

**M. Pearson  
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)

**Friday 19 February 2010**

A 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 of the Authority held on 14 December 2009 attached (Page 1).

3. **Items Requiring Urgent Attention**

Items which, in the opinion of the Chairman, 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 and 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 Tuesday 16 February 2010**.

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

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

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

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

The Chair of the Committee, Councillor Wallace, to **MOVE** the Minutes of the meeting of the Committee held on 14 January 2010 attached (Page 6)

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

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

The Chair of the Committee, Councillor Leaves, to **MOVE** the Minutes of the meeting of the Committee held on 29 January 2010 attached (Page 10)

**RECOMMENDATION** that, 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 8 February 2010 attached (Page 14)

#### **RECOMMENDATIONS**

- (i) that the recommendation at Minutes RC/20 (Capital Programme 2010/11 to 2012/13 and Associated Prudential Indicators) be considered in conjunction with items 9(a) and 9(b) below on the agenda for this meeting;
- (ii) that items RC/21 (2010/11 Revenue Budget and Council Tax Level) and RC/24 (Specialist Rescue) be considered in conjunction with items 9(c) and 16, respectively, below on the agenda for this meeting;
- (iii) that, subject to (i) and (ii) above, the Minutes be adopted in accordance with Standing Orders.

#### **(d) Audit And Performance Review Committee**

The Chair of the Committee, Councillor Dyke, to **MOVE** the minutes of the meeting of the Committee held on 15 February 2010 (**TO FOLLOW**).

### **8. Devon & Somerset Fire & Rescue Authority Corporate Plan 2010/11 To 2012/13**

Report of the Chief Fire Officer (DSFRA/10/1) attached (Page 19)

9. **Revenue and Capital Budgets 2010/11**

(a) **Capital Programme 2010/11 to 2012/13**

Report of the Director Of Service Support, and Treasurer (DSFRA/10/2) attached (Page 40)

(b) **Treasury Management Strategy (Including Prudential and Treasury Indicators Report 2010/11 to 2012/13)**

Report of the Treasurer (DSFRA/10/3) attached (Page 48)

(c) **2010/11 Revenue Budget and Council Tax Levels**

Report of the Treasurer And Chief Fire Officer (DSFRA/10/4) attached (Page 68)

10. **Confirmation of Rates Payable in 2010/11 under the Authority Approved Scheme of Members' Allowances**

Report of the Clerk to the Authority (DSFRA/10/5) attached (Page 95)

11. **Firecontrol Consultation: Agreement Between Local Authority Controlled Companies (LACCs)/London Fire and Emergency Planning Authority (LFEPA) and Communities and Local Government**

Report of the Director of Service Support (DSFRA/10/6) attached (Page 100)

12. **South West Regional Management Board Minutes 9 November 2009**

To receive ***FOR INFORMATION*** the Minutes of the meetings of the Board held on 9 November 2009 and 28 January 2010 attached (Pages 118 and 122 respectively)

13. **Chairman's Announcements**

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

15. **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 the negotiations in connection with a labour relations matter between the Authority and employees of the Authority.

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

16. **Specialist Rescue**

Report of the Director of Service Support (DSFRA/10/7) attached (Page 128).

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

Membership:-

Councillors Hughes OBE (Chairman), Healey (Vice Chairman), Boyd, Burridge-Clayton, Cann, Dyke, Eastman, Foggin, Fry, Gordon, Gribble, Horsfall, Leaves, Manning, Mills, Mrs. Nicholson, Radford, Randall Johnson, Smith, Turner, Viney, Wallace, Way, Woodman, 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

14 December 2009

## Present:-

Councillors Hughes OBE (Chairman), Boyd, Burridge-Clayton, Cann, Dyke, Eastman, Foggin, Gordon, Gribble, Healey, Horsfall, Leaves, Manning, Mills, Mrs. Nicholson, Randall Johnson, Turner, Viney, Wallace, Way, Woodman and Yeomans

## Apologies:-

Councillors Fry, Radford and Smith

### **DSFRA/30. Minutes**

**RESOLVED** that the Minutes of the meeting held on 28 September 2009 be signed as a correct record.

### **DSFRA/31. Declarations of Interest**

Members 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.

At this stage Councillors Healey and Woodman each declared a **personal but non-prejudicial** interest in Minutes DSFRA/32 and DSFRA/35, in so far as these related to the FiReControl/Regional Control Centre project, by virtue of their being an Authority-appointed Director and an Alternate Director, respectively, with South West Fire Control Ltd., the Local Authority Controlled Company (LACC) with overall governance responsibility for the South West Regional Control Centre.

***(SEE ALSO MINUTES DSFRA/32 AND DSFRA/35 BELOW)***

### **DSFRA/32. Address by the Fire Brigades Union**

**(NOTE** Councillors Healey and Woodman each declared a **personal but non-prejudicial interest** in this item by virtue of their being an Authority-appointed Director and an Alternate Director, respectively, with South West Fire Control Ltd., the Local Authority Controlled Company (LACC) with overall governance responsibility for the South West Regional Control Centre.

In accordance with Standing Orders, the Authority received a presentation from Messrs. French (Secretary) and Walker (Chair) of the local branch of the Fire Brigades Union (FBU) and viewed the video clip "Part of the Team", produced by the FBU and setting out its stance in relation to the FiReControl/Regional Control Centre project.

The FBU representatives also circulated to those Members present at the meeting a copy of an Local Government Press release dated 18 September 2009 relating to the project together with the wording of an Early Day Motion which Members were encouraged to discuss at their political group meetings.

***(SEE ALSO MINUTE DSFRA/31 ABOVE AND MINUTE DSFRA/35 BELOW)***

## **DSFRA/33. Minutes of Committees**

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

The Chair of the Committee, Councillor Leaves, **MOVED** the Minutes of the meeting of the Community Safety and Corporate Planning Committee held on 19 October 2009 which had considered, amongst other things:

- Election of Chair and Vice-Chair of the Committee

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

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

The Chair of the Committee, Councillor Wallace, **MOVED** the Minutes of the meeting of the Human Resources Management and Development Committee held on 27 October 2009 which had considered, amongst other things:

- a report on the High Potential Leadership Programme;
- a report on the establishment of a process to facilitate retained duty system (RDS) staff joining the wholetime service;
- a report on an initiative to identify and record additional skills possessed by staff that might be utilised to enhance Service performance;
- a report on Service performance against targets intended to secure reductions in both short- and long-term absence

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

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

The Chair of the Committee, Councillor Gordon, **MOVED** the Minutes of the meeting of the Resources Committee held on 16 November 2009, which had considered, amongst other things:

- a report monitoring expenditure and income against the approved 2009/10 Revenue Budget;
- a report on the Integrated Clothing Project (ICP) for the replacement of Personal Protective Equipment (PPE);
- the Minutes of the meeting of the Capital Programme Working Party held on 5 November 2009;
- a report monitoring progress against the approved Capital Programme 2009/10 to 2011/12; and
- a report on Treasury Management Performance during 2009/10.

**RESOLVED**

- (i) that, from the total projected underspend of £0.875m against the approved revenue budget 2009/10, an earmarked reserve of £0.357m be established to part-fund the costs associated with the replacement Personal Projective Equipment (PPE) programme under the Integrated Clothing Project (ICP);



- (ii) that a programme for the replacement of Personal Protective Equipment (PPE) on a Purchase Managed Service (PMS) “as needed” basis under the Integrated Clothing Project (ICP) be approved, as set out as Option 2 in Appendix A to report RC/09/9 as considered by the Resources Committee (and included for information with the agenda for this meeting) and to be funded in accordance with the model as set out in Section 4 of that report;
- (iii) that, subject to (i) and (ii) above and in accordance with Standing Orders, the Minutes be adopted.

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

The Chair of the Committee, Councillor Dyke, **MOVED** the Minutes of the meeting of the Audit and Performance Review Committee held on 26 November 2009 which had considered, amongst other things:

- a report on Service performance during the period April to September 2009 as against the goals, activities and targets as contained in the approved Authority Corporate Plan 2009/10 to 2011/12;
- a report on progress made to ensure compliance with the International Financial Reporting Standards (IFRS);
- a summary report from the Audit Commission on areas recently examined including managing the transition to IFRS and use of resources; and
- a summary report of work undertaken against the agreed Internal Audit plan for 2009/10.

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

**DSFRA/34. Smoke Detection in Rented Accommodation**

The Authority considered a report of the Deputy Chief Fire Officer (DSFRA/09/28) on a proposed campaign for the introduction of a statutory requirement for the fitting of smoke detection systems in those premises currently not covered by legislation.

**RESOLVED** that the Authority support the undertaking of a campaign, as envisaged in Section 3.1 of this report, with the intention of securing legislative change to introduce a statutory requirement for smoke detection systems to be fitted in the premises currently not covered by legislation.

**DSFRA/35. South West Fire Control Limited - Authority-Appointed Director Feedback**

(**NOTE** Councillors Healey and Woodman each declared a **personal but non-prejudicial interest** in this item by virtue of their being an Authority-appointed Director and an Alternate Director, respectively, with South West Fire Control Ltd., the Local Authority Controlled Company (LACC) with overall governance responsibility for the South West Regional Control Centre.

Councillor Healey briefed the Authority on the latest position in relation to the FiReControl/Regional Control Centre project and specifically on:

- recently-held consultation forums with Control Room staff;
- concerns over the software requirements for the mobilising system which had necessitated exploration of an alternative supplier.

Councillor Healey undertook to provide written responses in relation to:

- a question from Councillor Yeomans on the existence of penalty clauses in relation to the mobilising system software requirements; and
- a question from Councillor Viney on the current position of the project as compared to that outlined by the Local Government Association in its press release of 18 September 2009.

***(SEE ALSO MINUTES DSFRA/31 AND DSFRA/32 ABOVE)***

**DSFRA/36. Chairman's Announcements**

The Chairman reported on attendance on behalf of the Authority at the following events since the last meeting:

- accompanied by the Councillor Healey (Vice-Chairman), Councillor Wallace and the Chief Fire Officer, a meeting with the Leader of Somerset County Council on 28 September;
- Regional Management Board meetings on 30 September and 9 November;
- a visit to Taunton Fire Station on 6 October to coincide with a visit by Jeremy Browne MP;
- the West Devon District Council Civic Service on 11 October;
- the Local Government Association Fire Forum on 16 October;
- the West Somerset District Council Civic Service on 25 October;
- the Remembrance Day events at Ypres, Belgium, on 10 to 13 November;
- a Passing Out Parade at the Service Training Centre, Plympton, on 10 December.

**DSFRA/37. Chief Fire Officer's Announcements**

The Chief Fire Officer reported on:

- two fatal fires – one at Ellacombe, Torquay. This was still subject to investigation although the premises was not fitted with a smoke detector. The second fire occurred in Compton, Plymouth, on 14 October and – while tragic – was not considered to be a preventable incident;
- preliminary feedback from the Audit Commission on the outcome of the Comprehensive Area Assessment process. The Audit Commission had recognised that the Devon & Somerset Fire and Rescue Authority was making communities safer; responded quickly and effectively to emergencies; showed great commitment to delivering community safety campaigns to help vulnerable people; and worked well with partners to improve the quality of life in the area. The Commission also recognised the high public satisfaction rates and considered that the Authority's arrangements for securing Value for Money and savings were especially good. Areas identified for improvement, however, included making the Integrated Risk Management Plan more strategic; increasing the awareness of the contribution that can be made by the Fire & Rescue Service to partnerships; recruiting more women and people from minority backgrounds and demonstrating more fully the impact of community safety work.
- the forthcoming Carol Concert and Blessing of the new Colours for the Ceremonial Unit to be held at Exeter Cathedral on Saturday 19 December; and

- a forthcoming Passing Out Parade to be held at Severn Park on 23 December 2009.

**DSFRA/38. 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 items of business on the grounds that they involved the likely disclosure of exempt information as defined:

- for Minute DSFRA/39, in Paragraphs 1, 2 and 4 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating individuals, which is likely to reveal the identity of individuals and which relates to consultations in connection with a labour relations matter between the Authority and its employees; and
- for Minute DSFRA/40, in Paragraphs 1 and 2 of Schedule 12A (as amended) to the Act, namely information relating individuals and which is likely to reveal the identity of individuals.

**DSFRA/39. Senior Management Board Restructure**

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

The Authority considered a report of the Chief Fire Officer (DSFRA/09/29) on a proposed restructure of the Senior Management Board in the interests of efficiency and effectiveness.

**RESOLVED**

- (a) that the proposed new Senior Management Board structure as set out in Appendix B to report DSFRA/09/29 be endorsed;
- (b) that the proposed arrangements to determine the redundancy payments (should these prove necessary) for the two members of staff "at risk", as set out in paragraph 3.4 of the report and including a maximum multiplier to be used, be approved.

**DSFRA/40. Applications for Retirement and Re-employment - Officers X & Y**

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

The Authority considered a report of the Chief Fire Officer (DSFRA/09/30) on requests by two officers for retirement and re-employment. The report set out the business case for each request which, if granted, would not result in any additional financial implications for the Authority.

**RESOLVED**

- (a) that the retirement and re-employment of Officer X, as identified in report DSFRA/09/30, with effect from 25 February 2010 be approved;
- (b) that the retirement and re-employment of Officer Y, as identified in report DSFRA/09/30, with effect from 17 May 2010 be approved.

The meeting started at 10.00hours and finished at 11.58hours.

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

14 January 2010

Present:-

Councillors Wallace (Chair), Boyd, Burridge-Clayton, Manning and Mrs. Nicholson

Apologies:-

Councillors Cann and Turner

**\*HRMDC/10. Minutes**

**RESOLVED** that the Minutes of the meeting held on 27 October 2009 be signed as a correct record.

**\*HRMDC/11. 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 interests were declared.

**\*HRMDC/12. Absence Management**

The Committee received for information a report of the Head of Human Resources Management & Development (HRMDC/10/1) that updated the Committee on the position in respect of Service performance on both short term and long term sickness absence levels and the reasons behind this.

The corporate target for sickness absence was “to reduce the levels of sickness absence to the regional average of 9.0 days by 2010/11” The target for 2009/10 was 9.6 days per person and the actual performance to November 2009 was at an average 5.36 days as compared with 6.84 days in the previous year. This was a reduction of 16.7%.

The Head of Human Resources Management and Development made reference to a report to be considered by the Committee later in the agenda (report DSFRA/10/5 refers) that set out details of proposed targets for sickness absence in 2010/11. This was the final year of a three year target and there had been some discussion as to whether the Service should consider a more stretching, longer term target which was benchmarked against other UK fire and rescue services in order to move towards the vision of an “excellent” performing service.

Attention was drawn to the increase in sickness absence level for Control staff in October 2009. The Head of Human Resources management and Development reported that this was probably due to the uncertainty of control staff as a result of the Regional Control Centre (RCC) project together with seasonal colds and flu. Work had been undertaken with Control Staff to try to allay fears including one to one sessions. Forward recruitment for the RCC was due to commence shortly and therefore, there would be a clearer picture of the staff displacement and the impact for the Service.

**\*HRMDC/13. Wholetime Recruitment Campaign 2009**

The Committee considered a report of the Head of Human Resources Management & Development (HRMD/10/2) that set out the work that had been undertaken to date on recruitment leading to the appointment of a total of 31 firefighters in 2009/10.

The Head of Human Resources Management and Development advised the Committee that sufficient appointments had been made as a result of this recruitment campaign and as a result, a decision had been taken not to maintain a waiting list in the future. It was noted that even though the rate of female applicants attracted was higher than previous recruitment levels, this had not resulted in increased numbers of females being appointed. The Service needed to address this in the future with positive, focussed action to move towards meeting the recruitment target. Analysis of results showed that female candidates “dropped out” during the physical test stages of the recruitment process. There had also been issues identified in respect of the initial sift of applications that had been carried out in accordance with the procedures set down in the National Firefighter Selection process. It was felt that this may have removed a disproportionate number of candidates at a very early stage and therefore, the Committee was asked to consider reviewing the Commitment to Diversity and Integrity (CDI) weighting in the process to address this in future recruitment campaigns. This, together with other measures set out within the recommendations in report HRMDC/10/2, was supported by the Committee.

**RESOLVED**

- (a) That the CDI weightings in the process be removed i.e. all PQA questions are marked (no sift on Q1) and a separate pass mark at interview is not used;
- (b) That all practical tests are reviewed to ensure they are fit for purpose, job related and do not have an adverse impact on under-represented groups;
- (c) That a rolling programme be introduced for WT recruitment to run concurrently with the RDS one. This will become feasible with the introduction of the e-recruitment system;
- (d) That targeted action interventions are considered to aid the recruitment of under-represented groups. The organisations has signed up to the governments ‘stretch targets’ for recruitment and a small working party has been formed to look at suitable strategies;
- (e) That, subject to (a) to (d) above, the report be noted.

**\*HRMDC/14. The New Fire and Rescue Service Equalities Framework and the current "Migration" Assessment**

The Committee considered a report of the Head of Human Resources Management & Development (HRMDC/10/2) that detailed the launch recently of the new Fire and Rescue Service Equality Framework (FRS EF) against which the Authority was required to measure its equality and diversity outcomes. The new Framework superseded the Equality Standard for Local Government (EFLG). It was based on the same principles in the EFLG and was outcome focussed. There were three achievement levels, namely, Developing, Achieving and Excellent and the report set out the migration level for DSFRS together with the progress made towards implementation of the new Framework to date.

**RESOLVED** to endorse and adopt the Fire & Rescue Service Equality Framework ("The Journey to Excellence") as the framework against which the Authority will measure its equality & diversity outcomes.

**\*HRMDC/15. Positive Action Strategy - "STAIRWAY"**

The Committee considered a report of the of Human Resources Management & Development (HRMDC/10/4) that set out details of the positive action strategy "STAIRWAY", which aimed to meet the commitment of Devon and Somerset Fire and Rescue Service in respect of its recruitment targets.

It was noted that grant funding in the sum of £34,000 had been secured from the Department for Communities and Local Government (CLG) in order to support the work required to achieve the stretch targets set out within the strategy. Concern was expressed in respect of the grant funding should the Service be in the position that the target was not achieved in the future.

**RESOLVED** that the strategy entitled "STAIRWAY" be endorsed.

**\*HRMDC/16. Target Setting For Goal 2 Of The Devon & Somerset Fire & Rescue Authority Corporate Plan 2010/11 To 2012/13**

The Committee considered a report of the Head of Human Resources Management and Development (HRMDC/10/5) that set out options in respect of targets under Goal 2 "to be an employer of choice" for inclusion within the Corporate Plan for 2010/11 to 2012/13.

**RESOLVED**

- (a) That the following targets be included within Goal 2 of the Corporate Plan for 2010/11 to 2012/13:
  - (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 20010/11 to 2012/13 be submitted to the Devon and Somerset Fire and Rescue Authority on 19 February 2010 for final approval.

NB. Minute HRMDC/15 above also refers.

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

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

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

(Devon and Somerset Fire and Rescue Authority)

29 January 2010

### Present:-

Councillors Leaves (Chair), Fry, Manning and Woodman

### Apologies:-

Councillors Eastman, Foggin and Healey

### **\*CSCPC/5. Minutes**

**RESOLVED** that the Minutes of the meeting held on 19 October 2009 be signed as a correct record.

### **\*CSCPC/6. 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 in accordance with the Authority's Code of Conduct.

No interests were declared.

### **\*CSCPC/7. Technical Fire Safety Checks by Community Safety Response Staff**

The Committee considered a report of the ACFO (Service Delivery) (CSCP/10/1) that set out proposals for fire safety checks to be reintroduced for Community Safety response crews using a simplified version of the current fire safety audit process. An initial pilot had been carried out in West Command (Plymouth and Torbay) and this report proposed that this practice should be extended now across the Service for implementation in April 2010.

It was noted that it had been determined that there were clear advantages to this proposal, including increased job satisfaction for staff combined with developmental issues such as enabling the accrual of the associated knowledge and skill levels of station grounds and building construction. This in turn would increase community safety, enabling targeted activity based on risk.

**RESOLVED** that the Service wide implementation of the current pilot scheme of requiring operational crews across the Service to undertake Fire Safety Checks as part of their daily work routines be endorsed.

### **\*CSCPC/8. Update on the Implementation of the Partnership Framework**

The Committee received for information a report of the ACFO (Service Delivery) (CSCP/10/2) that gave an update in respect of the progress made with implementation of the partnership framework. The Committee noted that the introduction of the Framework had been supplemented with the commissioning of a full review and sampling of one of the existing partners and one proposed partner undertaken by the I&DeA.



A presentation was given at the meeting in addition setting out the preliminary findings of the Review. This identified the following points for consideration:

- strategic leadership and vision – what did the Service wish to achieve through working in partnership?;
- Capacity – this needed to be quantified;
- Outcome and achievement – this needed to be evaluated;
- Values and culture – how do we display the behaviours of effective partnership working?

