options (Options A to D) of revenue budget and council tax levels for 2009/2010. Paragraph 7 of that report provides an assessment for each option, including;
- proposals for budget reductions for each option;
  - a risk assessment for each of those reductions, and
  - a forecast of the impact to budget setting for the following two financial years; 2010/2011 and 2011/2012.
- 2.2 It is important to emphasise that the recent grant settlement is now a three-year settlement. Whilst it is still only a requirement, at this time, that decisions on the level of budget and council tax are only required for the forthcoming financial year, those decisions are informed by the impact to years 2010/2011 and 2011/2012. With this in mind, it is my view that decisions relating to the setting of the levels of revenue budget and council tax for 2009/2010, are taken in the context of medium term financial planning, rather than just 2009/2010
- 2.3 The preparation process for the 2009/2010 budget has included an assessment of the risks associated with each budget head. It should be remembered that these assessments are being made for a period up to the 31<sup>st</sup> March 2010, in which time certain budget lines will be subject to external pressures that may be difficult for the Fire and Rescue Authority to control. Retained Pay costs, for example, are in part, dependent on the number of call outs during the year. Other budgets, such as fuel are affected by market forces that often lead to fluctuations in price that are difficult to predict. Details of those budget heads that are most at risk from these uncertainties are included in the appendix to this report, along with details of the action taken to mitigate each of these identified risks.

## **3. THE ADEQUACY OF THE LEVEL OF RESERVES**

- 3.1 It should be noted that 2009/2010 is only the sixth year that Combined Fire and Rescue Authorities have had the legal power to hold reserves. This new power emanates from the legislative change from 2004/2005 that gave Combined Fire and Rescue Authorities major precepting status. This being the case a strategy was adopted, by the then Devon FRA, to build Reserve levels up over a period of time, as the only funding available to build up the Reserve balance to recommended levels was to make contributions from the Revenue budget.
- 3.2 The current level of General Reserve balances for the authority is £4.291 million. This represents 6.1% of the revenue budget. The last financial year 2007/2008 was the first time that the Authority (and Devon FRA before 1 April 2007) have been able to build Reserve balances to a position of being in excess of 5% of the revenue budget, this being the minimum level of reserves recommended by the Audit Commission.



- 3.3 In terms of the level of General Reserve for next year, this will be dependent on the revenue outturn position for the current financial year and the extent to which reserves may be required in the remainder of the current financial year, and during 2010/2011. The latest budget monitoring report, considered at the meeting of the Resources Committee held on the 4 February 2009, indicates that spending against the current year's revenue budget will be £0.665 million less than budget. If this position proves to be correct, then this amount would be available to be transferred to the General Reserve at the year-end. This would increase the level of Reserves to as at 1<sup>st</sup> April 2009 to approximately £5 million, representing 6.9% of the 2009/2010 revenue budget.
- 3.4 Whilst this represents an improved position from recent years, a level of 6.9% of the revenue budget is low when compared to the national average of 13.5% for all Fire and Rescue Authorities, upper quartile of 15.0% and lower quartile of 8.0%. Consequently, even at 6.9% this Authority's reserve level would still be the fourth lowest of all combined fire and rescue authorities in the country, positioning this Authority at 29 out of 33.
- 3.5 It is, of course, pleasing that the Authority has not experienced the need to call on reserve balances in the last two years to fund emergency spending. This has enabled the balance, through budget underspends, to be increased to a level in excess of 5%. In terms of a strategy for Reserve balances, the Authority at its budget meeting last year resolved to adopt an "in principle" strategy to maintain the level of reserves at a minimum of 5% of the revenue budget for any given year, with the absolute minimum level of reserves only being breached in exceptional circumstances, as determined by risk assessment (Minute DSFRA/80 refers). This does not mean that the Authority should not aspire to have more robust reserve balances based upon changing circumstances, but that if the balance drops below 5% (as a consequence of the need to utilise reserves) then it should immediately consider methods to replenish the balance back to a 5% level.
- 3.6 The deterioration of the banking system and the potential loss of local authority investments from the Icelandic banks provide a stark reminder of why reserve balances are needed. While this Authority is not directly impacted by the Icelandic bank situation (as these banks are not included on the list of financial institutions the Authority invests with), it was exposed by the problems of Northern Rock at the time that that bank was in trouble during 2007.
- 3.7 As a consequence of the Icelandic bank position the Chartered Institute of Public Finance and Accountancy (CIPFA) immediately introduced a new Local Authority Accounting Principle in November 2008 (LAAP 77) bulletin to provide further guidance to local authority chief finance officers on the establishment and maintenance of local authority reserves and balances, which should be followed as a matter of course. Whilst this bulletin 'stopped short' of advising of a minimum level of reserves, it acted as a further reminder that it is for the authority, on the advice of the chief finance officer, to make their own judgements on such matters based upon local circumstances
- 3.8 The impact of flooding and the problems experienced by the global financial markets are just two examples, highlighted within the bulletin, of external risks which local authorities may need to take into account in setting levels of reserves and wider financial planning.

3.9 Given the current economic climate and the increased risk to the Service budget from the impact of the economic downturn, it is my view that the Authority should seek to protect reserve balances, as much as possible, to provide added financial stability through the downturn period. It should also be emphasised that the extent to which Reserve balances are utilised in 2009/2010, would mean that a strategy, to deliver efficiency savings in 2010/2011 and beyond, would need to be developed in order to fund that amount for the long term. This is because contributions from Reserves can only be used once and do not provide a long term solution to the funding long term commitments.

#### **4. CONCLUSION**

4.1 It is considered that each of the four budget proposals are deliverable and that their implementation will not increase the Authority's risk exposure to an unacceptable level. The estimated level of reserves of £5m is judged to be adequate to meet all reasonable forecasts of future liabilities.