The Review found that the Partnership Framework was fit for purpose but could be refined by making some revisions as outlined above. It was noted that I&DeA felt that the Framework would achieve the outcomes desired by the Service with the revisions suggested. Following the implementation of these changes, it was proposed that the Framework would be re-launched in May 2010.

**\*CSCPC/9. Target Setting for the Devon and Somerset Fire and Rescue Authority Corporate Plan 2010/11 to 2012/13**

The Committee considered a joint report of the Assistant Chief Fire Officers (Service Delivery and Service Support) (CSCPC/10/3) 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”. The report set out a number of outcomes that the Service wished to achieve in order to become a high performing organisation in the future. These included:

- a flexible prevention service being delivered that reduced local community risk;
- a flexible protection service that reduced local community risk;
- a response be provided to emergency incidents that met local response standards and ensured firefighter and community safety;
- community risk be reduced through partnership working;
- resources being matched to risk.

The Deputy Chief Fire Officer advised the Committee that it was felt that the targets within the Corporate Plan should be more stretching in order to achieve the above outcomes and for the Service to be assessed as “excellent” in the future. This could be achieved by the instigation of stepped targets that would ultimately raise performance to the top 10% of all fire and rescue services nationally by the end of March 2014.

The Clerk drew attention to an issue associated with measuring performance against the national position (e.g. to be in the top 50% by 2010/11). This involved a long time lag before data required to assess performance would be available, and therefore, such targets should be translated into the specific performance assessed as being required by Devon & Somerset to put the Authority in the desired national position (based on current national performance data). The targets proposed within report CSCPC/10/3 reflected this position.

Following a discussion in respect of each of the proposed targets, Councillor Manning moved (and Councillor Fry seconded):

*“that the targets for inclusion within the draft Corporate Plan for 2010/11 to 2012/13 should be re-set, wherever possible and as recommended within report CSCP/10/3, to meet the challenge of being within the top 10% of fire and rescue services (FRSs) nationally by 2013/14 (on a stepped basis)”.*

This was carried unanimously.

**RESOLVED** that the targets for inclusion within the draft Corporate Plan for 2010/11 to 2012/13 should be re-set, wherever possible and as recommended within report CSCP/10/3, to meet the challenge of being within the top 10% of fire and rescue services (FRSs) nationally by 2013/14 (on a stepped basis) and as follows in 2010/11:

- (a) That the following targets for Goal 1 be included in the Devon and Somerset Fire and Rescue Authority Corporate Plan 2010/11 to 2012/13:
- (i) Deaths in Accidental Dwelling Fires – that the current target be extended to March 2014 “to reduce deaths in accidental dwelling fires by 20% averaged over the eleven years to 31 March 2014 compared to the five years to March 2003”;
  - (ii) Casualties in accidental dwelling fires per 100,000 population – to reset the target to aim for performance to be in the top 50% of fire and rescue services (FRSs) nationally by 2010/11;
  - (iii) Accidental Dwelling Fires per 10,000 dwellings – to reset the target to aim for performance to be in the top 50% of FRSs nationally by 2010/11 (a reduction of approximately 100 fires);
  - (iv) Fires in non-domestic premises per 1000 non-domestic premises – to reset the target to aim for performance to be in the top 25% of FRSs nationally by 2010/11;
  - (v) Deliberate Primary Fires (excluding vehicles) per 10,000 population – to reset the target to aim for performance to be in the top 25% of FRSs nationally by 2010/11;
  - (vi) Primary fires per 10,000 population - to reset the target to aim for performance to be in the top 50% of FRSs nationally by 2010/11;
  - (vii) Emergency Response Standards- House Fires – this should be based on current performance for 2009/10 in order to provide a rationale for future changes in order to improve performance:
    - 1<sup>st</sup> attendance in 10 minutes (maintain performance at 2009/10 outturn);
    - Achieved (inside 10 minute area) (maintain performance at 2009/10 outturn);
    - Achieved (outside 10 minute area) – to be removed in 2010/11;
    - Overall standard – to be removed in 2010/11.
    - A new measure be developed to determine how much of the Service area is within the 10 minute response area.

- (viii) Emergency Response Standards – Road Traffic Collisions and Entrapments - this should be based on current performance for 2009/10 in order to provide a rationale for future changes in order to improve performance:
- 1<sup>st</sup> attendance in 15 minutes (maintain performance for 2010/11 at the average level achieved in 2009/10);
  - Achieved (single lane) (maintain performance for 2010/11 at the average level achieved in 2009/10);
  - Achieved (multi lane) (maintain performance for 2010/11 at the average level achieved in 2009/10)..
- (b) That the following targets for Goal 3 be included in the Devon and Somerset Fire and Rescue Authority Corporate Plan 2010/11 to 2012/13:
- (i) False alarms caused by automatic fire detection equipment – to reset the target to aim for performance to be in the top 25% of FRSs nationally by 2010/11;
  - (ii) Malicious false alarms per 1,000 population – to maintain performance to be in the top 25% of FRSs nationally by 2010/11;
- (c) That, with the inclusion of the targets set out above, the Draft Corporate Plan for 2010/11 to 2012/13 be submitted to the Devon and Somerset Fire and Rescue Authority on 19 February 2009 for final approval.

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

The meeting started at 10.00hours and finished at 11.43hours

## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

8 February 2010

### Present:-

Councillors Gordon (Chair), Healey (vice Woodman), Smith, Turner and Yeomans

### Apologies:-

Councillors Hughes OBE and Woodman

### **\*RC/16. Minutes**

**RESOLVED** that the Minutes of the meeting held on 16 November 2009 be signed as a correct record subject to amendment under Minute \*RC/9 (Declarations of Interest) to add a new line to reflect that "no interests were declared".

### **\*RC/17. Declarations of Interest**

Members were invited 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 stage, no interests were declared.

### **\*RC/18. Treasury Management Performance 2009/10**

The Committee received for information a report of the Treasurer (RC/10/1) that provided details of the Authority's borrowing and investment activities during the first nine months of 2009/10 (to the end of December 2009) and which compared this performance against the approved Treasury Management Strategy.

The Authority's treasury management adviser, Mark Swallow, was in attendance at the meeting to present the report and he highlighted the following points:

- Technically the country was out of recession, although it was likely that interest rates would rise in 2010 as a result in order to control inflationary pressures. This may result in a substantial increase in the cost of borrowing;
- None of the Prudential Indicators had been breached and a prudential approach had been taken in relation to investment decisions taken during the year to date with priority being given to liquidity and security over yield;
- Whilst investment returns had reduced from the previous year as a consequence of the fall in interest rates, the Authority was still achieving returns above the LIBID 7 day rate, which is the benchmark for this type of short term investment.

Reference was made to the position for the Authority should the United Kingdom lose its AAA rating. It was noted that this would result in an increased cost of borrowing.

**\*RC/19. Financial Performance Report 2009/10**

The Committee received for information a report of the Treasurer (RC/10/2) that provided an update on the following matters:

- Revenue budget monitoring position for the current financial year based upon spending to the end of December 2009 against the approved Revenue Budget for 2009/10;
- Performance against the 2009/10 capital budget and prudential indicators;
- Forecast performance against other financial targets for 2009/10.

At this stage, projections indicated that spending will be £0.494m less than the approved Revenue Budget for 2009/10, equivalent to just 0.68%. It should be noted that this projection had taken account of the impact of the transfer of £0.357million to an earmarked reserve to part fund the introduction of the Integrated Clothing Project (ICP) as agreed by the Committee on 16 November 2009 (Minute RC/12 refers). There had been variations in spending patterns as compared with the projections, including retained pay costs (linked to activity levels) and the lower than anticipated pay awards for both uniformed and non-uniformed staff.

In terms of spend against the approved capital programme for 2009/10, it was noted that spending was projected to be at £9.924million as against £10.236million resulting in an underspend of £0.312million. This underspend was to be carried forward to support the Programme in 2010/11.

The report also set out details of performance against other financial targets, including efficiency savings, aged debt analysis and payment of supplier invoices. The Treasurer drew attention to the position in respect of aged debts and advised that action was being taken to recover debt through the legal process where necessary.

NB. Minute RC/10/3 below also refers.

**RC/20. Capital Programme 2010/11 to 2012/13 and Associated Prudential Indicators**

The Committee considered a report of the ACFO (Service Support) (RC/10/3) that set out the proposed, adjusted three year capital programme for 2010/11 to 2012/13. The report covered the proposals for estates, fleet and equipment together with details of the financing of the revised capital programme and associated prudential indicators.

**RESOLVED** that the Authority, at its budget meeting on 19 February 2010, be recommended to approve the revised Capital Programme 2010/11 to 2012/13 and the associated Prudential Indicators as set out in report RC/10/3.

**RC/21. 2010/11 Revenue Budget and Council Tax Level**

The Committee considered a report of the Treasurer and Chief Fire Officer (RC/10/4) 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 2010/11 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 2010/11 (which was the final year of the three year grant settlement covering the years 2008/09 to 2010/11), together with the position in respect of the Comprehensive Spending Review (CSR 2007) and capping;
- details of the core revenue budget requirements for 2010/11, together with details of existing inescapable commitments and proposed essential spending needs, that had been included on the draft revenue budget for 2009/10;
- proposals for the level of Council Tax in 2010/11 and the Medium Term Financial Plan (MTFP) 2010/11 to 2012/13;
- the precept consultation for 2010/11;
- the levels of reserves and balances.

The Treasurer stated that, to set a budget at £75.135 million (a 3.41% increase on the approved 2009/10 budget) as recommended within the report, would require an increase in the council tax of 3.74% over the 2009/10 level, equating to an additional £2.59 per annum on a Band D Property. The report set out the implications of setting the council tax at this level.

The Treasurer made reference to the position in respect of reserves and stated that, whilst current levels were in excess of the 5% minimum requirement, this was still in the lower quartile when compared with all fire and rescue services in the country. He recommended that, in view of the uncertainties in respect of future revenue grant funding and the current economic climate, the Authority should seek to protect its reserve balance as much as possible to provide some stability through a forthcoming turbulent financial period.

Reference was made to the precept consultation which had been carried out in respect of the 2010/11 budget proposals as required by Section 65 of the Local Government Finance Act 1992. It was suggested that the number of respondents could be increased by the utilisation of measures such as wholtime and/or retained firefighters taking out leaflets into the community when undertaking community safety activities, for example.

Councillor Gordon expressed his thanks for the work that had been undertaken by the Treasurer and his team in respect of the budget proposals for 2010/11, whereupon Councillor Yeomans proposed (and was seconded by Councillor Healey):

“that the recommendation as set out in report RC/10/4 be approved”.

Upon a vote (5 for, 0 against), the motion was carried.

**RESOLVED** that it be recommended to the the budget meeting of the Devon and Somerset Fire and Rescue Authority to be held on the 19 February 2010 that;

- (i) a Net Budget Requirement of £75,135,000 for 2010/2011 be set;
- (ii) a level of council tax of £71.77 for a Band D property, representing an increase of 3.74% over the figure for 2009/2010, be set.

**\*RC/22. Target Setting for the Devon and Somerset Fire and Rescue Authority's Corporate Plan 2010/11 To 2012/13**

The Committee considered a report of the Director of Corporate Services (RC/10/5) that set out proposals for targets under Goal 3 "to provide an effective, efficient and economic service" of the Corporate Plan for 2010/11 to 2012/13.

**RESOLVED**

- (a) That the following measures and targets be approved:
  - (i) To manage expenditure within a tolerance of -1%;
  - (ii) To achieve the savings from combining the two services of £3 million over the five years from 1 April 2007;
  - (iii) To achieve a Level 3 assessment on Use of Resources in the 2010/11 Comprehensive Area Assessment (CAA);
  - (iv) That no target be included in respect of the levels of efficiencies achieved to date.
- (b) That the targets are included in the Devon and Somerset Fire and Rescue Authority Corporate Plan 2010/11 to 2012/13 for submission to the Devon and Somerset Fire and Rescue Authority in February 2010 for final approval.

**\*RC/23. 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 items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A (as amended) to the Act as set out below:

- For Minute RC/24 ("Specialist Rescue"), paragraph 4 - 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.
- For Minute RC/25 ("Debt Write Off"), paragraphs 1, 2 and 3 - information relating to an individual, information which is likely to reveal the identity of an individual and information relating to the financial or business affairs of a particular person (including the authority holding that information).

**RC/24. Specialist Rescue**

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

The Committee considered a report of the ACFO (Service Support) (RC/10/6) that outlined the issues in respect of the role and responsibilities for Level 3 Specialist Rescue activities and any potential payment associated with this.

**RESOLVED** that a report be submitted to the Devon and Somerset Fire and Rescue Authority at its meeting on 19 February 2010 setting out the recommendation of the Resources Committee thereon.

**\*RC/25. Debt Write Off**

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

(The Chairman vacated the Chair and left the room during discussion of this item whereupon the Vice Chairman took the Chair).

The Committee considered a report of the Treasurer (RC/10/7) detailing an overpayment of ill-health and injury benefits to an individual.

**RESOLVED** that the recommendation (as amended) contained within report RC/10/7 be approved.

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

The meeting started at 14.15hours and concluded at 16.28hours





# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

<b>REPORT REFERENCE NO.</b>	DSFRA/10/1
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (BUDGET MEETING)
<b>DATE OF MEETING</b>	19 FEBRUARY 2010
<b>SUBJECT OF REPORT</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY CORPORATE PLAN 2010/11 TO 2012/13
<b>LEAD OFFICER</b>	Chief Fire Officer
<b>RECOMMENDATIONS</b>	<p>(a) <i>that the results of the consultation on the draft Corporate Plan, as indicated in this report, be noted;</i></p> <p>(b) <i>that, subject to (a) above, the Corporate Plan 2010/11 to 2012/13 (amended as appropriate to include comments received during the consultation and as enclosed with the agenda for this meeting) be approved;</i></p> <p>(c) <i>that the road traffic collision response standards be adopted;</i></p> <p>(d) <i>that the a six month pilot on the proposed emergency response standards for non-domestic properties be approved;</i></p> <p>(e) <i>that a six month pilot on the proposed emergency response standards for entrapments be approved.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>This report presents the results of the stakeholder consultation on the Draft Corporate Plan 2010/11 to 2012/13. Stakeholders were asked specifically to comment on four areas: service delivery outcome statements, adoption of road traffic collision emergency response standards, proposed emergency response standards for non-domestic premises and entrapments.</p> <p>Enclosed with this agenda (attached and page numbered separately) is the amended Devon and Somerset Fire and Rescue Authority Corporate Plan 2010/11 to 2012/13. 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.</p>

<b>RESOURCE IMPLICATIONS</b>	Resource implications associated with adoption of the Corporate Plan are contained within the draft revenue budget 2010/11 and capital programme 2010/11 to 2012/13, reports for which feature elsewhere on the agenda for this meeting.
<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. Primary Stakeholders who responded to the consultation</li> <li>B. Outcome Statements</li> <li>C. Suggested amendments to Outcome Statements</li> </ul>
<b>LIST OF BACKGROUND PAPERS</b>	Report DSFRA/09/24 (Draft Corporate Plan 2010/11 to 2012/13) to the meeting of the Authority held on 28 September 2009.

## **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. The requirements of an IRMP have previously been integrated into the production of the Corporate Plan and this format continues for the plan 2010/11 to 2012/13.
- 1.2 At its meeting on 28 September 2009 the Authority approved the Draft Corporate Plan 2010/11 to 2012/13 in principle for consultation purposes. The consultation focused on inviting views and opinions on four specific areas: service delivery outcome statements, adoption of road traffic collision emergency response standards, proposed emergency response standards for non-domestic premises and entrapments.
- 1.3 The period of consultation commenced on 5 October 2009 and closed on 4 January 2010.

## **2. METHODOLOGY AND ACCESSIBILITY**

- 2.1 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.
- 2.2 To assist in making the consultation more accessible a leaflet was produced that summarised the detail behind each of the four specific areas on which opinion was sought.
- 2.3 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.
- 2.4 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
- 2.5 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.

### **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. The adverts were followed up by a press release on 28 October and an article was placed in the winter edition of Devon Talk.

Table 1: Details of adverts placed in local papers

<b>PAPER</b>	<b>AREA OF DISTRIBUTION</b>	<b>DATE</b>
Herald Express	Torbay	26 October 2009
Express and Echo	Exeter	27 October 2009
Western Daily Press	Somerset	28 October 2009
Evening Herald	Plymouth	28 October 2009
Western Morning News	Devon	29 October 2009
Somerset County Gazette	North Somerset	29 October 2009

- 3.2 Staff were made aware of the consultation through a series of communications. In addition to the dedicated page on the intranet three articles were placed in the Service Update and promotional posters sent to all stations.
- 3.3 Key stakeholders, see Table 2, were invited by letter or email to comment on the Draft Corporate Plan 2010/11 to 2012/13.

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

<b>STAKEHOLDERS INVITED TO COMMENT ON DRAFT CORPORATE PLAN 2010/11 TO 2012/13</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 906 letters and emails were sent to key stakeholders and contacts held in the database.

#### 4. **RESULTS**

4.1 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

METHOD OF RESPONSE		NUMBER OF RESPONSES
Surveys returned (64)	Online surveys	6
	Paper surveys	58
Letters and Emails received		12
Meeting		1
<b>Total number of responses</b>		<b>77</b>

4.2 The 76 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 A.

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

TYPE OF RESPONDENT	NUMBER OF RESPONSES	%
Public	21	27.3%
Staff	12	15.6%
Other government	11	14.3%
Business	9	11.7%
Cllr	7	9.1%
Not given	5	6.5%
Other*	4	5.2%
Emergency Service	3	3.9%
Representative Body	3	3.9%
Community Group	2	2.6%
<b>Total number of responses</b>	<b>77</b>	<b>100%</b>

\*Other included a range of key stakeholders listed in Table 2

- 4.3 The online survey service attracted readers with 73 viewings recorded.
- 4.4 The results were analysed using both quantitative and qualitative methods. A summary of the results for each of the four areas is provided below.

***New outcome statements***

- 4.5 Respondents were given a copy of the new outcome statements then asked a series of questions. Question One asked how strongly respondents agreed or disagreed that the outcome statements listed under Goal One would help DSFRS achieve Goal One. Of the 62 respondents who answered this question 96.8% agreed that the outcome statements will help the goal be achieved and only 1.6% disagreed. . A list of the outcome statements is provided in Appendix B.

Table 5: Q1 How strongly do you agree or disagree that the outcomes listed above will help us achieve Goal One?

RESPONSE	COUNT	%
Agree	60	96.8%
Neither	1	1.6%
Disagree	1	1.6%
Total	62	100%

- 4.6 If respondents disagreed with the outcome statements under Goal One they were given the opportunity to explain why. Although only 1 respondent indicated they disagreed, 5 respondents gave comments, these are:

- DSFRS will need to rely on partnership working to produce a 'total place' solution (1)
- There needs to be enough cover for rural areas (1)
- The introduction of the Regional Control Centre will lead to increased response times (1)
- The Goals are excellent but what plans are in place to implement them (1)
- All that is needed is a good service at a good price (1)

- 4.7 Respondents were also asked if they would make any changes to the outcomes listed under Goal One, 15 respondents replied and made 16 comments. These comments are:

- The outcomes are fine as they are (2)
- The impact of the Regional Control Centre (2)
- Engagement with partners needs to be stressed (1)
- Partnership working should be included in reducing community risk (1)
- At what frequency will the Goals be assessed (1)
- All business should be assessed not just those at high risk (1)
- Opportunities for diversifying DSFRS's role does not mean taking over from other agencies (1)
- How will 'inactive activities' be decided and over how long a period (1)

- There needs to be input into new sustainable housing (1)
- Equipment needs to be up to date and in good working order (1)
- Rural areas need to be considered when matching resources to risk (1)
- There need to be more fire drills to allow students to be used to the noise of the alarm (1)
- The word flexible might be overused and should be replaced with 'prevention programme' and 'protection programme' (1)
- The terms 'firefighter and public safety need to be transposed' (1)

4.8 Question Four asked how strongly respondents agreed or disagreed that the outcome statements listed under Goal Two would help DSFRS achieve Goal Two. Of the 63 respondents who answered this question 93.7% agreed that the outcome statements help the goal be achieved and only 4.8% disagreed.

Table 6: Q4 How strongly do you agree or disagree that the outcomes listed above will help us achieve Goal Two?

RESPONSE	COUNT	%
Agree	59	93.7%
Neither	1	1.6%
Disagree	3	4.8%
Total	63	100%

4.9 Again if respondents disagreed with outcome statements under Goal Two they were given the opportunity to explain why. Although only 3 respondents indicated they disagreed, 5 respondents replied and made 6 comments:

- How can home working could be practised in such a hands on job (1)
- What does a high turnover of staff mean (1)
- Identifying high competency staff is vital to developing a business (1)
- Employees who are a hindrance to progression should be removed (1)
- Is it possible to employee staff just on a day shift, this could be more attractive to women with family commitments (1)
- The monitoring of the outcomes may result in more staff, making the process admin heavy (1)

4.10 Respondents were also asked if they would make any changes to the outcomes listed under Goal One, 16 respondents made comments. These comments are:

- Who will decide which employees are underperforming and how will they be removed? (4)
- The statements should be kept as they are (2)
- There needs to be strong punishment enforced in cases of arson (1)
- How can firefighters work from home (1)
- Equal opportunities is not mentioned (1)

- There should be more advertising for the recruitment of retained firefighters (1)
- If the organisation retained good staff than a healthy turnover would not be relevant (1)
- Representative Bodies should be involved from the very start of any changes (1)
- Another respondent suggested looking at how the public perceive DSFRS as an employer of choice (1)
- The role of the Welfare Officer is particularly important (1)
- There needs to be a mention of the retained service in the outcome statement relating to the retention of staff (1)
- The outcome statement 'DSFRS recruits and retains the best people for improving community safety' should be listed first as all the other statements would flow from having the best/right people in place (1)

4.11 Question Seven asked how strongly respondents agreed or disagreed that the outcome statements listed under Goal Three would help DSFRS achieve Goal Three. Of the 62 respondents who answered this question 88.7% agreed that the outcome statements help the goal be achieved and only 4.8% disagreed.

Table 7: Q7 How strongly do you agree or disagree that the outcomes listed above will help us achieve Goal Three?

RESPONSE	COUNT	%
Agree	55	88.7%
Neither	4	6.5%
Disagree	3	4.8%
Total	62	100%

4.12 Again if respondents disagreed with outcome statements under Goal Three they were given the opportunity to explain why. Although only 3 respondents indicated they disagreed, 6 comments were received:

- There were no targets so the outcome could not be measured and another that physical assets should always be managed efficiently (1)
- Does directing money into resources mean that the Aerial Appliance would be kept in South Devon? (1)
- Road junctions take time for appliance to pass and slow them down (1)
- The content of the section was rambling and repetitive (1)
- Finance should be effectively planned and deliver improvement (1)
- How will the use of community rooms would be administered, especially out of hours? (1)



4.13 Respondents were also asked if they would make any changes to the outcomes listed under Goal Three, 10 respondents commented:

- The plan should state how DSFRS intends to improve its carbon footprint (1)
- Fire fighting should come before the services carbon footprint (1)
- The outcomes under Goal Three should be left as they are (1)
- The whole section under Goal Three should be rewritten (1)
- There needs to be more work with partners (1)
- Authority meetings should be held around the counties so more people can attend (1)
- The retention of the third key for doors (non-domestic properties) should be made available more locally (1)
- The word ‘transparent’ should be added to the finance based outcome (1)
- Rural areas need to be given the same priority as urban areas (1)
- There is a lack of energy in the text and that there needs to be more vibrancy in the language used (1)

***Adoption of road traffic collision emergency response standards***

4.14 Respondents were given a copy of the piloted emergency response standards for road traffic collisions (RTCs), respondents were then asked how strongly they agreed or disagreed that the standards should be adopted by DSFRS. Of the 62 respondents who answered this question 85.5% agreed that the emergency response standards piloted for Road Traffic Collisions should be adopted, only 1.6% disagreed.

Table 8: Q6 How strongly do you agree or disagree that the standards piloted for Road Traffic Collisions (RTCs) should be adopted?

RESPONSE	COUNT	%
Agree	53	85.5%
Neither	8	12.9%
Disagree	1	1.6%
Total	62	100%

4.15 Respondents were asked if they did not agree that the standards should be adopted why not, although only 1 respondent indicated they disagreed, 5 comments were received. Two respondents believed the response times could be reduced and one questioned if a lead emergency services needed to be defined. One respondent asked if vehicle manufactures could be made to agree on vehicle design to allow for quicker extrications. A final respondent suggested that some rural locations would take more than 15 minutes to arrive safely.

**Proposed emergency response standards for non-domestic premises**

4.16 Question Twelve asked respondents how strongly they agreed or disagreed with the proposed response standards for non-domestic premises. Of the 61 respondents who answered this question 86.9% agreed with the emergency response standards for non-domestic premises, only 4.9% disagreed.

Table 9: Q12 How strongly do you agree or disagree with the proposed standards for fires at non-domestic premises?

RESPONSE	COUNT	%
Agree	53	86.9%
Neither	5	8.2%
Disagree	3	4.9%
Total	61	100%

4.17 Respondents were asked if they did not agree with the proposed standards why not, although only 3 respondents indicated they disagreed, 5 comments were received:

- There should be a special target for the nuclear facilities in Somerset (1)
- The attendance target should depend on the times the buildings are open to staff (1)
- There should be a difference between rural and urban areas due to the roads the appliance would need to travel on (1)
- All residential properties should be inspected every 3 to 5 years and more often in they fail (1)
- Information about Regulatory Reform Orders (RROs) needs to be made more widely available and the service should not presume that everyone has access to the internet (1)

**Proposed emergency response standards for entrapments (excluding RTCs)**

4.18 Question Fourteen asked respondents how strongly they agreed or disagreed with the proposed response standards for non-domestic premises. Of the 21 respondents who answered this question 83.9% agreed with the emergency response standards for entrapments (excluding RTCs) 4.8% disagreed.

Table 10: Q14 How strongly do you agree or disagree with the proposed standards for entrapments (excluding RTCs)?

RESPONSE	COUNT	%
Agree	52	83.9%
Neither	7	11.3%
Disagree	3	4.8%
Total	62	100%

4.19 Respondents were asked if they did not agree with the proposed standards why not, although only 3 respondents indicated they disagreed, 4 comments were received. One respondent suggested the first attendance should be before 15 minutes and another that the outcomes should discriminate between types of entrapments. One respondent suggested there needed to be a difference between urban and rural standards and another stressed the importance of saving life.

**General comments**

4.20 Letters and emails were received from 9 respondents each containing a number of different comments on the Corporate Plan. These comments are:

- Continuing and increasing partnership working (6)
- The positive contribution DSFRS already make to partnerships (4)
- DSFRS still needs to contribute more towards partnerships (2)
- The DSFRS Goals are common to their organisation (2)
- They are looking forward to working further with DSFRS in the future (2)
- A concern was expressed with the impact of the RCC (1)
- The document needed to use more plain English and not presume the level of knowledge readers already have (1)
- More detailed information could be given about DSFRS work with LSPs and towards prevention of domestic violence (1)
- The IRMP needs to be more strategic (1)

**Service Improvement Group (SIG)**

4.21 The Service Improvement Group is an internal forum within DSFRS that works to coordinate the delivery of the Corporate Plan. Its membership is made up of a cross section of operational and non-uniform middle managers. The Service Improvement Group considered the outcome statements and provided a response with suggested amendments to the wording. The suggested amendments are listed in Appendix C.

**Representative Bodies**

4.22 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 2010/11 to 2012/13. The invitation also offered a meeting to discuss the plan. Responses were received from the FOA, the RFU and FBU. The RFU accepted the invitation to attend a meeting within the consultation period.

4.23 The FBU provided a comprehensive response to the consultation. The main subjects they raised were; issues surrounding staff working as Community Safety Action Team on a secondary contract, the current delay to Regional Control Centre, the need for a more robust Fire Safety (Regulatory Reform Order) enforcement process, the impact of community safety work on operational readiness and defining partnership working within staff roles. They also raised concerns with the information given surround the emergency response standards for; domestic properties, Road Traffic Collisions (RTCs), non-domestic premises and entrapments. The issues raised were further examined in a meeting held after the close of consultation.

4.24 The FOA provided comments that broadly supported the draft Corporate Plan and looked forward to working with senior management in an effort to realise the achievement of excellent performance.

- 4.25 The RFU felt that under Goal One, reducing risk through partnership working was important and agreed that prevention services needed to be flexible. They were concerned that matching the provision of stations, appliance type and number of appliances may lead to a reduction of appliances and staff, or moving stations.
- 4.26 For Goal Two the RFU felt having a good working relationship with Representative Bodies and having a zero tolerance approach to bullying and harassment are important. They feel that attracting high calibre staff could be helped by making more information and assistance available at the point of application. To retain good staff they felt more could be done to talk to the employers of retained duty system staff and have found that moving to the retained duty system salary scheme has helped to retain people.
- 4.27 For Goal Three the RFU felt that there should be an awareness of how the budget is made up and what external constraints are placed amongst staff, they suggested this could be done by promoting it in a simple form. They also suggested that the community is not always aware of what Retained Duty System staff do and that awareness should be raised within the community. They also raised the IT systems are slow if you are accessing them externally, which makes learning difficult and that there is a need to have someone at the station paid for half a week to keep up to date with paperwork and follow up engagement.

## **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 a 13 week period. A total of 77 responses were received and analysed.
- 5.2 The results on the new service outcomes were positive with the majority of respondents agreeing that they would help DSFRS achieve the Goals.
- 5.3 The results on the adoption of road traffic collision emergency response standards were positive with the majority of respondents agreeing the standards should be adopted.
- 5.1 The results were also positive for the proposed emergency response standards for non-domestic premises and entrapments with the majority of respondents agreeing with the standards.

## **6. CHANGES TO CORPORATE PLAN 2010/11 to 2012/13**

- 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) P5. The profile of Local Strategic Partnerships has been increased by enhancing the content and moving it to the front of the plan.
  - b) P7. New case study on partnership working between the emergency service in running a 999 cadet scheme.
  - c) P17. New case study on a partnership work with the Environment Agency and Devon County Council on flooding.
  - d) P19. The road traffic collision emergency response standards have been relocated to the section 'how we provide a tailored service' as the recommendation is to adopt the standards. The content has been enhanced to clarify the statutory responsibility and the proactive work undertaken.

- e) P22. The content on Local Resilience Forums has been enhanced.
- f) P24. The previous targets have been removed from the graphs due to the adoption of new targets aligned to national performance.
- g) P34. The content in the section 'how we will improve the service' has been updated to incorporate the following changes:
  - The future economic outlook for the public sector is uncertain and consequently the Service needs to be dynamic in its approach to planning. To account for this the following statement is added: "The Service must remain responsive to changing situations and therefore the planned activities for each Goal may be amended to account for different priorities and economic circumstances."
  - The key development activities DSFRS will undertake to improve against each outcome statement.
  - The Goal 2 outcome statement 'People enjoy working for DSFRS' reworded as '**DSFRS has a high performing and satisfied workforce**'.
  - The Goal 2 outcome statement 'People working for DSFRS display the Core Values' reworded as '**People working for DSFRS behave in accordance with our core values as a service**'.
  - The Goal 2 outcome statement 'DSFRS recruits and retains the best people for improving community safety' reworded as '**DSFRS recruits and retains the best people**'.
- h) The Consultation section has been removed.

## 7. CORPORATE MEASURES AND TARGETS

7.1 The following Goal 1 measures and targets were agreed at the Community Safety and Corporate Planning Committee on 29 January 2010 and are incorporated in the plan.

### **Accidental dwelling fires**

In reducing accidental dwelling fires per 10,000 dwellings we will raise our performance to:

- top 50% of FRSs nationally by 2010/11
- top 25% of FRSs nationally by 2011/12
- top 15% of FRSs nationally by 2012/13
- top 10% of FRSs nationally by 2013/14.

Based on the latest available national figures of 2008/09, to be in the top 50%, we would have to reduce the levels of accidental dwelling fires by approximately 10%, which is a decrease of around 109 fires.

### **Non-domestic premises fires**

In reducing fires in non-domestic premises per 1,000 non-domestic premises we will raise our performance to:

- top 25% of FRSs nationally by 2010/11
- top 25% of FRSs nationally by 2011/12
- top 15% of FRSs nationally by 2012/13
- top 10% of FRSs nationally by 2013/14.

At the time of printing it is not possible to provide additional contextual information identifying the necessary reduction in non-domestic fires to achieve our targets due to the current limitation of available national data. This information will be updated when available.

***Deliberate primary fires (excluding vehicles)***

In reducing deliberate primary fires (excluding vehicles) per 10,000 population we will raise our performance to:

- top 25% of FRSs nationally by 2010/11
- top 25% of FRSs nationally by 2011/12
- top 15% of FRSs nationally by 2012/13
- top 10% of FRSs nationally by 2013/14.

Based on the latest available national figures of 2008/09, to be in the top 25%, we would have to reduce the levels of deliberate primary fires (excluding vehicles) by approximately 20%, which is a decrease of around 77 fires.

***Primary fires***

In reducing primary fires per 10,000 population we will raise our performance to:

- top 50% of FRSs nationally by 2010/11
- top 25% of FRSs nationally by 2011/12
- top 15% of FRSs nationally by 2012/13
- top 10% of FRSs nationally by 2013/14.

Based on the latest available national figures of 2008/09, to be in the top 50%, we would have to reduce the levels of primary fires by approximately 2%, which is a decrease of around 60 fires.

***False alarms caused by automatic fire detection equipment***

In reducing automatic fire alarms per 1,000 non-domestic we will perform at:

- top 25% of FRSs nationally by 2010/11
- top 25% of FRSs nationally by 2011/12
- top 15% of FRSs nationally by 2012/13
- top 10% of FRSs nationally by 2013/14.

Based on the latest available national figures of 2008/09 we are currently performing in the top 25% and our next target, following a change to national recording methods, is to remain within the top 25%.

***Malicious false alarms (attended)***

In reducing malicious false alarms (attended) per 1,000 population we will perform at:

- top 25% of FRSs nationally by 2010/11
- top 25% of FRSs nationally by 2011/12

- top 15% of FRSs nationally by 2012/13
- top 10% of FRSs nationally by 2013/14.

Based on the latest available national figures of 2008/09 we are currently performing in the top 25% and following a change in how the measure is reported our next target is to remain within the top 25% for 2010/11.

### ***Emergency response standards for house fires***

Following the first year of monitoring performance against our new house fire emergency response standards our first targets will be set as:

- 1<sup>st</sup> attendance achieved in 10 minutes – maintain our performance in 2010/11 at the level achieved at the end of 2009/10 (currently 86.61% of occasions as at 31<sup>st</sup> January 2010)
- Standard achieved inside 10 minute area – maintain our performance in 2010/11 at the level achieved at the end of 2009/10 (currently 69.38% of occasions as at 31<sup>st</sup> January 2010)

Monitoring over the last year has shown that performance against the house fire emergency response standard has been rising and therefore the end of year performance will be used to set the target.

### ***Emergency response standards for road traffic collisions***

Following the first year of monitoring performance against our new road traffic collision emergency response standards our first targets will be set as:

- 1<sup>st</sup> attendance in 15 minutes – maintain performance for 2010/11 at the average level achieved throughout 2009/10 (currently 78.32% as at 31<sup>st</sup> January 2010)
- Standard achieved (single lane carriageway) - maintain performance for 2010/11 at the average level achieved throughout 2009/10 (currently 64.87% as at 31<sup>st</sup> January 2010)
- Standard achieved (multi-lane carriageway) - maintain performance for 2010/11 at the average level achieved throughout 2009/10 (currently 49.00% as at 31<sup>st</sup> January 2010)

Monitoring over the last year has shown that performance against the road traffic collision emergency response standard has fluctuated from month to month and therefore an average year performance will be used to set the target

### ***Casualties in accidental dwelling fires***

In reducing casualties at accidental dwelling fires per 100,000 population we will raise our performance to:

- top 50% of FRSs nationally by 2010/11
- top 25% of FRSs nationally by 2011/12
- top 15% of FRSs nationally by 2012/13

- top 10% of FRSs nationally by 2013/14.

At the time of printing it is not possible to provide additional contextual information identifying the necessary reduction in casualties to achieve our targets due to the current limitation of available national data. This information will be updated when available.

***Deaths in accidental dwelling fires***

To reduce deaths in accidental dwelling fires by 20% averaged over the 11 years to 31 March 2014 compared with the 5 years to 31 March 2003. This means that we have to reduce the rate of accidental dwelling fire deaths to 3.84 deaths per annum or no more than 42 deaths over the 11 year period to 31 March 2014. By the end of 2008/09, year 6 of this 11 year period, there had been 30 deaths.

- 7.2 The following Goal 2 measures and targets were approved by the Human Resource Management and Development committee on 14 January 2010 and are incorporated in the plan.

***The number of women recruited as fire fighters***

A minimum of 12% of new firefighter entrants to the operational service to be women by 2010/11, 15% by 2011/12 and 18% by 2012/13.

***The recruitment of staff from minority ethnic groups***

The recruitment of staff from minority ethnic groups to be 5.29% of all new joiners by 2010/11, 6.29% by 2011/12 and 7.29% by 2012/13.

***The level of retained posts filled***

To ensure 90% of retained posts are filled.

***The level of sickness absence***

To reduce the levels of sickness absence to the regional average rate of 9.0 days/shifts lost per person by 2010/11.

- 7.3 The following Goal 3 measures and targets were approved by the Resources committee on 8 February 2010 and are incorporated in the plan.

***Management of expenditure within budget***

To manage expenditure within a tolerance of -1%.

***Savings from the combination of the two services***

Achieve the savings from combining the two services of £3 million over the five years from 1<sup>st</sup> April 2007.

***Results from external assessment***

To achieve a Level 3 Use of Resources result in the 2010/11 a ssesment.

To achieve a Level 4 Use of Resources result in the 2012/13 assessment .

- 7.4 In addition we will measure our levels of efficiency achieved from 2011 onwards as a result of the service delivery review on matching resources to risk and the review of support services.

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



**Named stakeholders who responded to the consultation.**

Abbyfield House, Teignmouth  
Avon and Somerset Police Constabulary, Roads Division  
Avon and Somerset Police Constabulary, South Somerset Area  
Bridge Guest House, Tiverton  
Gloucestershire Fire and Rescue Service, Chief Fire Officer  
Government Office For the South West, Safer Communities Department  
H J Heinz Frozen and Chilled Foods, Safety Department  
Ivybridge Town Council, Chair  
Lindons Residential Home, Newton Abbot  
Lord Lieutenant of Devon  
Mendip Strategic Partnership, Chair  
Morrisons, Bideford  
NHS Plymouth, CX  
NHS Somerset, CX  
Peveral Management Services, Retirement Division  
Peveral Management Services, Wellington  
Peveral Management Services, Wells  
Senior Council for Devon, Tiverton Branch  
Somerset County Council, Head of Community Leadership and Improvement Service  
Somerset Strategic Partnership, Chair  
South Somerset Council, CX  
South West Water, CX  
South West Water, Technical Support  
Torbay Council, People Commissioner  
Torbay Strategic Partnership, Chair  
Torrington Town Council, Chair  
University of Exeter, Estates Department  
West Somerset District Council, Leader  
Wyke Farms, Packing and Distribution Department

**Outcome statements – as they appeared during consultation**

**Goal 1: To proactively reduce risk, to save life, protect property and the environment from fire and other emergencies.**

As a high performing organisation we will demonstrate:

<b>Outcome</b>	<b>How it will be achieved</b>
A flexible prevention service is delivered that reduces local community risk	To achieve this our integrated community safety strategy will provide community safety prevention services such as: schools fire safety education, Home Fire Safety Visits, arson reduction programmes and youth inclusion programmes. These services will be delivered flexibly to those most at risk through community risk analysis and targeted delivery. Resources will support community safety in reducing community risk. Prevention activity will be evaluated to ensure it is effective and ineffective activity stopped.
A flexible protection service is delivered that reduces local community risk	To achieve this, our integrated community safety strategy will provide community safety protection services such as: fire safety audits, building regulations consultations, issuing prohibitions or restricted use orders and enforcement notices. These services will be delivered flexibly and targeted to those premises at highest risk. Resources will support community safety in reducing community risk. Protection activity will be evaluated to ensure it is effective and ineffective activity stopped.
A response is provided to emergency incidents that meets local response standards and ensures firefighter and public safety	To achieve this we will: complete the work on adopting locally risk assessed emergency response standards; inform work on developing a Regional Control Centre; focus on firefighter and public safety; and develop an intervention strategy
Community risk is reduced through partnership working and opportunities are explored to deliver other services	To do this we will: be engaged with partners and collaborate / jointly work with other organisations to reduce local community risk; implement the partnership framework document ensuring governance and performance management are in place; and explore opportunities for diversifying our role.
Resources are matched to risk to improve community safety and use of resources	To achieve this we will: complete the work on matching the provision of stations, appliance type, number of appliances, duty systems and equipment to local community risk; continue to evaluate response activities and stop ineffective or unnecessary activity.