**KEVIN WOODWARD**  
Treasurer

## DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY

## BUDGET SETTING 2009/2010 - ASSESSMENT OF BUDGETS SUBJECT TO VOLATILE CHANGES

Budget Head	DRAFT BUDGET 2009/2010 £000	<u>RISK AND IMPACT</u>	MITIGATION
Retained Pay Costs	12,276	Many of the costs associated with retained pay are directly as a result of the number of calls responded to during the year. The level of calls from year to year can be volatile and difficult to predict with certainty. Abnormally high or low levels of calls could result in significant variations against budget provision.	In establishing a General Reserve for 2009/2010, allowance has been made for a potential overspend on this budget. The amount is largely based upon the required local contribution to the costs of a major incident covered under the 'Bellwin' Scheme. This risk will also be mitigated by the phased introduction of the new duty system for retained staff.
Service Control Costs	1,883	In light of the recent announcement from the CLG to delay the implementation of the South West Regional Control Centre until 2010, the Service will continue to fund the pay costs of the existing two control rooms in Devon and Somerset for the whole of the 2009/2010 financial year. No provision has been made for any transition costs, however, on the basis that these costs will be fully met from New Burdens grant from the CLG.  In addition, no provision has been made for any refresh of existing control systems, in the event that the implementation of the regional control centre is delayed any further.	An earmarked Reserve of £0.185m has been established to provide some financial contingency relating to transitional costs associated with the implementation of the regional control centre (RCC), and the Firelink project, particularly the need to keep existing control rooms operational until cutover to the RCC.

Budget Head	DRAFT BUDGET 2009/2010 £000	<u>RISK AND IMPACT</u>	MITIGATION
Firefighter' s Pensions Scheme	1,959	<p>Whilst the recent change in the funding arrangements for the firefighters pension scheme has removed much of the volatility from the previous pay-as-you-go arrangement, the Authority is still required to fund the costs associated with ill-health retirements, and the potential costs of retained firefighters joining the scheme.</p> <p>In addition, guidance is still awaited relating to the outcome of the Part-Time Workers (less than favourable working conditions) tribunal, which during 2008 ruled in favour of retained firefighters in so much as they should enjoy similar pension and sickness benefits as wholetime firefighters. Given the significant number of retained firefighters employed by the Service, and the fact that this ruling will be backdated, potentially to the year 2000, this ruling could have a significant impact on the Service budget.</p>	<p>In establishing a General Reserve for 2009/2010 an allowance has been made for a potential overspend on this budget. The figure is based upon a further two ill health retirements during the year; over and above the number budgeted for.</p> <p>The Service budget for 2009/2010 has made some allowance for the impact of the ruling from the Part Time Workers tribunal, but until more definitive guidance is released, expected to be during the spring of 2009, the full extent of the impact to the Service budget cannot be quantified.</p>
Insurance Costs	750	<p>The Fire Authority's insurance arrangements require the authority to fund claims up to agreed insurance excesses. The costs of these claims are to be met from the revenue budget. The number of claims in any one-year can be very difficult to predict, and therefore there is a risk of the budget being insufficient. In addition some uninsured costs such as any compensation claims from Employment Tribunals carry a financial risk to the Authority.</p>	<p>In establishing a General Reserve for 2009/2010, allowance has been made for a potential overspend on this budget. The amount is largely based upon the occurrence of one aerial platform appliance being totally written-off.</p>

Budget Head	DRAFT BUDGET 2009/2010 £000	<u>RISK AND IMPACT</u>	MITIGATION
Income	(1,024)	<p>Whilst the authority has only limited ability to generate income, the extent to which income budgets are achievable will be dependent on the full impact of the economic downturn.</p> <p>The delivery of income targets from external training activities and investment income, in particular, could be at risk.</p>	<p><b>Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible. In addition, the assessment of the level of general reserve for 2009/2010 has made some allowance for a reduction in income.</b></p>
Capital Programme	8,738	<p>Capital projects are subject to changes due to number of factors; these include unforeseen ground conditions, planning requirements, necessary but unforeseen changes in design, and market forces.</p>	<p>Capital projects are subject to risk management processes that quantify risks and identify appropriate management action.</p> <p>Any changes to the spending profile of any capital projects will be subject to Committee approval in line with the Authority Financial Regulations.</p>



# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

<b>REPORT REFERENCE NO.</b>	<b>DSFRA/09/6</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (BUDGET MEETING)</b>
<b>DATE OF MEETING</b>	<b>16 FEBRUARY 2009</b>
<b>SUBJECT OF REPORT</b>	<b>PROPOSALS FOR CLOSURE OF 2008/09 ACCOUNTS</b>
<b>LEAD OFFICER</b>	<b>Clerk to the Authority</b>
<b>RECOMMENDATIONS</b>	<i>That the Authority consider and determine, from the proposals as set out in Section 2 of this report, an appropriate method for determination of the final outturn and approval of the Statement of Accounts for 2008/09.</i>
<b>EXECUTIVE SUMMARY</b>	This report addresses issues relating to the process for closure of the Authority's accounts for 2008/09 and proposes additional meetings of both the Resources Committee and full Authority for this purpose.
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY IMPACT ASSESSMENT</b>	No potentially negative impact sufficient enough to warrant a full impact assessment has been identified in the content of this report.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	Nil.

## **1. INTRODUCTION**

1.1 At its meeting on 18 December 2008 the Authority approved certain changes to its approved calendar of meetings arising from the forthcoming local authority elections on 4 June 2009 (Minute refers). One such change amends the date of the Annual Meeting (and associated ordinary meeting) to 14 July 2009.