## GOAL 2: To be an employer of choice

As a high performing organisation we will demonstrate:

Outcome	How it will be achieved
People enjoy working for DSFRS	This is an outcome of many different influences that affect an organisation's culture such as values, leadership, welfare policies, training and development and performance management. We will undertake employee surveys to determine how we are succeeding.
The provision of flexible conditions of service to improve community safety and the welfare of colleagues	To achieve this we will: develop proposals after taking views from staff and representative bodies; have flexible working arrangements such as home working that benefit the organisation and employee welfare; have shift patterns that reflect local demand; continue to develop employee welfare initiatives.
People working for DSFRS display the core values of the service	To achieve this we will: conduct ourselves with professionalism; work with people to ensure they understand the behaviours associated with the core values; improve the diversity in our workforce to reflect our communities; have a zero tolerance approach to bullying and harassment; and have good working relationships with the representative bodies.
People are empowered and have the skills and knowledge to perform their roles effectively	We will achieve this by: introducing the Integrated Personal Development System to all members of staff; implementing a single personal development and review process for all staff; ensuring that training and development is accessible to all staff, meets the individual and organisation's need, and introduces different learning methods.
DSFRS recruits and retains the best people for improving community safety	This will be achieved by: attracting high calibre applicants; retaining good staff; removing underperformers; providing a good working environment; having opportunities for promotion; having a healthy turnover of staff and developing a high potential leadership programme.

### GOAL 3: To provide an effective, efficient and economic service

As a high performing organisation we will demonstrate:

Outcome	How it will be achieved
Our staff and the community know what we do, the part they play to improve community safety and influence future decisions of the service	We will achieve this by being clear about the various routes of communication and engagement that are available so that members of the public, our partners and staff all have access to the right information at the right time, understand the role of the service and how they can reduce risk in the community and have the opportunity to tell us about issues and what they believe we should be doing. We will also have a clear identity through our corporate branding and marketing.
All of our work and finance is effectively planned, managed and delivers continuous improvement	This will be achieved by: having clear systems and processes in place to plan, manage and review our performance and spending; people understanding what they need to do and why; directing money and resources to the highest priorities; and by understanding the impact and benefits of the work we do.
Our environmental impact is known and it is reduced through sustainable solutions	To achieve this we will: measure and evaluate our carbon footprint and develop and implement solutions to reduce it that consider all aspects of the service e.g. what we purchase, how we travel, how we use and insulate our buildings, the type of energy we use; promote environmental sustainability amongst our staff; and work to reduce the occurrence and size of fires will also assist in reducing carbon emissions.
Physical assets are managed for current and future needs	To achieve this we will: have clear plans in place that set out how our resources (buildings, vehicles, equipment, IT ) will be used – this will be dependent upon the results of other research detailed in this plan such as matching resources to risk; and consider how our resources can be used and shared with partners in order to give the greatest benefit to the community and our staff.

Submission agreed at combined Senior Management Board (SMB)/Service Improvement Group (SIG) meeting on 22 December 2009.

1. RESULTS GOAL 2, 'TO BE AN EMPLOYER OF CHOICE'.

1.1. Outcome statement:

***People enjoy working for DSFRS***

The group considered that there may be benefit in re-wording this outcome statement to:

***'DSFRS has a high performing and satisfied workforce'***

1.2. Outcome statement:

***People working for DSFRS display the Core Values.***

The group considered that there may be benefit in re-wording this outcome statement to:

***'People working for DSFRS behave in accordance with our core values as a service'***

1.3. Outcome statement:

***DSFRS recruits and retains the best people for improving community safety.***

The group considered that there may be benefit in re-wording this outcome statement to:

***'DSFRS recruits and retains the best people'***

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	<b>DSFRA/10/2</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (BUDGET MEETING)</b>
<b>DATE OF MEETING</b>	<b>19 FEBRUARY 2010</b>
<b>SUBJECT OF REPORT</b>	<b>CAPITAL PROGRAMME 2010/11 – 2012/13</b>
<b>LEAD OFFICER</b>	<b>Director of Service Support, and Treasurer</b>
<b>RECOMMENDATIONS</b>	<b><i>That the revised Capital Programme 2010/11 to 2012/13 as set out in this report be approved</i></b>
<b>EXECUTIVE SUMMARY</b>	<p>Each year the Capital Programme is reviewed in line with the Service budget preparations. This review takes account of the normal replacement cycle for appliances and equipment, actions in support of maintaining the Authorities building stock. The commitments for 2009/10 period, as approved, have been progressed.</p> <p>This report therefore details the adjusted three year capital programme for the period 2010/11 to 2012/13.</p> <p>Appendix A illustrates the existing approved 2009/10 alongside the forward 2010/11 to 2012/13 capital programme. This includes elements of the programme already approved, but additionally includes further proposals to meet ongoing fleet and equipment replacement needs and ongoing estates development and maintenance needs. A prudent approach has been taken to the proposals as fully explained within the report.</p> <p>The Resources Committee at its meeting on 8 February 2010 considered a version of this report and resolved to recommend that the Authority approve the capital programme 2010/11 to 2012/13 as set out within it (Minute RC/20 refers).</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>	A. Proposed 2010/11 to 2012/13 Capital Programme.

**LIST OF BACKGROUND PAPERS**

Report CPWP/09/3 – “Affordable Capital Investment Plans for 2010/11 to 2011/12” – submitted to the meeting of the Capital Programme Working Party on 5 November 2009.

## **1. INTRODUCTION**

- 1.1 Each year the capital programme is reviewed and adjusted to include projects that have been carried forward and to review capital investment needs over the next three year period. The capital budget for 2009/10 is £10.236m with a predicted outturn of £9.924m. This provides and underspend of some £0.312m, which is proposed to be moved to support projects in the 2010/11 year.
- 1.2 Appendix A represents a proposed programme 2010/11 to 2012/13, which includes the elements already approved and new proposals which are referenced later in the report.
- 1.3 The matter of Capital expenditure remains an issue for an Authority the size of Devon and Somerset. The Affordable Capital Investment Plans 2009/10 to 2011/12 was reported to Resources Committee which illustrated the significant capital investment needs of a large rural fire and rescue authority. The report also detailed the inequity in the calculation of revenue grant support for capital expenditure (SCE(R)) from the Authority's viewpoint on sparsity and its representations to CLG on the matter. The constraints have placed pressure on the Authorities investment programme which would require significant investment over the next three years to meet the ongoing full programme needs.
- 1.4 Given this position and the Authorities approval for the build of two new fire station in 2008/09 no new fire appliances were approved and the programme was effectively frozen. As a consequence the Authority has a current backlog of fire appliances against the current Service replacement policy.
- 1.5 The Department for Communities and Local Government (CLG) approved a grant of £2m debt free capital support spread over 2009/10 to 2010/11, principally to address equality and diversity issues on stations. In addition a further £300k was made available from earmarked reserves in 2009/10 to fund station improvements demanded by the Health and Safety Executive.
- 1.6 Whilst this report provides options for the next three years, it should be recognised that future capital programmes may be adjusted significantly against such recommendations made as a result of the two reviews of Service Delivery and Service Support.

## **2. SERVICE ESTATES**

- 2.1 Members will be aware that the two new fire stations at Exeter, Danes Castle and Middlemoor are now complete and fully operational, with both projects being built on time. Savings on the Middlemoor and SHQ projects of £0.412m and £0.018m respectively were secured. It is proposed to use these underspends against projects identified for 2010/11. The financial provisions made against the projects for 2010-2011 cover the contract retention and some minor additional works that have been requested.
- 2.2 The remainder of the £2m government capital grant allocated to 2010-2011 is £1,193m. 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.



- 2.3 The projects proposed for 2010/11 concentrate on station extensions and refurbishments that incorporate our legal obligations under the Disability Discrimination Act, Dignity at Work requirements, community access and partnership co-location. Also included are major building works to improve the current building stock. This programme for 2010/11 is £2.771m, including forecast slippage from 2009/2010.
- 2.4 In relation to 2011/2012 and 2012/2013, at this stage only prudent allocations of £1.750m has been included for both years. This will need to be reviewed in twelve months time when setting 2011/2012 budget levels, dependent on affordability issues, and decisions from the government as to whether it will continue with the grant allocations awarded in 2009/2010 and 2010/2011.

#### Slippage for 2009/10

- 2.5 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 some schemes within the financial year, as approved.
- 2.6 Slippage does not necessarily have a major detrimental impact on a scheme as the prudential code financial guidelines now allow for greater flexibility in roll over between financial years. Slippage on the major schemes is dealt with by re-profiling the scheme, whilst maintaining the originally approved threshold. For 2009/10 the total slippage on estates is forecast to be £0.615m.

### **3 SERVICE FLEET AND EQUIPMENT**

#### Vehicle Replacements

- 3.1 The Authority has the second largest fleet in England and slippage with replacement schedules leads to significant problems in future years such as increased maintenance costs, less operational availability due to breakdowns that result with extended periods of maintenance downtime 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. The decision to reduce fire appliance purchases for 2008/09 impacted on current procurement. Whilst the profile for appliance purchase for 2009/10 is within scope and at varying stages of build, the Service now has a considerable number of fire appliances replacements outstanding.
- 3.2 Funding of £3.2m is included in the proposed programme for 2010/2011. This will enable the funding of the appliance builds commenced in 2009/2010 and the purchase of programmed replacement appliances, whilst remaining within the agreed programmed thresholds across the two financial years.
- 3.3 The review of Service Delivery is considering options for lighter, more manoeuvrable fire appliances which are more cost effective to those currently being procured. The Service is currently reviewing resource requirements and the disposition of appliances and equipment in line with local risk. These vehicles are generically referred to as Light Rescue Pumps and comply with EN1864 specification standards. The current programme provides for the purchase of such appliances which are to be piloted. Given the cost incentive, it may be possible to consider for 2011/12 and beyond alternative purchases that are significantly less than the traditional appliance. If Members are minded to support such an approach in the future this would reduce the current fire appliance backlog.

- 3.4 The Authority approved a programme at its meeting of the 30 May 2007 for the replacement of five aerial appliances. Whilst these were profiled over three years, they have been completed in the final quarter of 2009/10. Whilst we have been able to advance spending from 2010/11, as a consequence of slippage on the 2009/2010 estates programme, this does not exceed spending across the three year period.

#### Equipment

- 3.5 The previously approved equipment replacement budget for 2010/11 and forthcoming years would better meet the Service needs by providing a balance of capital and revenue. A more appropriate level of funding for equipment would be £0.200m, the balance which will now be met from revenue. This is incorporated in the Revenue Budget paper elsewhere on this agenda. The £0.119m capital being moved to fleet replacement commencing 2010/11.

### **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 2010/11 is £1.808m. 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.
- 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 The report ‘Affordable Capital Investment Plans 2010/2011 to 2011/2012’ presented to the meeting of the Capital Programme Working Party held on the 5 November 2009, highlighted the affordability issues relating to further debt exposure. It is forecast that the external borrowing figure at the end of 2009/2010 will be £26.6m, rising to £35.4m by 2012/2013, based upon the capital programme proposed.
- 4.4 Whilst a debt level of £35.4m is not considered excessive for this size authority, it is evident that the authority will need to monitor its exposure to further debt levels as we move forward in the next 3-5 years, to ensure that the debt levels are affordable in the context of the ability of the revenue budget to service debt repayments.
- 4.5 The setting of the annual prudential indicators provides the framework for the authority to take a view as to the affordability of future capital investment. The revised prudential indicators associated with the capital programme now proposed are contained in a separate report elsewhere on the agenda for today’s meeting.
- 4.6 In setting the capital programme for 2010/2011 to 2012/2013 the authority is very mindful of the need to exercise prudence, particularly in light of the potential reductions in public spending from 2011/2012 onwards. For this reason the overall programme for 2009/2010 to 2011/2012 has been frozen at previously agreed levels, with only a prudent allocation of £4.069m included for the year 2012/2013, as illustrated in Table 1 overleaf;

<b>TABLE 1</b>	<b>Estates</b>	<b>Fleet and Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>CURRENT PROGRAMME</b>			
2009/2010	6,077	4,159	10,236
2010/2011	2,196	4,339	6,535
2011/2012	1,750	2,319	4,069
<b>Total 2009/10 TO 2011/12</b>	<b>10,023</b>	<b>10,817</b>	<b>20,840</b>
<b>PROPOSED PROGRAMME</b>			
2009/2010 (forecast spend)	5,032	4,892	9,924
2010/2011	3,241	3,606	6,847
2011/2012	1,750	2,319	4,069
<b>Total 2009/10 TO 2011/12</b>	<b>10,023</b>	<b>10,817</b>	<b>20,840</b>
2012/2013	1,750	2,319	4,069

- 4.7 The schedule in Appendix A illustrates the revised spending profiles for 2010/11 through to 2012/13. The estimated debt charges emanating from this revised spending profile are illustrated in Table 2 below. These figures have been included in the 2010/2011 revenue budget and Medium Term Financial Plan (MTFP).

**TABLE 2 – SUMMARY OF ESTIMATED CAPITAL FINANCING COSTS**

	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Base budget for Capital Financing Costs – debt charges and operating leasing rentals	4.655	4.969	5.419	5.604
Increase over previous year		0.314	0.450	0.185

## **5. CONCLUSION AND RECOMMENDATION**

- 5.1 This report has built upon the report “Affordable Capital Investment Plans for 2010/11 to 2012/13” as submitted to a previous meeting of the Committee.
- 5.2 Both this and the previous report have emphasised the difficulties in meeting the full capital expenditure for the Service. In recognising the revenue costs associated with servicing debt through borrowing it is clearly necessary that affordable and prudent proposals are put in place.
- 5.3 The proposals for 2010/11 do not fully address the needs of the Service either now or in the future. With public finances set to become even more stringent in future years addressing the backlog of replacement and maintenance will become extremely difficult to address. Whilst the CLG grant has ‘softened the blow’, it appears unlikely that this will continue beyond the initial two year period.

- 5.4 As a consequence the Service will consider its asset base for the future to consider more flexible, economic and targeted resources to meet local risk requirements. Preliminary reviews are underway in this respect.
- 5.5 The proposed capital programme as set down in Appendix A is therefore recommended for approval.

**TREVOR STRATFORD**  
**Director of Service Support**

**KEVIN WOODWARD**  
**Treasurer**

**APPENDIX A TO REPORT DSFRA/10/2**

Proposed Capital Programme (2010/11 to 2012/13)							
Previous years spend (£000)	2009/2010 predicted outturn (£000)	Item	PROJECT	2010/11 (£000)	2011/12 (£000)	2012/13 (£000)	Total project costs (Exeter major projects) (£000)
			<b>Estate Development</b>				
2,250	1,380	1	Exeter Middlemoor	60			3,690
1,084	1,780	2	Exeter Danes Castle	179			3,043
	71	3	SHQ major building/USAR major project (slippage 2008/09)	135			
	0	4	Major building works	0	1,000	1,000	
	1,528	5	Minor improvements & structural maintenance ( including 2008/09 slippage)	2,771	750	750	
	204	6	Welfare facilities 2009/10	96			
	34	7	Diversity & equality	0			
	35	8	USAR works	0			
	<b>5,032</b>		<b>Estates Sub Total</b>	<b>3,241</b>	<b>1,750</b>	<b>1,750</b>	
			<b>Fleet &amp; Equipment</b>				
	4,082	9	Appliance replacement	2,100	2,119	2,119	
	153	10	Specialist Operational Vehicles	1,100			
	115	11	CFS Vehicles	0			
	519	12	Equipment	252	200	200	
	23	13	Asset Management Plan (Miquest) software	154			
	<b>4,892</b>		<b>Fleet &amp; Equipment Sub Total</b>	<b>3,606</b>	<b>2,319</b>	<b>2,319</b>	
	<b>9,924</b>		<b>Overall Capital Totals</b>	<b>6,847</b>	<b>4,069</b>	<b>4,069</b>	
			<b>Programme funding</b>				
	8,666		Main programme	5,558	4,069	4,069	
	140		Revenue funds	0	0	0	
	914		Grants	1,193	0	0	
	204		Earmarked Reserves	96	0	0	
	<b>9,924</b>			<b>6,847</b>	<b>4,069</b>	<b>4,069</b>	

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	<b>DSFRA/10/3</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (BUDGET MEETING)</b>
<b>DATE OF MEETING</b>	<b>19 FEBRUARY 2010</b>
<b>SUBJECT OF REPORT</b>	<b>TREASURY MANAGEMENT STRATEGY (INCLUDING PRUDENTIAL AND TREASURY INDICATORS REPORT 2010/11 TO 2012/13)</b>
<b>LEAD OFFICER</b>	<b>Treasurer</b>
<b>RECOMMENDATIONS</b>	<p><b><i>That the following be approved;</i></b></p> <ul style="list-style-type: none"> <li><b><i>(a) the Treasury Management Strategy and the Annual Investment Strategy, including the adoption of the revised CIPFA Treasury Management Code of Practice 2009, as contained as Appendix A to this report,</i></b></li> <li><b><i>(b) the prudential indicators and limits, as contained as Appendix B;</i></b></li> <li><b><i>(c) the Minimum Revenue Provision (MRP) statement for 2010/2011, as contained as Appendix C;</i></b></li> <li><b><i>(d) that the Treasurer be delegated authority to effect movements between the separately agreed prudential limits for borrowing;</i></b></li> <li><b><i>(e) that the statement at paragraph 5.8 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 2010/2011 to 2012/2013, in line with the requirements of the CIPFA Prudential Code, be noted.</i></b></li> </ul>
<b>EXECUTIVE SUMMARY</b>	<p>This report sets out a revised treasury management strategy and investment strategy for 2010/2011, including the Prudential Indicators associated with the capital programme for 2010/2011 to 2012/2013 considered elsewhere on the agenda of this meeting. A Minimum Revenue Provision Statement for 2010/2011 is also included for approval.</p> <p>Following the Icelandic bank situation in 2008, CIPFA have issued a revised Treasury Management Code of Practice 2009. The Authority is asked to formally adopt this revised Code for inclusion within the existing Treasury Management Policy.</p>

<b>RESOURCE IMPLICATIONS</b>	As indicated in this report
<b>EQUALITY IMPACT ASSESSMENT</b>	None
<b>APPENDICES</b>	<p>A. Adoption of the Revised CIPFA Treasury Management Code of Practice.</p> <p>B. Prudential and Treasury Management Indicators 2010/11 to 2012/13.</p> <p>C. Minimum Revenue Provision Statement 2010/2011</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**

### ***The Revised CIPFA Treasury Management Code of Practice 2009***

- 1.1 In the light of the Icelandic situation in 2008, the Chartered Institute of Public Finance and Accountancy (CIPFA) has amended the CIPFA Treasury Management in the Public Services Code of Practice (the Code), Cross-Sectoral Guidance Notes and Guidance Notes and the template for the revised Treasury Management Policy Statement. It is also a requirement of the Code that this Authority should formally adopt the Code. Appendix A provides the necessary changes to be made to the existing DSFRA Treasury Management Policy to adopt the revised Code.
- 1.2 The revised Code has emphasised a number of key areas including the following: -
- (a). All authorities must formally adopt the revised Code and four clauses
  - (b). The strategy report will affirm that the effective management and control of risk are prime objectives of the Authority's treasury management activities.
  - (c). The Authority's appetite for risk must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out.
  - (d). Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation.
  - (e). Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support.
  - (f). Authorities need a sound diversification policy with high credit quality counterparties and should consider setting country, sector and group limits.
  - (g). Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities.
  - (h). The main annual treasury management reports **MUST** be approved by full Authority.
  - (i). There needs to be, at a minimum, a mid-year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
  - (j). Each authority must delegate the role of scrutiny of treasury management strategy and policies to a specific named body.
  - (k). Treasury management performance and policy setting should be subjected to prior scrutiny.
  - (l). Members should be provided with access to relevant training.
  - (m). Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.
  - (n). Responsibility for these activities must be clearly defined within the organisation.
  - (o). Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Authority (this will form part of the updated Treasury Management Practices).



- 1.3 This strategy statement has been prepared in accordance with the revised Code. Accordingly, the Authority's Treasury Management Strategy will be approved annually by the full authority and there will also be a mid-year report. In addition, there will be monitoring reports and regular review by members of the Resources Committee. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.
- 1.4 This Authority will adopt the following reporting arrangements in accordance with the requirements of the revised Code: -

Area of Responsibility	Authority/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full authority	Initial adoption in 2010
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Full authority	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – mid-year report	Full authority	Mid year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Full authority	
Annual Treasury Outturn Report	Full authority	Annually by 30 September after the end of the year
Treasury Management Monitoring Reports	Resources Committee	
Treasury Management Practices	Full authority	
Scrutiny of treasury management performance	Resources Committee	

***Revised CIPFA Prudential Code***

- 1.5 CIPFA has also issued a revised Prudential Code which primarily covers borrowing and the Prudential Indicators. Three of these indicators have now been moved from being Prudential Indicators to being Treasury Indicators: -
- authorised limit for external debt
  - operational boundary for external debt
  - actual external debt.

1.6 However, all indicators are to be presented together as one suite. In addition, where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy.

***Revised Investment Guidance***

1.7 It should also be noted that the Department of Communities and Local Government is currently undertaking a consultation exercise on draft revised investment guidance which will result in the issue of amended investment guidance for English local authorities to come into effect from 1 April 2010. A separate report will be made to members to inform them when this guidance has been finalised. It is not currently expected that there will be any major changes required over and above the changes already required by the revised Code.

***Treasury Management Strategy for 2010/11***

1.8 The Local Government Act 2003 (the Act) and supporting regulations requires the Authority to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

1.9 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) (included as paragraph 9 of this report); this sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.10 The suggested strategy for 2010/11 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, Sector Treasury Services. The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Authority
- Prudential and Treasury Indicators
- the current treasury position
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- the MRP strategy
- Balanced Budget Requirement

- 1.11 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 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:-
- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
  - 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 2010/11 to 2012/13**

- 2.1 It is a statutory duty under Section 3 of the Act 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 the Act.
- 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 Authority 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, details of the Authorised Limit can be found in paragraph 5.8 of this report.

**3. CURRENT PORTFOLIO POSITION**

- 3.1 The Authority’s treasury portfolio position at 31/12/09 comprised:

TABLE 1		Principal £m	Average Rate %
Fixed Rate Funding	PWLB	26.850	3.8
Variable Rate Funding	PWLB	0	-
Other Long Term liabilities		0	
Gross Debt		26.850	3.8
Total Investments		(11.960)	
Net Debt		14.890	

**4. BORROWING REQUIREMENT**

- 4.1 The Authority’s borrowing requirement is as follows:

TABLE 2	2008/9 £m	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m
External Debt (1 April)	16.223	19.281	26.151	32.076	33.774
New Borrowing	5.100	6.200	6.967	2.740	3.520
Replacement	0.000	1.665	0.000	0.000	0.000
Repaid	(2.042)	(0.995)	(1.042)	(1.042)	(1.899)
External Debt (31 March)	19.281	26.151	32.076	33.774	35.395

## 5. **PRUDENTIAL AND TREASURY INDICATORS 2010/11 – 2012/13**

5.1 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 B 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.

5.2 It should be noted that the prudential indicators proposed within this report may be subject to change as a consequence of the introduction of International Financial Reporting Standards (IFRS), e.g. change in classification of leases. Additionally, at the time of preparing this report we are awaiting clarification of the status of the PFI project relating to Severn Park, Avonmouth, from the changes introduced by the HM treasury effective from 1 April 2009. This change has been introduced to ensure that the accounting treatment of PFI projects will be consistent with the forthcoming changes to be introduced from 1 April 2010 from IFRS.

5.3 Such changes are likely to impact on the authority prudential indicators for 2010/2011, in particular the Capital Financing Requirement (CFR). A further report will need to be presented to the authority during the year should this be the case.

### ***Capital Expenditure***

5.4 The capital expenditure plans, as proposed in the Capital Programme report considered elsewhere on the agenda, are shown in Table 3.

TABLE 3	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
Land and buildings	3.241	1.750	1.750
Vehicles, Plant and Equipment	3.606	2.319	2.319
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>6.847</b>	<b>4.069</b>	<b>4.069</b>

5.5 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.

### **Capital Financing Requirement (CFR)**

5.6 The Capital Financing Requirement represents the authority's underlying need to borrow for capital purposes. The forecast CFR for 2010/2011 to 2012/2013, based on the spending plans are shown in Table 4.

TABLE 4	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
Capital Financing Requirement as at 31 March	32.076	33.774	35.395

### **Limits to Borrowing Activity**

5.7 Two Treasury Management Indicators 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 2011/12 is revised as part of the 2011/12 budget process. Table 5 below details the recommended Authorised Limits for 2010/2011 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 6 below details the recommended Operational Boundaries for 2010/2011 and the medium term.

TABLE 5	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
Authorised limit for External Debt			
- External Debt	38.603	40.190	41.619
- Other long term liabilities	0	0	0
<b>TOTAL AUTHORISED LIMIT FOR EXTERNAL DEBT</b>	<b>38.603</b>	<b>40.190</b>	<b>41.619</b>

TABLE 6	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
Operational Boundary for External Debt			
- External Debt	35.395	36.813	38.079
- Other long term liabilities	0	0	0
<b>TOTAL OPERATIONAL BOUNDARY FOR EXTERNAL DEBT</b>	<b>35.395</b>	<b>36.813</b>	<b>38.079</b>

It is estimated that the actual external debt at 31 March 2010 will be £26.151 million.

### **Net Borrowing in Comparison to the CFR**

5.8 The debt management strategy and borrowing limits for the period 2010/11 to 2012/13 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 2010/2011 of £35.395 million (Table 6) does not exceed the CFR for 2012/13 of £35.395 million (Table 4).  
Prudential Indicators for Affordability

5.9 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.

5.10 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 2010/11 to 2012/13 based on current commitments and the proposed Capital Programme are included in Table 7.

TABLE 7	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
Ratio of Financing Costs to Net Revenue Stream	3.80	4.38	4.63

5.11 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.

5.12 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 8. These figures do not represent the total impact on the Authority tax over and above 2009/2010 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.

TABLE 8	2010/11 Estimate £ p	2011/12 Estimate £ p	2012/13 Estimate £ p
Element of Authority tax for New Capital Spending	(£0.28)	(£0.17)	(£0.07)

## 6. PROSPECTS FOR FUTURE INTEREST RATES

6.1 The Authority has appointed Sector Treasury Services as treasury advisor to the Authority and part of their service is to assist the Authority to formulate a view on interest rates. Sectors central view of changes in Bank Rate is shown below;

### ***Sector Bank Rate forecast for financial year ends (March)***

2010 0.50%

2011 1.50%

2012 3.50%

2013 4.50%

6.2 There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

## 7. BORROWING STRATEGY

### ***Borrowing rates***

7.1 The Sector forecast for the PWLB new borrowing rate is as follows: -

TABLE 9

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Mar-12	Mar-13
Bank rate	0.50%	0.50%	0.75%	1.00%	1.50%	3.50%	4.50%
5yr PWLB rate	3.05%	3.20%	3.30%	3.40%	3.60%	4.60%	4.85%
10yr PWLB rate	4.00%	4.05%	4.15%	4.30%	4.45%	5.00%	5.15%
25yr PWLB rate	4.55%	4.65%	4.70%	4.80%	4.90%	5.20%	5.35%
50yr PWLB rate	4.60%	4.70%	4.75%	4.90%	5.00%	5.30%	5.45%

7.2 In view of the above forecast the Authority's borrowing strategy will be based upon the following information:

- Rates are expected to gradually increase during the year so it should therefore be advantageous to time new long term borrowing for the start of the year when 25 year PWLB rates fall back to or below the central forecast rate of about 4.65%, a suitable trigger point for considering new fixed rate long term borrowing.
- PWLB rates on loans of less than ten years duration are expected to be substantially lower than longer term PWLB rates offering a range of options for new borrowing which will spread debt maturities away from a concentration in long dated debt.
- There is expected to be little difference between 25 year and 50 year rates so therefore loans in the 25-30 year periods could be seen as being more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates is considerably less. This would maximise the potential for debt rescheduling and allow the Authority to rebalance its debt maturity profile.

- Consideration will also be given to borrowing fixed rate market loans at 25 – 50 basis points below the PWLB target rate and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.
- Any consideration of further PWLB debt will be in accordance with the authority agreed maturity structure limits, as included in Appendix B.

7.3 Sensitivity of the forecast – In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted 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 FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*

*if it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, 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.*

#### 7.4 **External v. internal borrowing**

TABLE 10 – Comparison of gross and net debt positions at year end	2008/9 £m	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m
	Actual	Predicted outturn	estimate	estimate	estimate
Actual external debt	19.281	26.151	32.076	33.774	35.395
Cash Balances and Investments	(3.023)	(6.000)	(5.000)	(5.000)	(5.000)
Net Debt	16.258	20.151	27.076	28.774	30.395

7.5 This Authority currently has a difference between gross debt and net debt (after deducting cash balances and investments), of £6,000m. The general aim of this treasury management strategy is to maintain only prudent levels of cash and investments to ensure sufficient cash is available to fund day-to-day activities of the authority, whilst having regard to the credit risk incurred by holding investments. However, another factor which will be carefully considered is the difference between borrowing rates and investment rates to ensure the Authority obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments. The next financial year is expected to be one of historically abnormally low Bank Rate. This provides a continuation of the current window of opportunity for local authorities to fundamentally review their strategy of undertaking new external borrowing.



- 7.6 Over the next three years, investment rates are expected to be below long term borrowing rates and so value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short term savings. However, short term savings by avoiding new long term external borrowing in 2010/11 will also be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be significantly higher.
- 7.7 Against this background caution will be adopted with the 2010/11 treasury operations. The Director of Finance will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision making body at the next available opportunity.
- Policy on borrowing in advance of need***
- 7.8 The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of such funds.
- 7.9 In determining whether borrowing will be undertaken in advance of need the Authority will;
- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
  - ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
  - evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
  - consider the merits and demerits of alternative forms of funding
  - consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

## **8. DEBT RESCHEDULING**

- 8.1 The introduction of the new PWLB rates structure on 1 November 2007 that introduced a spread between the rates applied to new borrowing and repayment of debt, has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date. However, significant interest savings may still be achievable through using LOBOs (Lenders Option Borrowers Option) loans and other market loans in rescheduling exercises.
- 8.2 As short term borrowing rates will be considerably cheaper than longer term rates, there are likely to be significant opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to cause a flattening of the authority's maturity profile as in recent years there has been a skew towards longer dated PWLB.

- 8.3 Consideration will also be given to the potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 8.4 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings,
  - helping to fulfil the adopted borrowing strategy, and
  - enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 8.5 There has been much discussion as to whether the size of spread between long term PWLB repayment and new borrowing rates should be revised (downwards) in order to help local authorities currently dissuaded from using investment cash balances to repay long term borrowing and thereby reduce counterparty and interest rate risk exposure. The DMO / PWLB have issued a consultation document with suggested options to revise the methodology used to calculate the early repayment rate. The consultation period ended in January 2010 and this authority will monitor developments in this area and may amend its strategy if significant changes are introduced.
- 8.6 All rescheduling will be reported to the Resources Committee, at the earliest meeting following its action.

## **9. ANNUAL INVESTMENT STRATEGY**

### ***Investment Policy***

- 9.1 The Authority will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic investments and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Authority's investment priorities are: -
- (a) the security of capital and
  - (b) the liquidity of its investments.
- 9.2 The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Authority is low in order to give priority to security of its investments.
- 9.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.
- 9.4 Investment instruments identified for use in the financial year are listed in appendix 5 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Authority's Treasury Management Practices – Schedules.

### ***Creditworthiness Policy***

- 9.5 This Authority uses the creditworthiness service provided by Sector Treasury Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -
- credit watches and credit outlooks from credit rating agencies

- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

- 9.6 This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Authority to determine the duration for investments and are therefore referred to as durational bands. The Authority is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Authority would not be able to replicate using in house resources.
- 9.7 The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties.
- 9.8 This Authority will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys are currently very much more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Authority with few banks on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a scoring system, does not give undue preponderance to just one agency's ratings.
- 9.9 All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies 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.
  - In addition to the use of Credit Ratings the Authority will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.
- 9.10 Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that government support.  
Approved Instruments for Investments
- 9.11 Investments will only be made with those bodies identified by the authority for its use through the Annual Investment Strategy.

Specified Investments	Non Specified Investments
Deposits with the Debt Management Agency Deposit Facility	
Term Deposits with UK government, UK local authorities, credit rated banks and building societies (including callable deposits and forward deals)	Non credit rated building societies
Banks nationalised by the UK government e.g. Northern Rock	
UK Banks in receipt of financial support from the government (as at March 2009 – Abbey, Barclays, HBOS, Lloyds, TSB, HSBC, Nationwide building society, RBS, Standard Chartered)	

9.12 The Authority has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide).

Investment Strategy

9.13 In-house funds: The Authority's in-house managed funds are mainly cash-flow derived and. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

9.14 Interest rate outlook: Bank Rate has been unchanged at 0.50% since March 2009. Bank Rate is forecast to commence rising in quarter 3 of 2010 and then to rise steadily from thereon. Bank Rate forecasts for financial year ends (March) are as follows: -

2010 0.50%

2011 1.50%

2012 3.50%

2013 4.50%

There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

9.15 The Authority will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile.

9.16 For 2010/11 the Authority has budgeted for an investment return of 0.75% on investments placed during the financial year.

***End of year investment report***

9.17 At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

### ***Policy on the use of external service providers***

- 9.18 The Authority uses Sector Treasury Services as its external treasury management advisers. The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 9.19 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

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

- 10.1 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. fire stations, vehicles, equipment 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.
- 10.2 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."
- 10.3 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.
- 10.4 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.
- 10.5 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;
- 10.6 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;

**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.

**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.

- 10.7 Whilst options 1 and 2 are available for unsupported borrowing before 1st April 2008, authorities are able to use options 3 and 4 if they choose to do so.
- 10.8 A draft MRP statement for 2010/2011 is attached as Appendix C for Authority approval. The financing of the approved 2010/2011 capital programme, and the resultant prudential indicators, have been set on the basis of the content of this statement. As highlighted in paragraph 5.2, the proposed prudential indicators do not include any potential changes from the introduction of IFRS or the PFI project at Severn Park, Avonmouth. In the event that these changes impact on the prudential indicators, then it is likely that the MRP Statement will also need to be revised through the authority.

## **11. SUMMARY AND RECOMMENDATIONS**

- 11.1 The authority is required to consider and approve the treasury management strategy to be adopted prior to the start of the financial year. This strategy must also include proposed prudential indicators and a minimum provision statement (MRP). Approval of the strategy for 2010/2011 as contained in this report will also incorporate the adoption of the revised CIPFA Treasury Management Code of Practice in 2009.

**KEVIN WOODWARD**  
Treasurer

**ADOPTION OF THE REVISED CIPFA TREASURY MANAGEMENT CODE OF PRACTICE 2009**

**1. INTRODUCTION**

- 1.1 The CIPFA Code of Practice on Treasury Management in Local Authorities was last updated in 2001 and has been revised in 2009 in the light of the default by Icelandic banks in 2008. The revised Code requires that a report be submitted to the authority setting out four amended clauses which should be formally passed in order to approve adoption of the new version of the Code of Practice and Cross-Sectoral Guidance Notes.
- 1.2 The revised Code also includes an amended version of the treasury management policy statement (TMPS) incorporating just three clauses and a revised definition of treasury management activities. The Code does not require this statement to be approved by the Authority, board or other appropriate body.

**2. RESOLUTIONS**

- 2.1 CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses.

1. This organisation will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

*The current DSFRA Treasury Management Policy document, as revised in March 2009, already includes the requirements of this clause.*

2. The full Authority will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Resources Committee, and for the execution and administration of treasury management decisions to the Treasurer, who will act in accordance with the organisation's policy statement and TMPs.
4. This organisation nominates the Resources Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

**APPENDIX B TO REPORT DSFRA/10/3**

**PRUDENTIAL AND TREASURY INDICATORS**

PRUDENTIAL INDICATOR	2010/11 £m estimate	2011/12 £m estimate	2012/13 £m estimate
Capital Expenditure			
Non - HRA	6.847	4.069	4.069
HRA (applies only to housing authorities)	0	0	0
TOTAL	6.847	4.069	4.069
Ratio of financing costs to net revenue stream			
Non - HRA	3.80%	4.38%	4.63%
HRA (applies only to housing authorities)	0%	0%	0%
Capital Financing Requirement as at 31 March			
Non – HRA	32.076	33.774	35.395
HRA (applies only to housing authorities)	0	0	0
TOTAL	32.076	33.774	35.395
Annual change in Cap. Financing Requirement			
Non – HRA	3.561	1.698	1.621
HRA (applies only to housing authorities)	0	0	0
TOTAL	3.561	1.698	1.621
Incremental impact of capital investment decisions			
Increase/(decrease) in council tax (band D) per annum	£ p (£0.28)	£ p (£0.17)	£ p (£0.07)
<b>TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>			
Authorised Limit for external debt - borrowing	£000	£000	£000
other long term liabilities	38.603	40.190	41.619
TOTAL	0	0	0
Operational Boundary for external debt - borrowing	38.603	40.190	41.619
other long term liabilities			
TOTAL	35.395	36.813	38.079
	0	0	0
	35.395	36.813	38.079

	upper limit %	lower limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2009/10		
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%



**MINIMUM REVENUE STATEMENT (MRP) 2010/2011**

***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/10/4
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (BUDGET MEETING)
<b>DATE OF MEETING</b>	19 FEBRUARY 2010
<b>SUBJECT OF REPORT</b>	2010/2011 REVENUE BUDGET AND COUNCIL TAX LEVELS
<b>LEAD OFFICER</b>	Treasurer and Chief Fire Officer
<b>RECOMMENDATIONS</b>	<p>(a) <i>That the following recommendation of the meeting of the Resources Committee, held on 8 February 2010, be approved;</i></p> <p>(i) <i>to set a Net Budget Requirement of £75,135,000 for 2010/2011;</i></p> <p>(ii) <i>to set a level of council tax in 2010/11 of £71.77 for a Band D property, representing an increase of 3.74% over the figure for 2009/2010;</i></p> <p>(b) <i>that as a consequence of recommendations (a)(i) and (ii);</i></p> <p>(i) <i>the tax base for payment purposes and the precept required from each billing authority for payment of the total precept of £43,704,953, as detailed on Page 2 of the budget booklet provided separately with this report, be approved;</i></p> <p>(ii) <i>the council tax for each property bands A to H associated with a total precept of £43,704,953, as detailed on Page 2 of the budget booklet provided separately with this report, be approved; and</i></p> <p>(iii) <i>that the Treasurer's 'Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserve Balances' as included as Appendix E to this report, be noted.</i></p>

<b>EXECUTIVE SUMMARY</b>	<p>It is a legislative requirement that the Authority sets a level of revenue budget and council tax for the forthcoming financial year by the 1 March each year.</p> <p>The Fire and Rescue Authority is asked to consider the contents of this report and ratify the recommendations made from the meeting of the Resources Committee, held on the 8 February 2010, in relation to the levels of revenue budget and council tax for 2010/2011.</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 2010/2011.</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. Proposed Net Revenue Budget Requirement 2010/2011.</li> <li>D. Report on Precept Consultation for 2010/11 Budget</li> <li>E. Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves and Balances.</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 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 2010/2011. The purpose of this report is to provide the necessary financial background so that consideration can be given as to what would be appropriate levels for this Authority.
- 1.2 The Resources Committee, at its meeting held on 8 February 2010, considered this issue and resolved to recommend to the Authority that the net budget requirement be set at £75.135m, which would require the council tax for a band D property to be set at £71.77. The Authority is invited to consider the contents of this report with a view to approving the recommendations of the Resources Committee.

## 2. LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.1 The provisional Local Government Finance Settlement for 2009/2010 was announced on the 26 November 2009. This announcement only served to confirm that the indicative figure for 2010/2011, announced in December 2007 as part of the three-year grant settlement covering the years 2008/2009 to 2010/2011, would not be changed.
- 2.2 This announcement was only provisional as it was subject to the normal consultation period which ended on 6 January 2010. During the consultation period every local authority had an opportunity to challenge individual grant allocations. A response submitted to the Department of Communities and Local Government (CLG), on behalf of Devon and Somerset Fire and Rescue Authority (DSFRA) 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 20 January 2010. 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 2010/2011	31.245	
<b>Increase over 2009/2010 Grant</b>	<b>716</b>	<b>2.3%</b>

- 2.4 A grant allocation of £31.245m for 2010/2011 representing an increase of 2.3% over the 2009/2010 figure, compares with an average increase for all fire and rescue authorities of 1.42%, ranging from 0.5% to 4.13%.

### **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 2010/11 are excessive, although alongside the provisional grant settlement it has emphasised that:
- “The government is pleased that the average council tax increase for 2009/2010 was 3%, and that it anticipates that this average will fall further in 2010/2011”*
- 2.7 It has also been re-emphasised that it should not be assumed that the principles applied in 2009/2010 will be repeated in 2010/2011. In 2009/2010 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 4%; and
  - that the increase in council tax should also not exceed 5%.

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

### **3. CORE REVENUE BUDGET REQUIREMENT 2010/2011**

- 3.1 A draft core budget requirement for 2010/2011 has been assessed as £75.135m. A summary of the make up of this budget requirement is provided in Table 2 overleaf, and a breakdown of the more detailed items included in this draft budget are included in Appendix C. A summary budget booklet is also enclosed with this report which provides further analysis of the 2010/2011 budget at subjective budget line level.

<b><u>TABLE 2 – SUMMARY OF CORE REVENUE BUDGET REQUIREMENT 2010/2011</u></b>	<b>£m</b>	<b>%</b>
Approved Net Revenue Budget Requirement 2009/2010	72.659	
PLUS Provision for pay and price increases (items 1 to 4 included in Appendix C to this report)	0.407	
PLUS Inescapable Commitments (items 5 to 12 included in Appendix C to this report)	1.691	
MINUS Budget Reductions (items 13 to 20 included in Appendix C to this report)	(0.508)	
PLUS Essential Spending Needs and Invest-to-Save (items 21 to 26 included in Appendix C to this report)	0.886	
<b>DRAFT REVENUE BUDGET 2010/2011</b>	<b>75.135</b>	
<b>INCREASE IN BUDGET OVER 2009/10 (£m)</b>	<b>2.476</b>	
<b>INCREASE IN BUDGET OVER 2009/10 (%)</b>		<b>3.41%</b>

#### 4. **PROPOSED COUNCIL TAX 2010/2011 AND MEDIUM TERM FINANCIAL PLANNING**

- 4.1 To fund the core budget requirement of £75.135m would require the 2010/2011 council tax for a Band D property to be set at £71.77, an increase of £2.59 per annum (5 pence per week) over 2009/2010, representing an increase of 3.74%. Table 3 below illustrates how this figure is calculated.