1.2 The Accounts and Audit Regulations 2006, however, require the Authority's Statement of Accounts for the 2008/09 financial year to be approved by 30 June 2009. As a pre-requisite to finalising the Statement of Accounts it will be necessary for the Authority (or an appropriate Committee) to approve the final outturn position in relation to the 2008/09 budget – specifically, how any underspend arising from that budget is to be addressed. At its meeting on 4 February 2009 the Resources Committee considered a monitoring report detailing, amongst other things, an indicative underspend at this stage of £0.665m. In previous years the outturn report has been submitted to the ordinary meeting of the Authority held on the same day as and on the conclusion of the Annual Meeting of the Authority, usually held at the end of May.

## **2. PROPOSALS**

2.1 At present, no Committee has delegated to it the power to approve the final outturn position. Given the issues outlined above, however, the following options are proposed to address the issue of approving the final outturn:-

- That the Resources Committee be delegated authority to approve the final outturn and that a special meeting of the Committee be held for this purpose at 10.00hours on Wednesday 27 May 2009 (the date initially scheduled for the Authority Annual and ordinary meetings); OR
- That a special meeting of the full Authority be held for this purpose on the same date.

2.2 The current Terms of Reference for the Audit and Performance Review Committee provide, amongst other things, for it to approve the Annual Statement of Accounts and Annual Governance Statement. Given, however, the statutory deadline for doing so and that the outcome of the local elections cannot be predicted it is proposed that a special meeting of the full Authority be held for this purpose at 10.00hours on Monday 29 June 2009 as it is felt that there is a greater likelihood of securing the relevant quorum (one third of the whole number of Members [25]) for a full meeting of the Authority than for a special meeting of the Audit and Performance Review Committee.

2.3 Both dates proposed above have been checked against known commitments in constituent authority calendars and there do not appear to be any clashes.

2.4 The Authority is, therefore, asked to consider the above and approve an appropriate method both for determination of the final outturn and approval of the Statement of Accounts for 2008/09.

**Mike Pearson**  
**CLERK TO THE AUTHORITY**

**B. C. J. Hughes**  
**CHAIRMAN, DEVON & SOMERSET**  
**FIRE & RESCUE AUTHORITY**

**Roger Hargreaves**  
**FiReControl Project Director**  
**Department for Communities and Local**  
**Government**  
**Ashdown House**  
**LONDON SW1E 6DE**

**SERVICE HEADQUARTERS**  
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Your ref :  
Our ref : DSFRA/SY/BH  
Website : www.dsfire.gov.uk

Date : 4 February 2009  
Please ask for : Mr. Hughes  
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Telephone : 01392 872200  
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Direct Telephone : 01392 872201

Dear Mr. Hargreaves,

**DEVON & SOMERSET FIRE & RESCUE AUTHORITY COMMENTS ON PART 2**  
**OF THE FiReCONTROL BUSINESS CASE**

I am writing to you on behalf of the Authority to forward its comments on the above document following consideration of this matter by the Authority at its meeting held on 16 February 2009.

For the sake of clarification, this response should be read in conjunction with:-

- the response of the South West Regional Management Board (SW RMB) to Part 1 of the Business Case (which this Authority supported) – copy attached as Appendix A;
- the additional response of this Authority to the Part 1 Business Case – copy attached as Appendix B; and
- the response of the SW RMB to the Part 2 Business Case – copy attached as Appendix C.

This Authority wholly endorsed the SW RMB response to the Part 2 Business Case but also asked that the following additional comments be made particularly on behalf of this Authority:-

(a) Intention to produce a further iteration of the Business Case

The Authority noted CLGs intention to produce a further version of the Business Case, taking into account comments arising from the consultations on Parts 1 and 2, in “the Spring” of 2009. The Authority was very mindful that, even allowing for the recently-announced delay to the project, the timescale for delivery was very tight and that all authorities, including this one, would be required to make significant decisions on this project in the very near future.



Publication of a final Business Case will be key to ensuring that these are informed decisions and as such this Authority would urge CLG to issue a definite date (the sooner the better) for publication of this document and that, unlike on previous occasions, that this date be honoured.

(b) “Enabling” work for fire and rescue stations

This Authority has (as, I suspect, have many others) recently undertaken a survey of those incidental works required to be carried out at individual fire and rescue stations to enable them to be fully integrated with the Regional Control Centre once cut-over has taken place. This has identified considerable additional cost which this Authority feels should be borne by CLG under the New Burdens initiative. It is understood that the Regional Programme Board has already made representations to CLG seeking confirmation of this but that a response is still awaited. This Authority would urge CLG, therefore, to confirm as a matter of urgency that these additional costs will be met centrally from New Burdens funding.

Similarly, this Authority is very aware of the evolutionary nature of this Project and considers that there may well be other costs associated with it that have yet to be identified. An early understanding on associated funding arrangements is, therefore, imperative to minimise any risk of further delays to the current timetable.

I trust that you will find this helpful and look forward to receiving your response – and the final Business Case – at the earliest opportunity.