<b><u>TABLE 3 – CALCULATION OF 2010/2011 COUNCIL TAX FOR A BAND 'D' PROPERTY</u></b>	<b>£</b>	<b>Increase over 2009/2010 %</b>
<b>NET REVENUE BUDGET REQUIREMENT 2010/2011</b>	<b>75,135,000</b>	
LESS Government Grant	(31,245,174)	
LESS Share of net surplus on Collection Funds	(184,873)	
<b>AMOUNT TO BE COLLECTED FROM COUNCIL TAX PAYERS 2010/2011</b>	<b>43,704,953</b>	
<b><i>DIVIDE BY</i></b> <b>COUNCIL TAX BASE FOR DEVON AND SOMERSET (£ p)</b>	<b>608,942.53</b>	
<b>COUNCIL TAX FOR BAND 'D' PROPERTY IN 2010/2011</b>	<b>£71.77</b>	
<b>INCREASE OVER 2009/2010 BAND 'D' COUNCIL TAX</b>	<b>£2.59</b>	<b>3.74%</b>

- 4.2 In formulating the core budget requirement for the next financial year, an assessment has also been made with regard to indicative core budget requirements for the following two years, i.e. 2011/2012 and 2012/2013. This will enable the Medium Term Financial Plan (MTFP) for the Authority to provide financial modelling over a three year timeframe, to inform future budget and council tax strategy. The indicative budget figures for 2011/2012 and 2012/2013 have been assessed as approximately £77m for both years. It should be emphasised that the figures for both years include some key assumptions which may well be subject to change, for instance projections of future pay award and inflationary increases, which by 2011 may well be higher than the levels included in the current MTFP.
- 4.3 The other unknown quantity, of course, in terms of medium term financial planning is the uncertainty over future government grant levels. It has been widely commented upon that from 2011 the government will require significant reductions in public spending, which is highly likely to result in reductions in government grant levels from 2011/2012 onwards. The actual grant levels for 2011/2012 will not be known until the Local Government Finance Settlement is announced in December 2010, and therefore it is impossible to gauge with any certainty the exact impact to Devon and Somerset FRA. However based upon even an optimistic assumption that the grant figure for 2011/2012 is frozen at the 2010/2011 level i.e. £31.245m, then the MTFP modelling indicates that ongoing savings of approximately £1m will be required from the 2011/2012 core budget requirement.
- 4.4 It is with the future budget difficulties in mind that the Service has already commissioned fundamental reviews to be undertaken during 2010, of both Service Delivery and Support Services. The terms of reference of these reviews will not only focus on the scope for identifying budget savings from future revenue budgets, but also to make improvements to the way we do things and reducing community risk. In order to support this work an amount of £0.455m has been included in the 2010/2011 core budget requirement as a one-off investment to commence the implementation of the identified changes.

## **5. PRECEPT CONSULTATION 2010-11**

- 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 each financial year and that it be completed before the first precept is issued by the authority for that financial year. The Department for Communities and Local Government previously advised that there is no statutory requirement to consult the general public. For 2010/2011 it was decided to adopt the telephone survey which had successfully been used during the previous 3 years.
- 5.2 The main findings from the survey undertaken between 11 and 15 January 2010 revealed that the majority of respondents 82% (301) felt that an increase to £71.95 for a Band 'D' property represented value for money, whilst 18% (64) did not consider it value for money. As can be seen in Table 4 overleaf, for the first time in four years this represented an increase in the number of people who considered the proposed level of Council Tax to be value for money.

**TABLE 4: QUESTION 1 DO YOU CONSIDER '£71.95' TO BE VALUE FOR MONEY? - COMPARISON BETWEEN RESULTS IN 2007/08, 2008/09, 2009/10 AND 2010/11**

Response	2007/08 Proposed Council Tax £63.45	2008/09 Proposed Council Tax £66.58	2009/10 Proposed Council Tax £69.81	2010/11 Proposed Council Tax £71.95
Yes	79%	75%	68%	82%
No	21%	25%	32%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

5.3 When asked if, in addition to a £71.95 council tax, they would be prepared to pay £1 more to enable DSFRS to improve community safety, 82% of respondents said yes. Of the people who answered “no” or “don’t know” to question 1, 72% would not find any increase on last years figure of £69.18 to be reasonable, whilst 28% felt an increase between 2.5% and 4.0% would be reasonable.

5.4 A Briefing Note is included as Appendix D to this report, which provides details of the methodology and sample sizes used, together with a more detailed report of the survey results.

**6. STATEMENT ON ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE LEVELS OF RESERVES AND BALANCES**

6.1 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. This statement is included as Appendix E to this report.

**7. SUMMARY**

7.1 The Authority is required to set its level of revenue budget and council tax for 2010/2011 by 1 March so 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 2010/2011. This report provides Members with the necessary background information to assist them in making decisions as to the appropriate levels for Devon and Somerset FRA.

7.2 Following consideration of this matter at the meeting of the Resources Committee, held on the 8 February 2010, it is recommended that the net budget requirement for 2010/2011 be set at £75.135m, which would require the council tax for a Band D property to be set at £71.77, an increase of £2.59 (5 pence per week) over 2009/2010, equivalent to 3.74%. Members of the Fire and Rescue Authority are asked to consider the contents of the report with a view to ratifying the recommendations of the Resources Committee.

**KEVIN WOODWARD**  
Treasurer

**LEE HOWELL**  
Chief Fire Officer



**APPENDIX A TO REPORT DSFRA/10/4**

**Lee Howell  
CHIEF FIRE OFFICER**

Mr Andrew Lock  
Communities and Local  
Government  
Zone 5/J2 Ashdown House  
Eland House  
Bressenden Place  
LONDON SW1E 5DU

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

Your ref :	Date :	5 January 2010	Telephone :	01392 872200
Our ref :	Please ask for :	Mr Woodward	Fax :	01392 872300
Website : <a href="http://www.dsfire.gov.uk">www.dsfire.gov.uk</a>	Email :	kwoodward@dsfire.gov.u	Direct Telephone :	01392 872317
:	:	k	:	:

Dear Mr Lock,

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

In relation to the provisional 2010/2011 Local Authority Finance Settlement announcement on the 26th November 2009, 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 made in my letter dated 7<sup>th</sup> January 2009, in response to the 2009/2010 provisional grant settlement, and my letter dated 16<sup>th</sup> July 2009 in response to the proposed review of the methodology used to distribute Fire Formula Grant from 2011/2012.

There are three specific issues that this authority has previously raised, and which it again, as part of this consultation exercise, requests are addressed in the final 2010/2011, 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 2009/2010 of £0.440 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

### Urban Authorities

Cleveland	£39.84
London	£33.82
Merseyside	£34.05

### Rural Authorities

Hereford and Worcester	£14.27
Wiltshire	£14.54
Dorset	£15.34
<i>Devon and Somerset</i>	<i>£18.16</i>

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>	<b>Hectares</b>	<b>Urban</b>	<b>Hectares</b>
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

**What Devon and Somerset FRA is seeking:** an equitable grant distribution formula which 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 overleaf;

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

	Population (m)	Supported Capital Expenditure (SCE) 2009/2010 (£000)	Number of Stations	SCE per station (£000)
<b><i>Combined Fire Authorities</i></b>				
Devon and Somerset	1.681	1,757	82	21
Hampshire	1.711	1,811	52	35
Kent	1.673	1,750	65	27
Essex	1.700	1,788	51	35
<b><i>Metropolitan Fire Authorities</i></b>				
Merseyside	1.353	3,160	26	122
South Yorkshire	1.296	2,748	25	110
Greater Manchester	2.580	4,396	41	107
Tyne and Wear	1.075	2,129	17	125

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 £440,000 for 2009/2010. 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

This Authority welcomes the opportunity to again provide its views on some of the shortcomings of the current methodology used to distribute fire formula grant, and requests that the issues highlighted within this response, particularly the non inclusion of sparsity as a factor in the grant, are reflected in the final grant calculations for 2010/2011.

Yours faithfully

Kevin Woodward  
Treasurer to Devon and Somerset Fire and Rescue Authority

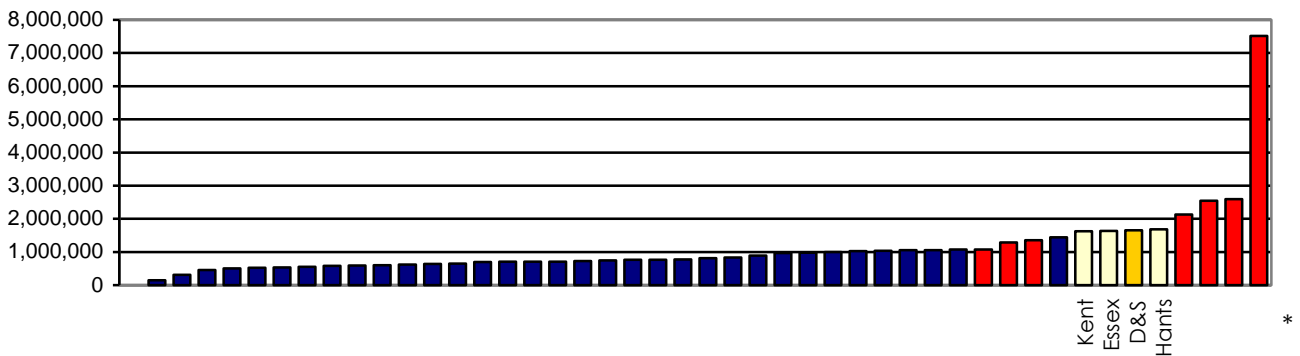


## The profile of Devon & Somerset Fire & Rescue Service compared to other English fire & rescue services.

### 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\*:

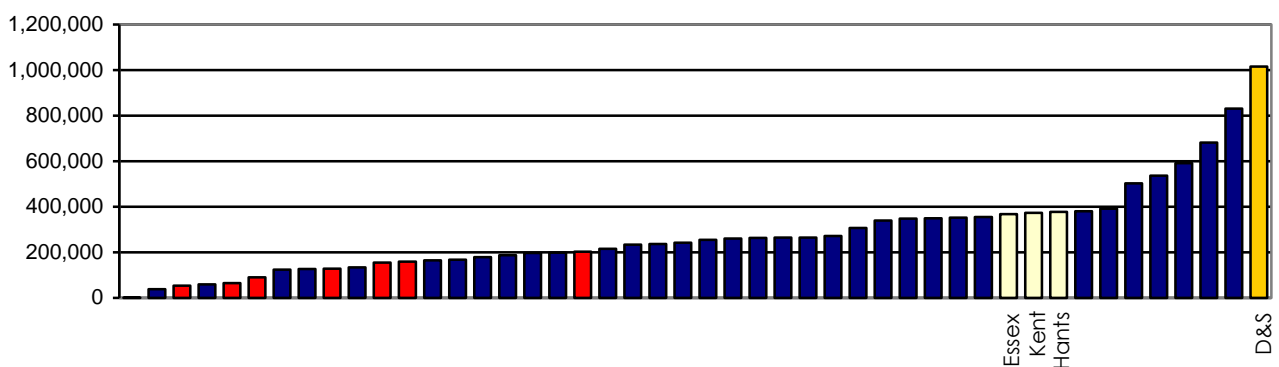


The metropolitan Services are shown as red.

### 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.

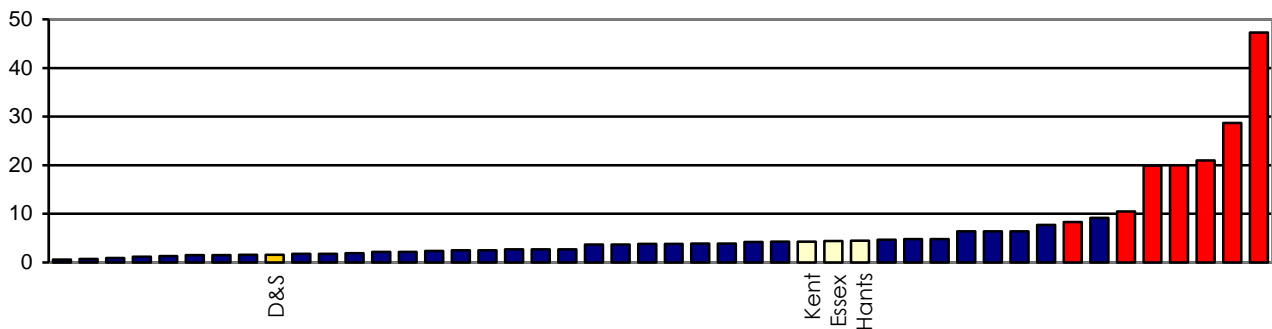
Area in hectares:



## Population Density

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

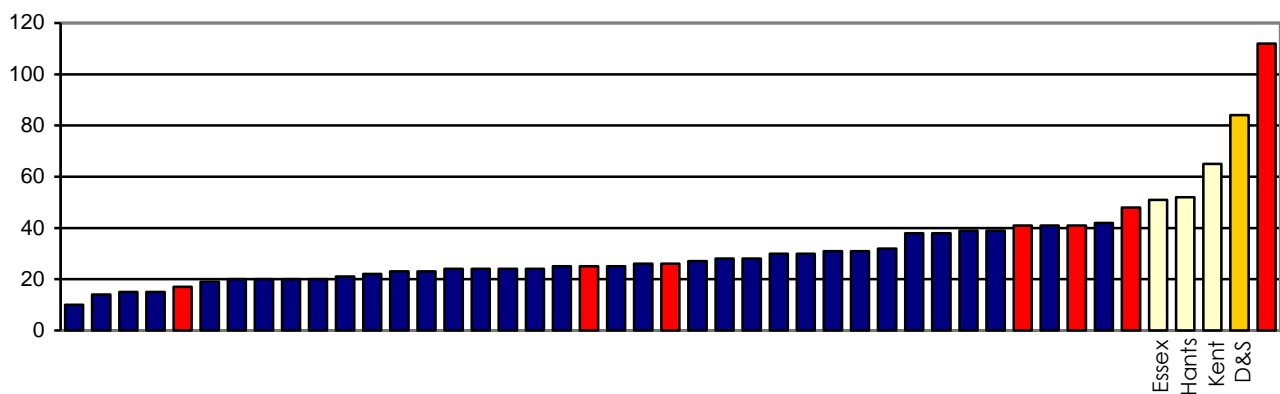
Population per hectare:



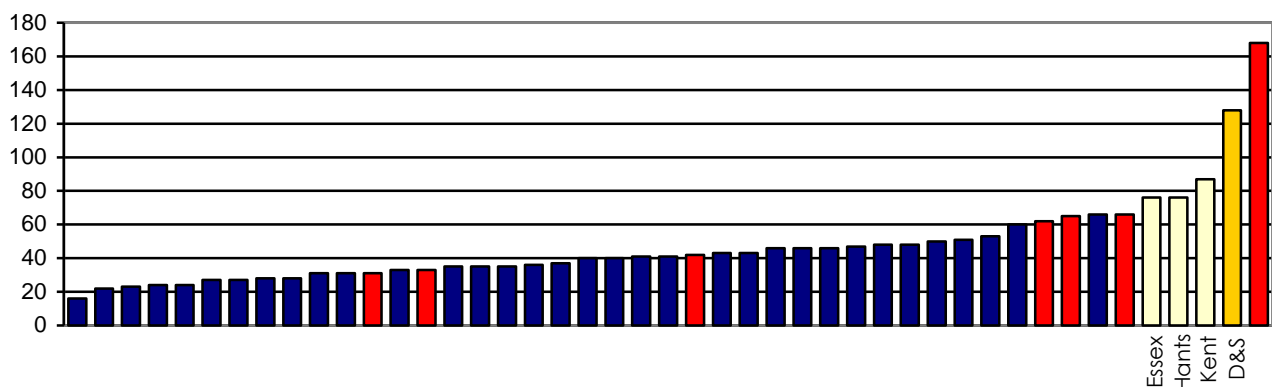
## Resources

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

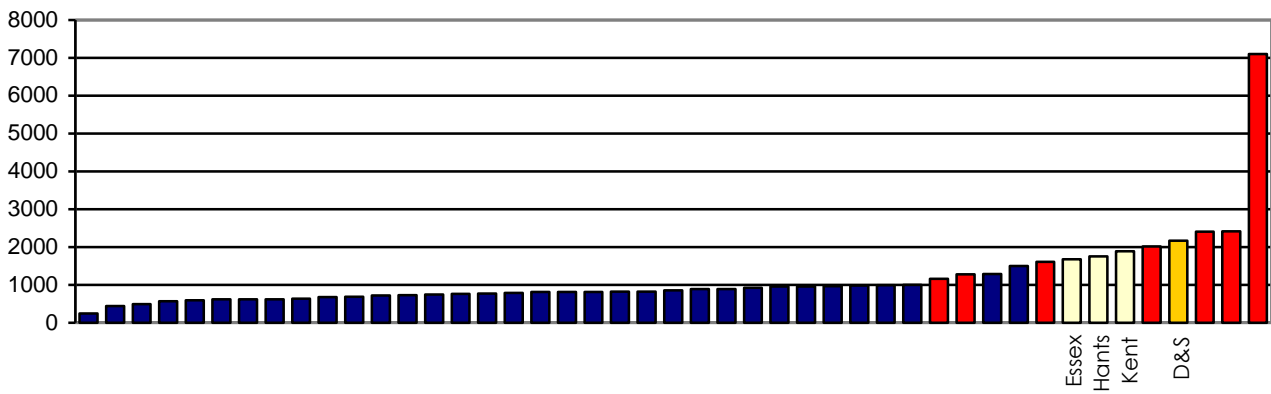
Estimated number of Fire Stations as at 31 March 2008:



Estimated number of pumping appliances as at 31 March 2008:



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

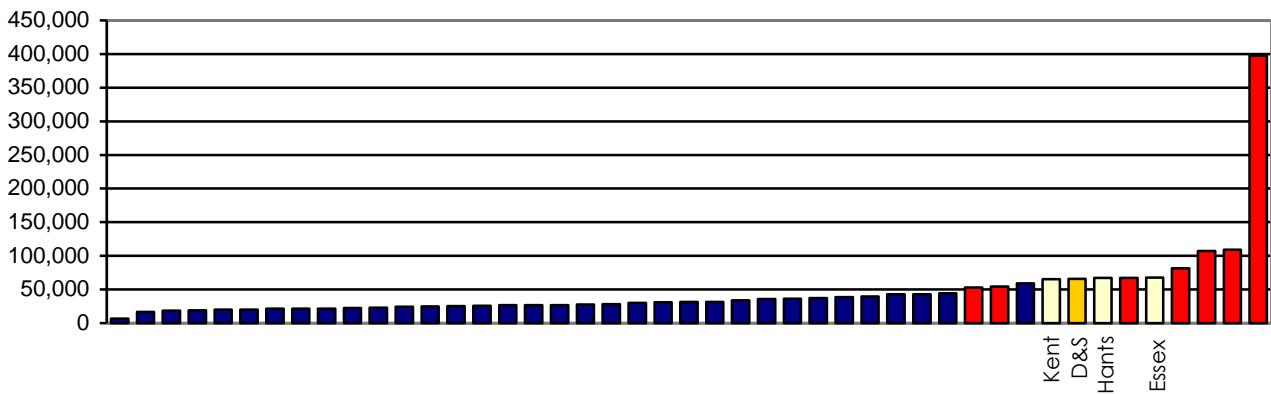


The three factors above have the biggest impact upon the levels of spending required to support the service.