Yours faithfully

**BERNARD HUGHES**  
Chairman, Devon & Somerset Fire & Rescue Authority

Copies to:-

The Rt. Hon Hazel Blears MP – Secretary of State for Communities and Local Government  
Sadiq Kahn MP – Minister for Fire, CLG  
Caroline Spelman MP – Conservative Shadow Secretary of State for Communities and Local Government  
Julia Goldsworthy MP – Liberal Democrat Shadow Secretary of State for Communities and Local Government

**B. Hughes**  
**CHAIRMAN, SOUTH WEST REGIONAL**  
**MANAGEMENT BOARD**

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**Mr Richard How**  
**FiReControl Project Director**  
**Communities for Local Government**  
**Ashdown House**  
**LONDON**  
**SW1E 6DE**

**SERVICE HEADQUARTERS**  
**THE KNOWLE**  
**CLYST ST GEORGE**  
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**DEVON**  
**EX3 0NW**

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Your ref : CK/KW  
Our ref : CK/KW  
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Date : 12 April 2016  
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Dear Mr How

**South West Regional Management Board Comments on the FiReControl Business Case**  
**Part 1 – Regional Case for the South West**

I refer to the recent issue of the regional Business Case for the Fire Control Project in which you requested comments by the 30 September 2008. As Chairman of the South West Regional Management Board (RMB) I am authorised to write to you with the comments of the Board on the Business Plan, which was discussed at a meeting on the 19 September.

**Current South West Position**

Firstly, I must express our profound disappointment that the Business Case was not released on the well-publicised date of the 30 June. We had several major events planned to follow on from that date and a significant amount of work had been done by officers to prepare. Members had high expectations that the long awaited answers that they had been requesting would be forthcoming and the failure to publicise by the due date undermined not only the logistics that had been put in place but also further eroded Members' confidence in the project.

We were also very surprised at the manner in which the Business Case was released, i.e. in two parts, one of which has yet to be issued. We have been informed by our officers that they too were very surprised at the manner of the release which does nothing to promote or support the partnership approach that is so often quoted by CLG.

Before going into specifics on the Business Case, it would be helpful for you to understand the current position of the South West fire & rescue authorities (SWFRAs) with regards to the FiReControl Project.

The SWFRAs have a very clear position on the Fire Control Project. This can be summarised as follows:-

- (a) fire & rescue authorities will work towards preparation for cutover using New Burdens Funding.

- (b) the SWFRAs will participate in the Local Authority Controlled Company (LACC) subject to there being no long-term commitment - either financial or otherwise - at the present time. It is for this reason, for example, that the Company will not take the lease of the building.

The SWFRAs have not agreed to move their operations into the Regional Control Centre in principle or practice. The RMB, by virtue of its constitution, is precluded from making decisions on FiReControl issues which are binding on any individual fire & rescue authority. It will, therefore, be necessary for the SWFRAs individually to agree in principle to join the Regional Control Centre prior to entering into the various agreements referred to in the National Framework which are due to be signed in the early part of 2009.

Discussions at RMB over recent years have focussed on financial savings. We were sceptical from the start when, in 2003, we were told that there would be 30% savings from the FiReControl Project. We have seen this fall steadily over the years as we predicted. Indeed, contrary to the position as set out in the Part 1 Business Case, the South West region now considers that it will be in a cost situation (see below). Although a matter for individual fire & rescue authorities, I have been authorised to inform you that no SWFRA is likely to agree in principle to transfer its operations into the Regional Control Centre if there will be an increase in costs at an individual authority level. Neither is it considered likely to be acceptable for those fire & rescue authorities showing savings to subsidise those in a cost situation. We would also need to consider the vires of such an approach and, although we have not taken definitive legal advice on this issue, our view is that this would be considered ultra-vires. Therefore, in order to avoid compulsion through Section 29 of the Fire and Rescue Services Act, CLG must find a mechanism to offer savings to each fire & rescue service. A centrally-allocated resilience payment (see below) would, we suggest, be the best mechanism for this.

### **Regional v National Assumptions**

We understand that national assumptions have been used in the Business Case. We acknowledge that this was necessary in order to gauge true comparisons between regions. However, in analysing the Business Case at a regional level we need to use regional assumptions and actual data.

- (a) Local Authority Controlled Company (LACC)

LACC running costs have been estimated at £261k more than calculated by CLG. This figure is made up of actual costs being incurred on staff within fire & rescue services (FRSs) who may transfer or be appointed. It also includes some assumed (but prudent) costs for utilities, company running costs, etc.

(b) Data

The staffing model has recently been changed with no consultation with FRSs or project officers. CLG now assumes there will only be two persons within the Regional Control Centre to perform all data related functions. The allocation of an extra 0.5 person per FRS, with associated costs of £172k for the region, is considered to be substantially underestimated. It is also the case that increased data requirements will fall disproportionately on South West FRSs, as those who do not have a substantial data capability at present will require more personnel than those with a higher current capability. This has not been taken into account as far as we are aware.

(c) Resilience Payment

Even without presently unknown data requirements, the increase in the company costs has placed the South West in a cost rather than a savings situation. The current CLG policy on resilience payments is that they are made at a regional level and therefore the South West would now qualify for a resilience payment. However, there are a number of issues about the regional allocation with which we take issue:-

- (i) We fail to understand why fire & rescue authorities (FRAs) are bearing the cost of national resilience. The RCC project design requires a much higher level of resilience because of the dependence on a network of 9 RCCs and the importance of the fall-back arrangements. That is a government decision and it is therefore our view that government should bear the cost of that national resilience. We consider that the best way to do this would be for CLG to calculate the extra cost of the resilient aspects of the project, e.g. increased costs for the building, the facilities maintenance (FM) contract and the infrastructure services contract, and to make those payments centrally. This would simply be an alternative way of distributing funding but its effect would most likely be to place all SWFRAs in a savings situation which would go some way to realising the promises which were made at the commencement of the Project.
- (ii) If government insists on maintaining the present policy of regional resilience payments, the capping of that payment to three years is unacceptable. Several SWFRAs have minimum Revenue Support Grant (RSG) settlements and none is considered to be generous. Therefore, in three years, savings will need to be made elsewhere in SWFRAs to pay for the Regional Control Centre. This is clearly unacceptable.
- (iii) Some costs are presently unquantifiable, i.e. data. It is clear to members and officers in the South West that true costs of the Regional Control Centre Project will not be known until the Centre has been operating in steady state for some time. Therefore, we cannot see the logic in the costs or savings being fixed at this moment in time especially this far before go live.

In conclusion, SWFRAs are highly unlikely to commit to moving into the RCC under current CLG proposals. Having discussed that matter in some detail, we feel that - morally and practically - the government should fund those elements of national resilience centrally, returning the region to a net savings position, and CLG fulfilling its well publicised promise of allowing FRAs to keep those savings to reinvest in the service as it sees appropriate.

The comments within this letter are understandably critical of CLG in the manner that this project has been managed. However, we hope that some of the suggestions contained within the letter - particularly that of a centrally funded resilience payment - will assist CLG in gaining the support of the fire & rescue authorities not only in the South West but across the country.

I look forward to your reply.

Yours sincerely

Bernard Hughes  
Chairman  
South West Regional Management Board

Copies to:-

The Rt. Hon Hazel Blears MP – Secretary of State for Communities and Local Government  
Parmjit Dhanda MP – Minister for Fire, CLG  
Eric Pickles MP – Conservative Shadow Secretary of State for Communities and Local Government  
Stewart Jackson MP – Conservative Shadow Fire Services Minister  
Julia Goldsworthy MP – Liberal Democrat Shadow Secretary of State for Communities and Local Government  
Dan Rogerson MP – Liberal Democrat Shadow Communities and Local Government Minister

**P Young CBE MPhil FIFireE  
CHIEF FIRE OFFICER**

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**Richard How  
FiReControl Project Director  
Department for Communities and Local  
Government (CLG)  
Ashdown House  
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**SERVICE HEADQUARTERS  
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Dear Richard,

**FIRECONTROL BUSINESS CASE PART 1 – REGIONAL CASE FOR THE SOUTH WEST**

I have been asked to respond on behalf of the Devon and Somerset Fire and Rescue Authority (DSFRA) to the above document. Members of the Authority had the opportunity to consider this document – together with the response made by the South West Regional Management Board (SWRMB) (copy attached) at a briefing this morning.

The unanimous view of all Members present at the briefing was that the points raised in the SWRMB response were equally valid to the DSFRA and were, as such, wholly endorsed. The Authority asked, however, that the following additional points be made.

(a) Impact of delays on the FiReControl Project

The view expressed was that – given this late stage in the day and the existing impetus behind the FiReControl project (and the likely implications for not voluntarily participating in it) – pursuing a new, legacy, system for the Authority was in all likelihood not a viable option.

It remained the case, however, that the Authority had already incurred expenditure in purchasing second-hand hardware to maintain its existing legacy system. Even this equipment had limited operational life. Further delays in the FiReControl project, beyond October 2009, could well result in the Authority having to incur still more expenditure maintaining a system that it might otherwise have replaced several years ago. This was not considered to be an effective or efficient use of resources and as such the Authority would seek an assurance from central government that any such additional costs incurred would be borne at central government level.

Associated with this, the uncertainties that have beset the project since its inception have had a very detrimental effect upon those skilled staff required to operate the legacy systems prior to cut-over. Delays in cut-over can only worsen this situation and could result in the Authority facing previously unforeseen expenditure to address recruitment and retention issues. Again, should this happen then the Authority would look for any such costs incurred to be met by central government and perhaps you could respond on this.

(b) Firelink Issues

Although a separate project from FiReControl, Firelink is nonetheless intrinsic to it. Members were concerned that the enhanced data requirements of Firelink would result in additional resource implications for individual authorities. Similarly, Members were made aware of issues relating to the police adoption of the Airwave system, where a number of electro-magnetic incompatibilities between Airwave and existing police equipment were only resolved by additional expenditure by the police on equipment replacement.

This Authority would, therefore, seek an assurance that the issue of electro-magnetic compatibility (EMC) has been thoroughly explored and that should additional costs be incurred either as a result of enhanced data requirements or to resolve EMC issues then these costs will be met by central government.

(c) National Resilience Issues

As alluded to in the SW RMB response, individual fire and rescue authorities – including DSFRA – are aware of their statutory obligations in relation to firefighting and road traffic collisions in so far as its own area is concerned. This includes the requirement for dealing with calls for help and for summoning personnel.

This requirement, however, does not extend to making provision to ensure national resilience. Rather, the provision of national resilience is very much a central government initiative and as such it is this Authority's view that those aspects of the FiReControl project relating to national resilience should be entirely funded by central government – not merely for a period of three years but in perpetuity.

I trust that you will consider the above points and look forward to receiving your response in due course.

Yours sincerely

PAUL YOUNG  
Chief Fire Officer

**B. Hughes**  
**CHAIRMAN**

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**Roger Haergreaves**  
**FiReControl Project Director**  
**Department for Communities and Local**  
**Government**  
**Ashdown House**  
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**DEVON & SOMERSET FIRE & RESCUE**  
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Your ref :  
Our ref :

Date : 28 January 2009  
Please ask for : Mr. Hughes  
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Dear Mr. Hargreaves

**SOUTH WEST REGIONAL MANAGEMENT BOARD COMMENTS ON PART 2 OF  
THE FiReCONTROL BUSINESS CASE**

I am writing to you on behalf of the South West Regional Management Board in response to your request for comments on part 2 of the Business Case issued in November 2008

The views set out below are the collective views of the RMB. However, individual Authorities also reserve the right to make comments on the business case as they see fit.