**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



**CORE REVENUE BUDGET REQUIREMENT 2010/2011**

		£m		%
	<b>Revenue Budget 2009/2010</b>		<b>72.659</b>	
	<b>Provision for Pay and Prices</b>			
1.	Uniformed Pay - July 2009 (budgeted 2.3% LESS actual of 1.25%) - July 2010 (assumed 1.0%)	(0.223) 0.359		
2.	Non-Uniformed Pay - April 2009 (budgeted 2.3% LESS actual of 1.0%) - April 2010 (assumed 1.0%)	(0.120) 0.100		
3.	Provision for prices increases (fuel, utilities and non-domestic rates)	0.242		
4.	Provision for inflationary increase in pension costs.	0.049	0.407	
	<b>Inescapable Commitments</b>			
5	Additional debt charges arising from agreed capital programme	0.660		
6	Additional costs associated with the implementation of the Integrated Clothing Project (ICP) – additional cost of £0.557m less amount of £0.357m set aside in earmarked reserves.	0.200		
7	Reduction in income targets resulting from the economic recession.	0.100		
8	Additional costs associated with training for Retained Duty Staff.	0.201		
9	Costs associated with the introduction of the national radio scheme (Firelink) and mobilising equipment	0.196		
10	Costs of maintaining a full establishment	0.250		
11	Replacement of obsolete Breathing Apparatus equipment	0.035		
12	Other minor costs(net)	0.049	1.691	
	<b>Budget Reductions</b>			
13	Reductions in pay costs from incremental drift and pension costs	(0.278)		
14	Reduced provision for ill-health costs.	(0.035)		
15	Reduced provision for travel costs.	(0.046)		
16	Reduction in external support costs	(0.020)		
17	Reduction in rental costs (vacation of Pynes Hill, Exeter)	(0.047)		
18	Removal of provision for implementation of e-market systems (2009/2010 only)	(0.025)		
19	Removal of provision for review of shift pattern changes (2009/2010 only)	(0.025)		
20	Other Minor changes(net)	(0.032)	(0.508)	

	<b>Invest-to-Save/Essential Spending Pressures</b>			
21	Business Transformation (invest-to-save)	0.455		
22	Scope the creation of a trading company (invest-to-save)	0.100		
23	Carbon Management Programme (invest-to-save)	0.078		
24	New Post – Technical Accountant	0.038		
25	Temporary Communications Officers to 31/3/2011	0.055		
26	Community Fire Safety Costs to support Group Plans	0.160	0.886	
	<b>TOTAL CHANGES (LINES 1 TO 26)</b>		<b>2.476</b>	<b>3.41%</b>
	<b>CORE REVENUE BUDGET REQUIREMENT 2010/2011</b>		<b>75.135</b>	

## **REPORT ON PRECEPT CONSULTATION FOR 2010-11 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 consultation each financial year and that it is completed before the first precept is issued by the authority for the financial year. Before the precept consultation in 2007/08 Communities and Local Government (CLG) were approached and they advised that there is not a statutory requirement to consult domestic ratepayers.
- 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, 2009 and again in 2010.

### **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 Monday 11 January and Friday 15 January 2010.
- 2.2 The key specifications of the survey were:
- To ask 4 key questions, plus demographic information
  - 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. To further ensure the results were representative of the business population the responses were weighted by constituent authority, employee size band and sector.

Table 1: Population and sample size

Constituent authority	Actual number of businesses	%	Proportionate sample	Adjustment	Proposed sample		Actual response	
					Count	%	Count	%
Devon	30,297	49	196	-16	180	45	158	39
Somerset	21,320	34	136	-16	120	30	144	36
Plymouth	6,200	10	40	+10	50	12.5	49	12
Torbay	4,403	7	28	+22	50	12.5	52	13
<b>Total</b>	<b>62,220</b>	<b>100%</b>	<b>400</b>	<b>0</b>	<b>400</b>	<b>100%</b>	<b>403</b>	<b>100%</b>

(The data on the actual number of businesses contained in Table 1 are produced from the Annual Business Inquiry Workplace Analysis, ONS Crown copyright Reserved [from Nomis on 5 January 2010] )

### 3 RESULTS

3.1 1392 businesses were contacted to participate in the survey from which:

- 403 (29%) businesses completed the survey
- 516 (37%) businesses declined to participate
- 473 (34%) numbers unobtainable/incorrect/no answer

**Question 1 asked: ‘For 2010/11 Devon and Somerset Fire and Rescue Authority is estimating a Council Tax increase of no more than 4% to maintain current standards of service. This would set a Council Tax figure of £71.95 per year per band ‘D’ property, an increase of 23p per month (£2.77 per year). Do you consider £71.95 to be value for money?’**

3.2 82% of respondents agreed that the proposed charge did represent value for money and 18% 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		Torbay		Somerset	
	Count	%	Count	%	Count	%	Count	%
Yes	25	76%	145	80%	22	81%	109	87%
No	8	24%	36	20%	5	19%	16	13%
<b>Total</b>	<b>33</b>	<b>100%</b>	<b>181</b>	<b>100%</b>	<b>27</b>	<b>100%</b>	<b>125</b>	<b>100%</b>

3.3 When compared against the results from the previous surveys it is observed that for the first time in four years more 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, 2009/10 and 2010/11

Response	2007/08 Proposed Council Tax £63.45	2008/09 Proposed Council Tax £66.58	2009/10 Proposed Council Tax £69.81	2010/11 Proposed Council Tax £71.95
Yes	79%	75%	68%	82%
No	21%	25%	32%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

3.4 There were 21 comments received from respondents on this question. The general themes of the comments were:

- Not sure if it is value for money (6)
- A rise is ok as it is an essential service (4)
- All the different taxes add up to too much money (3)
- It is too high already (2)
- Would need to know how the money is being spent to answer the question (2)
- The current tax funds need allocating better to the different organisations (1)
- There needs to be more accountability for how public money is spent (1)
- There should be no rise in the current financial situation (1)
- There should be no rise as inflation has not gone up (1)

**Question 2 asked: 'What percentage increase, based on last year's figure of £69.18, would you consider reasonable?'**

3.5 This question was asked if respondents answered 'No' and 'Don't know' to Question 1. Respondents were given the opportunity of answering with options between 2.5% and 4.0%. Of the 82 respondents who answered this question 72% would not find any increase on last years figure of £69.18 to be reasonable with 28% feeling an increase between 2.5% and 4.0% would be reasonable.

Table 4: Question 2 'What percentage increase, based on last year's figure of £69.18, would you consider reasonable?'

Proposed % increase	Number of responses	Response %
4.0%	2	2%
3.5%	1	1%
3.0%	5	6%
2.5%	15	19%
None of above	59	72%
<b>Total</b>	<b>82</b>	<b>100%</b>

3.6 When asked what they would consider reasonable, there were 61 general comments received from respondents on this question. The themes of the comments were:

- There should be no increase, 0% (42)
- Don't know (4)
- There should be a decrease (3)
- 2% (3)
- 1% (2)
- Not in the current financial situation (2)
- 3% (1)
- 0.05% (1)
- As little as possible (1)
- In line with inflation (1)
- The money should come from government (1)
- There are too many taxes (1)

**Question 3 asked: 'Would you be prepared to pay £1 more per year per household, in addition to the proposed charge of £71.95 per year, to enable Devon and Somerset Fire and Rescue Service to improve community safety?'**

3.7 83% (316) of all respondents said that they would, with 17% (16) of respondents saying they were not prepared to pay an extra £1 to improve community safety.

Table 5: Question 3 'Would you be prepared to pay £1 more per year per household, in addition to the proposed charge of £71.95 per year, to enable Devon and Somerset Fire and Rescue Service to improve community safety?'

<b>Response</b>	<b>Number of responses</b>	<b>%</b>
Yes	316	83%
No	66	17%
<b>Total</b>	<b>382</b>	<b>100%</b>

3.8 There were 9 general comments received from respondents on this question. The themes of the comments were

- DSFRS already do a good job so don't need for more money (1)
- There should be a decrease (1)
- Don't know (1)
- Just because it's the public sector doesn't justify increase (1)
- More money should go towards the actual emergencies (1)
- No, as not getting good value at moment (1)
- Problem is the lack of value get from other organisations (1)
- Yes, along as improvements made (1)
- Yes, but only if get 2 county control rooms (1)

**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. 80% answered that they would not be prepared to pay anything, 5% would be prepared to pay 0.25p and 15% would be prepared to pay 0.50p.

	<b>Number of responses</b>	<b>%</b>
0.50p	10	15%
0.25p	3	5%
None	52	80%
<b>Total</b>	<b>65</b>	<b>100%</b>

#### **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 had appeared to be a decreasing opinion that the proposed level of Council Tax provides value for money. However, this year for this first time since the survey has started there has been an increase in opinion that the proposed level of council tax provides value for money. Underlying messages are that 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. However, there is acknowledgment that as an essential service it is important that DSFRA receives enough funding.

**STATEMENT OF THE ROBUSTNESS OF THE BUDGET ESTIMATES AND THE ADEQUACY OF THE DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY LEVELS OF RESERVES**

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.

**THE ROBUSTNESS OF THE 2010/2011 BUDGET**

The net revenue budget requirement for 2010/2011 has been assessed as £75.135m. In arriving at this figure a detailed assessment has been made of the risks associated with each of the budget headings and the adequacy in terms of supporting the goals and objectives of the authority as included in the Corporate Plan. It should be emphasised that these assessments are being made for a period up to the 31<sup>st</sup> March 2011, in which time external factors, which are outside of the control of the authority, may arise which may cause additional expenditure to be incurred. A large proportion of retained pay costs, for example, are 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 Table 1 below, along with details of the action taken to mitigate each of these identified risks.

**TABLE 1 – BUDGET SETTING 2010/2011 ASSESSMENT OF BUDGET HEADINGS MOST SUBJECT TO VOLATILE CHANGES**

Budget Head	DRAFT BUDGET 2010/2011 £000	<u>RISK AND IMPACT</u>	MITIGATION
Retained Pay Costs	12,363	<p>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.</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.</p>	<p>In establishing a General Reserve for 2010/2011, 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.</p> <p>A 'Provision' of £0.497m has been set aside for the impact of the ruling from the Part Time Workers tribunal. However, until more definitive guidance is released, expected to be during 2010, the full extent of the impact to the Service budget cannot be quantified.</p>



Budget Head	DRAFT BUDGET 2010/2011 £000	<u>RISK AND IMPACT</u>	MITIGATION
		<p>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>	
Service Control Costs	2,440	<p>In light of the delay in the implementation of the South West Regional Control Centre until 2011, the Service will continue to fund the pay costs of the existing two control rooms in Devon and Somerset for the whole of the 2010/2011 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.</p> <p>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.</p>	<p>An earmarked reserve of £0.117m 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.</p>
Firefighter' s Pensions Scheme	1,940	<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 establishing a General Reserve for 2010/2011 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>

Budget Head	DRAFT BUDGET 2010/2011 £000	<u>RISK AND IMPACT</u>	MITIGATION
		In addition, the Firefighter Pension Scheme has been subject to actuarial review during 2009, the impact of which is not anticipated to be implemented until 2011/2012. Indications are that employer's contributions will need to be increased significantly in 2011.	
Insurance Costs	750	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.	In establishing a General Reserve for 2010/2011, 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.
Income	(1,099)	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.  The delivery of income targets from external training activities and investment income, in particular, are at risk.	<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 2010/2011 has made some allowance for a reduction in income.</b>
Capital Programme	6,847	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.	Capital projects are subject to risk management processes that quantify risks and identify appropriate management action.  Any changes to the spending profile of any capital projects will be subject to Committee approval in line with the Authority Financial Regulations.

Whilst there is only a legal requirement to set a budget requirement for the forthcoming financial year, the Medium Term Financial Plan (MTFP) provides forecasts to be made of indicative budget requirements over a three year period covering the years 2010/2011 to 2012/2013. These forecasts include only prudent assumptions in relation future pay awards and prices increases, which will need to be reviewed in light of pay settlements and movement in the Prices Index.

Given the uncertainty over future public spending and the potential for significant reductions in local authority grant levels from 2011/2012, the setting of the 2010/2011 budget has been very mindful of the likely funding scenarios over the next three years rather than just 2010/2011. Therefore the budget for 2010/2011 has included some new invest-to-save funding to commence the implementation of changes identified from the business transformation reviews.

## **THE ADEQUACY OF THE LEVEL OF RESERVES**

It should be noted that 2010/2011 is only the seventh 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.

The current level of General Reserve balances for the authority is £4.453 million, which represents 6.1% of the revenue budget. Should there be an underspend against this years budget, current forecast is for an underspend of £0.494m, then, subject to other Service priorities required to be funded from this figure, then the level of General Reserve could increase up to a figure of approximately £5m by 1<sup>st</sup> April 2010, representing 6.6% of the 2010/2011 revenue budget.

In terms of a strategy for Reserve balances, the Authority has adopted 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. 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.

It is, of course, pleasing that the Authority has not experienced the need to call on reserve balances in the last three years to fund emergency spending. This has enabled the balance, through budget underspends, to be increased to a level in excess of 5%. However, 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. 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

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.

It should also be emphasised that this Authority is placed in the lower quartile when compared to all fire and rescue authorities. The average reserve balance for all FRAs is 13.5% of revenue budget, with the Upper Quartile being 15.0% and Lower Quartile 8.0%. Consequently, even at 6.6% the Authority's reserve level is still the fourth lowest of all combined fire and rescue authorities in the country, positioning the Authority at 29 out of 33.

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 what is anticipated to be a turbulent period.

## **CONCLUSION**

It is considered that the budget proposed for 2010/2011 represents a sound and achievable financial plan, and 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 & SOMERSET FIRE & RESCUE AUTHORITY

<b>REPORT REFERENCE NO.</b>	<b>DSFRA/10/5</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>19 FEBRUARY 2010</b>
<b>SUBJECT OF REPORT</b>	<b>CONFIRMATION OF RATES PAYABLE IN 2010/11 UNDER THE AUTHORITY APPROVED SCHEME OF MEMBERS' ALLOWANCES</b>
<b>LEAD OFFICER</b>	<b>Clerk to the Authority</b>
<b>RECOMMENDATIONS</b>	<p>(a) <i>that, as required by the Local Authorities (Members' Allowances)(England) Regulations 2003, the basic and special responsibility allowances and expenditure reimbursement payable under the Authority's Approved Scheme during 2010/11 be confirmed as those set out in Sections 2 and 3 of this report, subject to (b) below;</i></p> <p>(b) <i>that the Authority consider what uprating should apply to Basic and Special Responsibility Allowances for 2010/11.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>Regulations require the Authority to have in place its own Scheme for the payment of a basic allowance to each of its Members. The Authority may also provide for the payment of Special Responsibility Allowances and reimbursement of travel and subsistence expenditure. The Regulations also require the details of any such Schemes to be confirmed by the Authority for each financial year in question.</p> <p>The Authority approved its current Scheme of Allowances in May 2008 following consideration of an in-depth report prepared by an independent consultant. The Scheme provides for an annual uprating of allowances. Given this, the Authority is invited to confirm that the allowances payable in 2010/11 will be those as agreed at its Annual Meeting in 2008 (subject to payment of the Special Responsibility to the alternate rather than main Authority appointed Director to South West Fire Control Ltd.). The Authority is also invited to consider what uprating to basic and special responsibility allowances should apply for the 2010/11 financial year.</p>
<b>RESOURCE IMPLICATIONS</b>	<p>The draft revenue budget 2010/11 makes provision for the payment of allowances at the rates as set out in this report. Provision has also been made for the basic and special responsibility allowances to be uprated by 2.0%.</p>

<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>	Report DSFRA/08/11 ("Devon & Somerset Fire & Rescue Authority Approved Scheme of Members' Allowances), together with report of Independent Consultant, as submitted to Annual Meeting of the Authority on 28 May 2008.

**1. BACKGROUND**

- 1.1 The Local Authority (Members' Allowances)(England) Regulations 2003 require the Authority to make a Scheme of Members Allowances that:
- MUST provide for payment of a basic allowance to every Member of the Authority (to recognise the time commitment of all Members and cover incidental costs such as postage, telephone calls etc in connection with Authority duties); and
  - MAY provide:
    - for payment of a Special Responsibility Allowance for those Members undertaking additional roles (e.g. Authority and Committee Chairs); AND
    - payment of travel and subsistence expenses in relation to Authority duties.
- 1.2 The Regulations also require the Authority to confirm its Scheme of Allowances for each financial year in question.

**2. AUTHORITY APPROVED SCHEME – CURRENT RATES FOR BASIC AND SPECIAL RESPONSIBILITY ALLOWANCE**

- 2.1 At its Annual Meeting on 28 May 2008 the Authority considered a review of its Allowances Scheme as conducted by an independent consultant and resolved to adopt the following rates (Minute DSFRA/8 refers):

<b>Type of Allowance</b>	<b>Amount per annum £</b>
Basic	2,000
Special Responsibility	
- Chairman of Authority (5 x basic)	10,000
- Vice Chairman of Authority (3 x basic)	6,000
- Committee Chairs (2 x basic)	4,000
- Authority-appointed director to Regional Control Centre Local Authority Controlled Company (LACC) (1 x basic)	2,000
Independent Member of Standards Committee	500

- 2.2 At its meeting on 28 September 2009 that Authority resolved that the Special Responsibility Allowance (SRA) normally payable to the Authority appointed Director to South West Fire Control Ltd. (the local authority controlled company established with overall governance responsibility for the South West Regional Control Centre) should instead be payable to the alternate director, this position to be reviewed at the 2010 Annual Meeting of the Authority (Minute DSFRA/25 refers). This was intended to facilitate succession planning and also in light of the fact that the main Authority appointed Director – as Vice-Chairman of the Authority – was already in receipt of one SRA and could not, under the terms of the current Scheme, receive a second.

- 2.3 The Approved Scheme also provides for the automatic annual uprating of the above allowances (by reference to annual guidance issued by Local Government Association [LGA]).
- 2.4 At its meeting on 6 May 2009 the Authority considered a report on the level of allowances to be payable in 2009/10 and resolved not to apply any uprating for that financial year and to freeze the rates at the 2008/09 level, as shown in the table at paragraph 2.1 above (Minute DSFRA/97 refers).
- 2.5 Guidance is still awaited from the LGA as to the recommended increase for 2010/11 although provision has been made in the Authority's draft revenue budget for basic and special responsibility allowances to be uprated by up to 2.0%. The Authority is invited to consider what percentage uprating it would wish to apply for the current financial year and whether it would wish this to be in line with the LGA recommendation (once known) subject to this not exceeding 2.0%.

### 3. **TRAVEL AND SUBSISTENCE EXPENDITURE**

- 3.1 The Authority's Approved Scheme also provides for the reimbursement of travel and subsistence expenses as follows. Members may wish to note that, in relation to mileage, the rate per mile up to 10,000 miles is the maximum tax-free amount as set by HM Revenue and Customs. The subsistence rates are the current rates for National Joint Council non-uniformed employees.

<b>Mileage</b>	<b>Rate per mile up to 10,000 miles</b>	<b>Rate per mile beyond 10,000 miles</b>
By car for official duties within the geographical areas of the County areas of Cornwall, Devon, Dorset, Gloucestershire, Hampshire, Somerset, Wiltshire and the area of the former Avon County Council	£0.40p	£0.124p
By motorbike for official duties within the geographical areas of the County areas of Cornwall, Devon, Dorset, Gloucestershire, Hampshire, Somerset, Wiltshire and the area of the former Avon County Council		
- up to 49cc	£0.07p	£0.07p
- 50cc – 149cc	£0.11p	£0.11p
- 150cc – 250cc	£0.14p	£0.124p
- over 250cc	£0.183p	£0.124p
<b>General Subsistence</b>		
- Breakfast (payable if leaving home prior to 07.30hours)	£5.57	
- Lunch (payable if leaving home prior to 11.30am and returning after 2.30pm)	£7.70	
- Tea (payable if travelling/working AFTER 7.00pm)	£3.04	



-	Dinner (payable if travelling/working AFTER 8.30pm)	£9.54
Out of Pocket Expenses		
-	Per night	£4.31
-	Per week	£17.26

#### **4. CONCLUSION**

4.1 The Authority Scheme was subject to a major review in 2008. The Authority is invited to consider this report with a view to determining:

- (a). that, subject to any uprating and to continued payment of the SRA to the alternate rather than main Regional Control Centre Company Director, the basic and special responsibility allowances be as set out in Section 2 above;
- (b). what uprating it would wish to apply to basic and special responsibility allowances for the 2010/11 financial year and whether this should be in line with guidance from the Local Government Association, subject to this not exceeding a potential increase of 2.00% as provided for in the draft Revenue Budget for the year; and
- (c). that the rates for reimbursement of travel and subsistence expenditure to operate for 2010/11 be confirmed as those set out in Section 3 above.