General

1. You have already received comments regarding part 1 of the Business Case. For the avoidance of doubt those comments should be read in conjunction with this letter, a further copy of which is attached. The comments on part 2 do not substitute for those previous comments or negate their importance.
2. As there has been no response from CLG on our comments to part 1 of the Business Case, it is very difficult to comment with accuracy on part 2. This is due to the fact that if CLG accept the comments on part 1, and act upon them, there is no doubt that it will affect part 2 of the business case.
3. The fact that there will be another iteration of the business case in the spring gives us no confidence that this one is accurate.



4. The headline annual saving has been reduced from 28% in 2007 to 11% in 2008. In addition, the range of possible national savings is as low as 1%. We consider this range very wide and this gives us no confidence that CLG has yet reached the point where all the costs and savings arising from the project are clearly understood.
5. There are still too many unknown assumptions which need to be finalised before the figures can be more accurately determined. In particular we would refer you to:-
  - a. Group Services – it remains unclear exactly what Group Services will consist of, what resources will be required to sustain this function, where these resources will be located, or what the management and governance structure will be. We understand that there could be substantial costs associated with this function which CLG will expect Fire & Rescue Authorities to fund.
  - b. The data management requirements for both FRSs and for the RCC are still subject to some disagreement with CLG and these costs will, we estimate, be substantial.
  - c. We have previously informed you that we consider the costs associated with running the Local Authority Company are substantially underestimated. In our part 1 response we refer particularly to the aspect of data management. However, we now consider that costs for utilities are substantially underestimated and there is insufficient provision made within the business case for support functions, such as personnel, legal, finance, and health and safety. The CLG assumption is that these functions will be provided free of charge by one of the member authorities. This assumption is highly unlikely to be realised.
6. We are pleased that the FRS cashable savings will now be accurately determined by further visits by financial consultants and consider that this will improve the accuracy of the cashable savings for each FRS as a result of closing their controls.
7. We are pleased that the resilience payments solution that we raised in part 1 has now been revisited. However, we wish to reiterate that a voluntary cost apportionment model within the South West is highly improbable and the best solution is transparent resilience payments at an FRA level with a guarantee that these will be reviewed independently and fairly at the 3 year period. There also needs to be a commitment that those payments will continue until the end of the project, which may be beyond the period identified in the Business Case.

I turn now to the specific questions raised on page 13 of the business case.

- a. **Should the business case cover any additional issues or material and if so what?**

We feel that the business case is not explicit enough on reprocurement and refresh costs, specifically, on when these will fall, who will carry out the reprocurement, the quantum of costs anticipated and how these have been arrived at.

b. **Does any of the content of the business case require revision or updating?**

We have tended to ignore the detailed financial data within the tables as, previously stated, we believe that your responses to our comments on part 1 will affect many of these financial figures. However, we do feel that there is an omission in appendix M, Project Risks. We are surprised to see that there is continued absence of a risk regarding the appetite of Fire Authorities to willingly transfer their operations into the Regional Control. The South West has made it clear on a number of occasions that several Fire Authorities are unlikely to voluntarily shut down existing controls and move their operations into the Regional Control. We also understand that there are other Fire and Rescue Authorities across the country in similar positions and consequently consider that this is a national rather than a South West risk. This is absent from the appendix and we strongly recommend that this is included. We recommend that the risk be assessed as “very high” and the impact accordingly. CLG will need to consider the mitigation actions.

c. **Is the Business Case clearly communicated and easily understandable?**

There is no doubt that the document is easier to read than previous versions. We understand that the Business Case is designed to serve a number of purposes, not least to justify national investment. In that respect, some of the document is difficult to read and understand in detail. However, the Business Case is CLG’s document and not ours. Therefore the content, style and detail are a matter for CLG and not for us.

Finally, we note that you intend to publish a detailed business case again in the spring of 2009. For elected members who have been involved in this project for a number of years, we have to say that we treat this statement with some scepticism. It would be helpful, in order to build confidence and better manage stakeholder expectations if a more definitive date could be advised by CLG. We also need to advise that if CLG expect Fire Authorities to make decisions on final commitment to the project in the summer or autumn of this year, then any delay to the next version will present a substantial risk to the South West first cutover date of July 2010.

Yours sincerely

Bernard Hughes  
Chairman South West Regional Management Board

Copies to:-

The Rt. Hon Hazel Blears MP – Secretary of State for Communities and Local Government  
Parmjit Dhanda MP – Minister for Fire, CLG  
Caroline Spelman MP – Conservative Shadow Secretary of State for Communities and Local Government  
Julia Goldsworthy MP – Liberal Democrat Shadow Secretary of State for Communities and Local Government

## **SOUTH WEST REGIONAL MANAGEMENT BOARD**

28 January 2009

### Present

Councillors B. Hughes (Chairman)(Devon & Somerset), Gordon and Healey (Devon & Somerset) Roberts and Walker (Avon), Yeo (Cornwall), Fox OBE DL (Dorset) and Wren (vice Willmott)(Wiltshire).

### Attending in accordance with Standing Order 3:

Councillors Fry and Mrs. Parsons (Devon & Somerset).

### Apologies:

Councillors Windsor-Clive (Gloucestershire) and Willmott (Wiltshire).

### **\*RMB/28. Minutes**

**RESOLVED** that the Minutes of the meeting of the Board held on 7 November 2008 be signed as a correct record.

### **\*RMB/29. Declarations of Interest**

Board Members were asked to consider items to be discussed as part of this meeting and declare any **personal/personal and prejudicial interests** they may have in any item(s) in accordance with their respective appointing Authority's approved Code of Conduct.

Councillors Fox OBE DL and Yeo declared personal BUT NOT prejudicial interests in those items relating to the FiReControl Project (see Minutes RMB/ to RMB/ below) by virtue of their being directors appointed by their constituent authorities to serve on South West Fire Control Limited (the Local Authority Controlled Company – LACC – established with overall governance responsibility for the Regional Control Centre).

### **\*RMB/30. Highlight Report**

The Board considered a report of the Chair, South West Chief Fire Officers' Association (SWCFOA) (Terry Standing – Interim Chief Fire Officer, Cornwall) (RMB/09/01) covering:

- progress since the last meeting of the Board on those projects being supported by the South West Regional Improvement and Efficiency Partnership (SW RIEP), specifically:
  - an extension of the regional benchmarking/equality and diversity project;
  - the conducting of a survey to determine lessons learned from the 2008 Local Area Agreement round;
  - development of a regional website;
  - production of a Strategic Outline Case and Outline Business Case for a regional fleet options review;
  - a regional Operational Policies review;

- a summary, with contributions from those Workstream Member Champions present at the meeting, of progress made since the last meeting of the Board by those workstreams addressing the following issues on a regional basis:
  - Community Safety;
  - Equality and Diversity;
  - Finance and Procurement;
  - Human Resources Management and Development;
  - Regional Control Centre;
  - Strategic Planning (Performance Management); and
  - Service Operations and Resilience.

The report summarised milestones for each of the workstreams showing “red” status and indicated action initiated by the South West Chief Fire Officers’ Association (SW CFOA) Executive Management Group (EMBG) to resolve those issues.

The Regional Programme Manager had reviewed the progress of each workstream in realising the benefits of the regional programme of collaboration and the region was on track to realise savings of £4.9m in 2008/09 and £4.4m in 2009/10. It was intended to submit a further report on benefits realised during 2008/09 to the June meeting of the Board.

The report indicated that the Regional Business Plan would be updated to take into account the Board’s budget for 2009/10, the intention being to submit the updated plan for approval at the next meeting of the Board.

**RESOLVED**

- (a) that the progress made by workstreams and in relation to those projects supported by the South West Regional Improvement and Efficiency Partnership, as indicated in report RMB/09/1, be noted;
- (b) that the intention to submit, for approval at the next meeting of the Board, a revised Regional Business Plan amended to reflect the Board’s approved budget for 2009/10 be noted;
- (c) that the Chairman be authorised to convey on behalf of the Board its thanks to Deputy Chief Fire Officers Ted Simpson and Jerry O’Brien and to Assistant Chief Fire Officer Peter Baxter, who were stepping down as, respectively, the Equality and Diversity, Strategic Planning (Performance Management) and Community Safety workstream leaders, for their work during their term of office.

***(SEE ALSO MINUTE RMB/ BELOW).***

**\*RMB/31. Regional Newsletter**

The Board considered a report of the Regional Programme Manager (Graham Saunders) (RMB/09/02) to which was appended the second edition of the regional newsletter. This was a quarterly publication aimed at increasing amongst the south west fire and rescue services the awareness and take up of products of the regional programme of collaboration. A copy of the newsletter was also sent to key stakeholders such as the Government Office South West (GOSW), the South West Regional Efficiency Improvement Programme (SW REIP), IDeA and the Audit Commission.

**RESOLVED**

- (a) that publication of the second edition of the newsletter (as appended to report RMB/09/2) be noted;
- (b) that Board Members notify the Regional Programme Manager as appropriate of any items they would wish to see include in future editions of the newsletter.

**\*RMB/32. Regional Climate Change Strategy - The Way Forward**

The Board considered a report of the Secretary, South West Chief Fire Officers Association (SWCFOA) (RMB/09/3) on proposals to develop a regional climate change strategy in co-operation with the Carbon Trust. A climate change programme would be likely to impact on all workstreams and, from 2009, all authorities including combined fire and rescue authorities would be required to report on their performance on NI 188 (adapting to climate change) as part of the Comprehensive Area Assessment process.

**RESOLVED** that the proposals to develop a regional Climate Change Strategy, as indicated in report RMB/09/3, be approved.

**\*RMB/33. Board Budget 2008/09 and 2009/10**

The Board considered a report of the Treasurer on the proposed budget, including contributions from constituent authorities, for 2009/10 and on a revised budget provision in relation to the current financial year.

In relation to 2008/09, the report detailed variations against the initial budget projection which, when added to the surplus of £38,000 already planned, gave a total of £178,400 available to carry forward to off-set the proposed gross budget of £374,100 for 2009/10.

In addition, it was also estimated that some £30,000 income would be secured in 2009/10 from New Burdens funding pooled centrally and invested in the interim pending expenditure requirements. The addition of this income to the £178,400 underspend reduced the overall budget requirement for the Board to a net £165,700. This in turn would enable contributions payable by individual constituent authorities to again be frozen (for the third year in succession) at the 2007/08 level of £171,200 in total. This would deliver the proposed gross budget of £374,100 together with a small surplus (£5,500) available to carry forward to 2010/11.

**RESOLVED**

- (a) that the carry forward of £178,400 currently estimated as surplus against the current year's budget, to off-set the 2009/10 budget, be approved;
- (b) that, for 2009/10, a gross budget of £374,100 be approved funded as shown overleaf:

	<b>£</b>
<b>2009/10 Gross Budget Requirement</b>	374,100
<b>Funded by</b>	
• Underspend from 2008/09 carried forward	(178,400)
• Investment income 2009/10	(30,000)
• Individual fire and rescue authority contributions (total)	(171,200)
<b>SUB-TOTAL</b>	(379,600)
<b>Surplus available to carry forward to 2010/11</b>	5,500
<b>TOTAL</b>	(374,100)

- (c) that, consequent to (b) above, the Treasurer be authorised in accordance with the Board's constitutional agreement to notify individual constituent fire and rescue authorities of their contribution to the funding requirement totalling £171,200 as follows:-

<b>Authority</b>	<b>2009/10 Contribution £</b>
Avon	30,171
Cornwall	20,172
Devon & Somerset	50,342
Dorset	25,172
Gloucestershire	20,172
Wiltshire	25,171
<b>TOTAL</b>	171,200

- (d) That the current basis for apportioning Board costs amongst individual constituent fire and rescue authorities be continued for 2009-10.

**\*RMB/34. FiReControl Project - The Implications Of The Delay To The FiReControl Project**

The Board considered a report of the South West Regional Project Director (RMB/09/5) on the implications of the delay to the FiReControl Project announced by the Department for Communities and Local Government (CLG). The overall delay was nine months with a four month compression for the last fire and rescue services to cut-over to the Regional Control Centre (RCC). The individual delay for South West fire and rescue services varied.

The report examined the implications of the delay from the financial, personnel, technological and transition perspectives and indicated an overall conclusion that, while the delay was to be welcomed in extending the overall timescale, there were still significant challenges to be faced particularly for the Devon & Somerset Fire & Rescue Service, which should be the first South West fire and rescue service to cut over its controls. Additionally, there were still some significant technological challenges to be overcome for some South West fire and rescue services to maintain business continuity that could involve additional expenditure, particularly should further delays to be the project materialise.

In debating the paper, the Board sought information as to the commissioning process for cut over to the new Regional Control Centre, including indicative timescales. The Regional Project Director indicated that there were two critical decision points:-

- some three weeks prior to actual cut-over it would be necessary for each fire and rescue service to agree with the Chief Executive of the company and other key stakeholders (e.g. a representative of EADS) that all the necessary components (legal and financial agreements; technical issues; staffing issues etc) were in place to enable cut-over to proceed;
- prior to this, in October 2009 or thereabouts it would be necessary for each individual fire and rescue authority to commit in principle to closing their own legacy control rooms and moving over to the Regional Control Centre.

The Board expressed a number of concerns over this including:

- the impact of elections on continuity of fire and rescue authority Members and ensuring that any new Members were sufficiently briefed to enable an informed decision to be taken on moving over to the Regional Control Centre;
- that, despite previous representations, there still appeared to be a lack of recognition by the Department for Communities and Local Government as to the risk of one or more South West fire and rescue services refusing to participate.

## **RESOLVED**

- (a) that the Executive Management Group be asked to give urgent consideration to identifying precisely the stages and timings involved for the FiReControl commissioning process, including the risks associated with these, with a view to submitting an appropriate report to the next meeting of the Board;
- (b) that, subject to (a) above, the report be noted.

**\*RMB/35. FiReControl Project - Proposed Response to the Department for Communities and Local Government's (CLGs) Consultation on Part 2 of the FiReControl Business Case**

The Board considered a report of the South West Regional Project Director (RMB/09/6) on the publication by the Department for Communities and Local Government (CLG), in November 2008, of the draft Part 2 Business Case for the FiReControl Project. Interested stakeholders had been invited to submit comments on this by 27 February 2009. CLG had indicated that, following this, it would issue a composite reply (addressing those points raised by individual fire and rescue services in responding to Parts 1 and 2 of the Business Case) prior to issuing a further version of the Business Case in Spring 2009.

Appended to the report was a proposed draft response from the Board to the consultation and the Board's attention was drawn to two proposed minor amendments to this draft response:-

- That the initial response to the Part 1 Business Case should accompany the response to Part 2, as an attachment to be read in conjunction with the latter response; and
- That the third sentence to the proposed answer to question (b) on page 13 of the draft Business Case be amended to read (replaced/additional words indicated by underlining) "We are surprised to see that there is continued absence of a risk regarding the appetite of Fire Authorities to willingly transfer their operations into the Regional Control.

It was also proposed that the response be copied to the Secretary of State for Communities and Local Government and her Shadow counterparts for information.

**RESOLVED** that, subject to incorporation of those amendments indicated at the meeting and as annotated above, the Chairman be authorised to submit on behalf of the Board the response as appended to report RMB/096 to the FiReControl Project Director before the deadline of the 27 February 2009.

**\*RMB/36. FiReControl Project - Proposed Response To Consultation On Performance Standards**

Report of the South West Regional Project Director (Clive Kemp) (RMB/09/7) attached (page 52)

**\*RMB/37. FiReControl Project - Incident Recording System - Response from the Department for Communities and Local Government (CLG)**

At its last meeting the Board considered a report of the South West Regional Project Director on the potential adverse financial implications for fire and rescue authorities (FRAs) in the South West arising from the requirement by the Department for Communities and Local Government (CLG) for the introduction of a new Incident Recording System (IRS) as a pre-requisite to the cut-over to the new Regional Control Centre (RCC). In light of these concerns the Board resolved to make representations to CLG highlighting the concerns and seeking a solution from CLG (Minute RMB/26 refers).

The representations were duly made and a copy of the response received from CLG is now attached (Page 70) **FOR INFORMATION.**

- (a) that the Board consider the proposed response to the consultation on Performance Standards, as attached at Appendix to this report; and
- (b) that, subject to incorporation of any amendments as agreed at the meeting, the Chairman be authorised to submit the response by the deadline of 2 February 2009.

The meeting started at 11.00hours and finished at 13.00hours



## **CHAIRMAN'S ENGAGEMENTS**

Set out below, FOR INFORMATION, is a schedule of engagements undertaken by the Chairman since the last meeting of the Authority

<b>Date</b>	<b>Engagement</b>
14 January 2009	Members Budget Workshop
22 January 2009	Members Budget workshop
28 January 2009	South West Regional Management Board
4 February 2009	Authority briefing on Part 2 FiReControl Draft Business Case
5 February 2009	Civic Lunch
6 February 2009	Local Government Association Fire Forum