**MIKE PEARSON**  
**Clerk to the Authority**

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	<b>DSFRA/10/6</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>19 FEBRUARY 2010</b>
<b>SUBJECT OF REPORT</b>	<b>FiReCONTROL CONSULTATION: AGREEMENT BETWEEN LOCAL AUTHORITY CONTROLLED COMPANIES (LACCs)/LONDON FIRE AND EMERGENCY PLANNING AUTHORITY (LFEPa) AND COMMUNITIES AND LOCAL GOVERNMENT.</b>
<b>LEAD OFFICER</b>	<b>Director of Service Support</b>
<b>RECOMMENDATIONS</b>	<b><i>That the Authority considers with a view to endorsing the response of the South West Regional Management Board – as appended to this report - to the Department of Communities and Local Government (CLG) consultation “FiReControl: Agreement Between LACCs/LFEPa and Communities and Local Government”</i></b>
<b>EXECUTIVE SUMMARY</b>	<p>In December of last year the Department for Communities and Local Government (CLG) issued Fire and Rescue Circular 73/2009 consulting on one of the proposed agreements required to support the future operation of the Regional FiReControl Centre. A copy of the consultation document has previously been circulated to Members of the Authority but further copies are available on request.</p> <p>While the consultation in the main addresses the proposed outcomes, approach and timings for an agreement between local authority controlled companies (LACCs)/the London Fire and Emergency Planning Authority (LFEPa) and CLG, it also refers to a ‘suite of agreements’ for which there is little detail.</p> <p>Attached to this report at Appendix A is a detailed report on the consultation paper prepared for and considered by the South West Regional Management Board at its last meeting. Appendix B details the Board’s agreed response to the consultation.</p> <p>The report outlines areas of concern and makes reference to two other agreements that the authority may wish to raise with CLG. Over the years, this Authority has raised a number of political, financial and operational concerns formally with CLG. This consultation now provides an opportunity to collate these into a single response in addition to the previous responses.</p>

<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY IMPACT ASSESSMENT</b>	No assessment appropriate at this time.
<b>APPENDICES</b>	<p>A. Report submitted to the meeting of the South West Regional Management Board (SWRMB) held on 28 January 2010.</p> <p>B. Copy of SWRMB approved response to consultation</p>
<b>LIST OF BACKGROUND PAPERS</b>	Fire & Rescue Circular 73/2009 "FiReControl: Agreement Between LACCs/LFEPA and Communities and Local Government"

APPENDIX A TO REPORT DSFRA/10/6



REPORT REFERENCE NO.	RMB/10/1
MEETING	SOUTH WEST REGIONAL MANAGEMENT BOARD
DATE OF MEETING	28 JANUARY 2010
SUBJECT OF REPORT	FIRE CONTROL CONSULTATION: AGREEMENT BETWEEN LOCAL AUTHORITY CONTROLLED COMPANIES (LACCS)/LONDON FIRE AND EMERGENCY PLANNING AUTHORITY (LFEP) AND COMMUNITIES AND LOCAL GOVERNMENT.
LEAD OFFICER	South West FiReControl Project Director (Clive Kemp) South West FiReControl Legal Advisor (Chris Gray)
RECOMMENDATIONS	<p><i>That the Board considers the contents of this report with a view to:</i></p> <ul style="list-style-type: none"> <li><i>(i) determining whether it would wish to respond to FiRe Control Consultation: Agreement between LACCS/LFEP) and Communities and Local Government, and</i></li> <li><i>(ii) should it wish to respond, it does on the basis as set out at Appendix A and subject to any amendments that may be agreed by the Board at the meeting.</i></li> </ul>
EXECUTIVE SUMMARY	<p>The Department for Communities and Local Government (“CLG”) issued Fire and Rescue Circular 73/2009 entitled “Fire Control: Agreement between LACCS/LFEP) and Communities and Local Government”, containing a formal Consultation about one of the proposed Agreements required to underpin the operation of the Fire Control service. The deadline for responses is Friday 5 March 2010.</p> <p>The RMB has not been directly consulted by CLG on this matter although FRAs have. Nevertheless, the RMB has been intimately involved in the project since its inception and has responded to all other consultations. This report examines the proposals set out in the Consultation and suggests a response for consideration by the Regional Management Board if it determines that it wishes make it views known.</p>

<b>APPENDICES</b>	<p>A. Proposed draft response to Circular</p> <p>B. Fire and Rescue Circular 73/2009 entitled “Fire Control: Agreement between LACCs/LFEPA and Communities and Local Government” (enclosed and page numbered separately with the agenda for this meeting)</p>
<b>LIST OF BACKGROUND PAPERS</b>	Nil

## **1. PURPOSE OF REPORT**

- 1.1 On 4 December, the Department for Communities and Local Government (“CLG”) issued Fire and Rescue Circular 73/2009 entitled “Fire Control: Agreement between LACCs/LFEPA and Communities and Local Government”, containing a formal Consultation about one of the proposed Agreements required to underpin the operation of the Fire Control service. The deadline for responses is Friday 5 March 2010. A copy of the Circular is provided as Appendix B (enclosed and page numbered separately with the agenda for this meeting).
- 1.2 This report examines the proposals set out in the Consultation and suggests a response (Appendix A) for consideration by the Regional Management Board if it is minded to make its views known.

## **2. Background**

- 2.1 In accordance with Section 7 of the Fire and Rescue Services Act, 2004, each Fire and Rescue Authority (“FRA”) has the statutory duty to make arrangements for dealing with calls for help and for summoning personnel for the purpose of extinguishing fires and protecting life and property in the event of fire. Similar duties exist in relation to road traffic accidents and other emergencies.
- 2.2 Under current arrangements, each FRA provides this service through its own staff and utilising equipment and services which it has procured directly from the supplier. Each Chief Fire Officer has control over the mobilisation of his/her FRA’s officers and appliances, subject, however, to arrangements for cross-border mobilisation agreed locally or nationally in formal Agreements/Protocols.
- 2.3 This position will change under FiReControl. It is proposed that the Local Authority Controlled Companies (“LACCs”), set up by FRAs in each region outside London, will in future provide call receiving and mobilising services for FRAs on a regional basis from a Regional Control Centre (“RCC”), enabling FRAs to meet their statutory obligations. A number of legal Agreements will be required to underpin these arrangements.
- 2.4 Clearly there will need to be an Agreement in each region between the FRAs and the regional LACC, setting out a specification of the service to be provided and the relative responsibilities of the LACC (as contractor) and the FRAs (as clients). However, this is only part of the picture.
- 2.5 As the Fire Control system is designed to be a national networked solution, the main IT system, radio communications and facilities management contract for the RCCs have each been procured by CLG under one national contract. One result of this is that there is no direct contractual relationship between the LACCs and the relevant service provider, upon whom the LACCs will be reliant to provide an effective and efficient service. A means by which LACCs/FRAs can enforce supplier obligations is therefore needed.

- 2.6 In addition to the services provided under the nationally-procured contracts referred to in 2.5 above, other services will be required by the LACCs. Some of these will be purely local in character (eg back office services) and can be procured locally. Other services, which relate to the functioning and future replacement of the national networks, and which are common to all the LACCs (and LFEPA in London), will need to be covered by national Agreements. Members will recall a previous Consultation undertaken by CLG about these services (described as “in-service management functions”), where the proposal was that these services be undertaken by a Non-Departmental Public Body (“NDPB”), probably a reconstituted FiReBuy. That consultation is now complete and CLG has confirmed that in-service management functions will be undertaken by an NDPB based on and incorporating FiReBuy, although transfer of responsibility from CLG will not be immediate but will take place “when the time is right”. This Agreement will need to spell out how a transfer date is to be ascertained.
- 2.7 The design of the Fire Control solution envisages that, when there are peaks in call demand – for instance in times of several concurrent incidents, a major fire or flooding, the “home” RCC will be backed up by other RCCs in the network, which will answer the calls and, in appropriate circumstances, mobilise resources to the incident. The same will occur if the “home” RCC is unable to answer a call within a specific time. It is anticipated that this will occur to between 2% and 5% of all calls to the RCC. An Agreement will be required between the LACCs/LFEPA to secure the efficient handling of calls diverted from the “home” RCC.
- 2.8 The various Agreements referred to above are described in paragraphs 1.6 to 1.9 of the Consultation. To complete the picture, mention must be made of two additional legal documents, to which no mention is made in the Consultation. The first of these is a National Mutual Aid Agreement and/or Protocol to replace the existing Protocol to which all FRAs are parties. The operation of the Fire Control service is predicated on the principle of mobilising the nearest appropriate resource. This Agreement will seek, not only to put in place arrangements for the provision of FRA appliances and officers to major out-of-area incidents, but more importantly in the context of Fire Control, also to give RCCs permission to mobilise (or not) resources across FRA borders and, where appropriate, nationally.
- 2.9 The other Agreement to which no reference is made in the Consultation is what is commonly described as a “Put Option” ie an option which allows one party (in this case an LACC/LFEPA) to require another party (in this case CLG) to take an assignment of an asset – in this case the lease of an RCC - in certain circumstances and on agreed terms. This is necessary in the case of Fire Control as, in the course of their national procurements, CLG has procured nine RCC buildings on leases which expire at different times. Inevitably, therefore, when the Fire Control service as a whole eventually comes to an end (possibly in 2034 when the first RCC lease is due to expire), some RCC leases will remain extant with the lessee having a continuing obligation to pay rent and comply with other lessee obligations until the end of the lease term. Facilities Management services may also be contracted until the end of the lease term. At that time, the relevant LACCs may no longer have a need to use the premises and, in those circumstances, the member FRAs will no longer wish to bear the financial burden of the lease and the related FM contract. It is also possible that, as a result of changes in government policy over time, other circumstances may arise where the LACC will wish to have the ability to require CLG (or its successor) to take an assignment of the lease and also assume responsibility for the FM contract.

- 2.10 Paragraph 1.6 of the Consultation makes reference to a “suite of agreements”. As Members will appreciate from what has been said above, it is essential to identify all the documents which will make up the “suite” referred to and to develop them all in parallel, so that they fit together as a comprehensive whole and are available for signature at the same time.
- 2.11 Apart, possibly, from the National Mutual Aid arrangements, it is unlikely that CLG will consult formally on any of the other Agreements in the suite. Over the years CLG has been made aware, by a variety of means, of political, financial and operational concerns of FRAs in the South West, but to date these have not been clearly set out in one document. Members may therefore wish to take the opportunity to inform CLG, in their response to the current Consultation, of their expectations so that these may be reflected in the proposed agreements, whether or not FRAs be minded to commit finally to the Fire Control service. This would not, of course, preclude individual FRAs from raising other issues with CLG.
- 2.12 Principles considered to be of fundamental importance to FRAs in the South West include:
- No FRA will bear any additional cost as a consequence of transfer to the Fire Control system.
  - FRAs must, as closely as circumstances permit, be placed in no a worse position than would have existed had they provided the service themselves and entered directly into agreements with third party suppliers.
  - No South West FRA will be committed to contributing to the costs of funding the RCC or any other part of the Fire Control system until binding commitments have been received, either from all other SW FRAs, or from CLG (if not all other SW FRAs agree to participate) for the financing of the balance of the regional costs throughout the lifetime of the Fire Control Service.
  - No FRA will be expected to sign any of the suite of Agreements until the system has passed its User Acceptance Tests to its reasonable satisfaction.
  - Cutover to the RCC should not occur until both the FRA and the LACC are satisfied that each is fully prepared to operate the new service.
  - FRAs will not (directly or indirectly) suffer a financial detriment as a result of any delay in cutting over to the RCC.
  - FRAs (and LACCs) will not, in any contractual arrangements, accept any obligation (to CLG or otherwise), which is not actually and necessarily required for the effective operation of the Fire Control service.
  - FRAs will have no continuing obligation for the provision, financing, use or operation of the RCC building beyond the period for which it is required for the operation of the Fire Control service in the South West, unless the FRAs determine otherwise.
  - The terms of any Agreements will be without prejudice to FRAs’ rights to claim central government funding now and in the future, including New Burdens funding.
  - FRAs (through their Chief Fire Officers) will be able to continue to exercise effective control over the use of their resources on terms acceptable to them.
  - Throughout the lifetime of the Fire Control service, the functioning of the system will allow FRAs to fully implement their IRMP policies.



### **3. THE PROPOSALS – THE PRINCIPLES**

- 3.1 The Consultation concentrates on one of the “suite of agreements” referred to earlier, ie the proposed Agreement between LACCs/LFEPA and CLG (“the CLG Agreement”). The Consultation seeks input into the outcomes, approach and timings for this Agreement. It does not deal with its detailed terms, drafting of which will be informed by the outcome of the current consultation exercise. Members will rightly say that, in relation to any agreement, “the devil is in the detail”. Any response to the Consultation may, therefore, need to be prefaced by the comment that the response is made to the contents of the Circular only and is without prejudice to consideration by FRAs, in due course, of the detailed wording.
- 3.2 Members may also be tempted to say that, since FRAs are not intended to be parties to this Agreement, they will reserve their position until consideration in due course of the proposed Agreement between the FRAs in the region and the LACC, South West Fire Control Limited (“SWFC”). As mentioned earlier, provision of the Fire Control service will be regulated by a suite of Agreements and the service which SWFC will be able to offer FRAs in the region will be dependent on the terms of the other Agreements in the suite. FRAs are therefore vitally interested in the terms of the Agreement, the subject of the Consultation.
- 3.3 Members need to understand clearly that, although officers are working with CLG to put together the necessary suite of documents (and paragraph 2.2 of the Consultation refers to FRAs (and LACCs) and CLG as being “partners”), the objectives of the parties diverge in some significant respects. The aim of the FRAs is to ensure that they obtain an excellent and cost-effective service with proper safeguards in the event of default by a third party (on terms consistent with the first bullet point in 2.11 above), in order to satisfy their statutory obligations and to maintain their reputation. It would not be unfair to suggest that, in addition to their desire to help FRAs achieve their objectives and to enhance the Critical National Infrastructure, CLG has an underlying objective to divest themselves in due course of their current obligations under the national contracts and to ensure that they do not accept or retain any long term legal or financial liability for the Fire Control system (except in relation to RSG or New Burdens funding, which are separate issues outside the terms of any Agreement). That is not to say, however, that, recognising our different objectives and with proper and robust negotiation, a position cannot be reached which is reasonably acceptable to all and which allows a “partnership” relationship to exist going forward. Officers are confident that this should be achievable.
- 3.4 It has also to be recognised that, apart from their powers in relation to financial support for FRAs, and in particular their ability to top-slice RSG in order to finance all or part of the costs of Fire Control, CLG’s statutory powers of compulsion in relation to this Project, although on the face of it somewhat draconian in nature, are in practice a rather blunt instrument due to their specific terms and to the apparent lack of political will to make use of them except as a very last resort. The terms of the suite of Agreements are therefore, largely, not a matter for dictation by CLG, but a matter for negotiation between the various parties. The large number of parties involved does mean, however, that, an element of compromise by everyone will be required if a consensus is to be reached.
- 3.5 The Consultation states that the strategic outcomes which the CLG Agreement will support are:
- Providing an effective service to the public
  - Delivering a resilient and supportive network

If the Fire Control project proceeds as planned and all English FRAs participate, Members would, no doubt, wish to support these objectives.

- 3.6 To underpin these outcomes, the Consultation proposes that the agreements will be :
- Simple: including only those elements which should properly sit in formal contracts; not include elements likely to change regularly and which can be cross referenced; contain only the level of detail needed to understand roles and responsibilities clearly rather than setting out every detail;
  - Transparent: ensuring that all parties have full sight and understanding of what they are signing up to; and
  - Developed in partnership: working together in the spirit of pragmatism to deliver effective arrangements.

Again, these principles appear to be broadly acceptable, but there may be some matters upon which a more robust stance may be necessary. For example, some of the referenced documents may be of such importance that the formal change control mechanism contained in the agreements may have to operate to sanction future changes to them. Also, although all parties will need to work together to finalise the agreements, protecting the interests of FRAs, who will still retain the statutory duty to provide the service after the move to the RCCs, will remain of paramount importance.

#### **4. THE PROPOSALS – THE DETAILS**

- 4.1 The Consultation is short on detail. As paragraph 4.3 of the Circular states, the paragraphs which follow it provide a “guide to the key contents” in the agreement. It is therefore a guide only and is concentrating solely on key principles. CLG has made a conscious decision to keep the Consultation at a high level and the results of the consultation will inform the detailed drafting which will follow.

##### ***(a) “Home” RCC performance standard***

- 4.2 It is proposed to have a call handling performance standard which will apply to each RCC. This standard will require that 95% of all emergency calls presented at the “home” RCC are answered within 5 seconds (measured hourly). This standard was the subject of a previous consultation exercise and appears to command general acceptance. The standard will be applied to all RCCs so as to ensure a consistent minimum level of service throughout the country and to seek to achieve a standard across the network of a minimum of 98% of emergency calls being answered in 20 seconds. The 95% standard is applied only to calls presented at the “home” RCC: calls which are not answered by the “home” RCC within a specified period (possibly 7 seconds) will be presented by the network to an operator in another RCC who is immediately available to handle the call, and therefore no call handling performance standard needs to be applied at the “remote” RCC.

**(b) Direct Access to the National Service Contracts**

- 4.3 Of the three national service contracts referred to in paragraph 4.7 of the Circular, only that relating to the FM services provided by VT Flagship allows LACCs to enforce directly performance obligations of the supplier. The national FM contract effectively provides for the contract to be operated as 9 individual regional contracts, with the regional costs being billed directly by the supplier to the relevant LACC/LFEPA and with the “regional” contract being managed on a day-to-day basis by the “client” LACC/LFEPA. The national contract is still managed by CLG (and in due course the NDPB taking over the in-service management functions), in whom the more draconian powers (eg to terminate the whole contract) are still vested.
- 4.4 It is now proposed that this approach, referred to as “third party rights” be applied to the national IT Infrastructure contract with EADS and to the national radio contract with Airwave. There will, however, be differences in approach from the FM contract because, whereas the FM contractor provides a generally local service at each RCC, the other suppliers are providing and maintaining national networks. In these cases, the supplier will continue to bill CLG, which will, in turn, bill the LACCs/FRAs on the basis of some cost apportionment model.
- 4.5 The “third party rights” approach is to be welcomed as a means of giving FRAs/LACCs more direct access to the suppliers and simplifying the contractual relationships between FRAs and their LACC and between LACCs and CLG, although it should be noted that CLG (and in due course the NDPB) would normally act as a “clearing house” on behalf of LACCs/LFEPA in pursuing claims arising from poor service delivery from suppliers. It must be said, however, that these will remain nationally managed contracts for a national service and, consequently, an individual LACC will have only limited influence in disputes with the suppliers, in marked contrast with the position which would have applied had there been a local or regional procurement.

**(c) Limits on Liability**

- 4.6 It is proposed that there should be a limit applied to the financial liability of any public body delivering a service to another as part of the Fire Control service. This will include FRAs, LACCs and CLG. Opinions on this will vary. It is difficult to state clearly the range of circumstances in which a claim for financial loss – as opposed to loss of reputation – could arise, and the potential extent of that loss, nor can anyone be certain as to the extent to which the law relating to liability in the provision of public services, will develop over the lifetime of the Fire Control service. The extent to which insurance cover is available at a reasonable cost may be a factor in considering this proposal, but, even here, care needs to be taken to ensure that the various FRA-related parties are not all insuring against the same risks, with FRAs effectively ending up paying “double” premiums.
- 4.7 Although, for example, it may appear attractive for an FRA to have a claim against the provider of an RCC, to which no financial limit is applied, it has to be remembered that that same FRA will also have a potential indirect financial liability for a claim made against the LACC responsible for its “home” RCC, either by one of the other regional FRAs or by an FRA in some other part of the country, and, to the extent that such risk is uninsured, that FRA will have to bear unbudgeted costs. FRAs will also have to bear the cost of insurance premiums incurred by their regional LACC, and those premiums may be calculated having regard to the level of liability accepted. On balance, a limit on financial liability may be considered acceptable in principle, but the precise application of the limit and the amount of the financial cap need further consideration during the course of drafting the agreements.

**(d) Network-wide Performance Standard**

- 4.8 Reference has already been made to the network performance standard for 98% of emergency calls to be answered in 20 seconds (measured hourly). This cannot be enforced by a specific contractual obligation since any default cannot be attributed to any one party. Again, this performance standard was the subject of a previous consultation exercise and should be achieved as a consequence of each “home” RCC achieving its own performance standard of answering 95% of emergency calls presented within 5 seconds.

**(e) Financial Framework**

- 4.9 This section sets out two separate financial principles. First, that, although the networked solution envisages some call handling for other regions, there should be a backstop to prevent an RCC failing to answer enough of its own calls and to meet the “home” performance standard, for example through persistent understaffing. This would place an undue burden on the other RCCs. To underpin the performance standard, the intention is to put in place a simple mechanism to compensate financially those RCCs which answer more than their fair share of calls, the amount to be calculated on the basis of actual cost of calls transferred. This type of arrangement is considered to be an essential safeguard within a networked solution, even if, as a consequence, unexpected additional and unbudgeted costs fall to be borne by FRAs in a particular region.
- 4.10 The other principle is that service credits arising from a service failure by a national supplier would normally be shared by all LACCs/LFEPA in proportion to the regional share of the full service costs. This principle would not, however, apply where serious or persistent failures can be shown to impact on specific LACCs/LFEPA, in which event these bodies would receive the whole of the resulting service credits. Members may regard this as a sensible and workable solution.

**(f) Change Control by majority**

- 4.11 It is unrealistic to expect that the terms for any agreement can remain unaltered over the lifetime of the Fire Control service (possibly until 2034), nor should the parties wish them to do so, as this will inhibit the development and improvement of the service. However, ignoring any interest which CLG would have, there are 45 FRAs and 8 LACCs which will wish to have a potential say in future changes. A formal change control process will be essential. For the Agreement in question, the proposal is that most changes could be effected by a simple majority of the parties involved, with all parties having an equal say. The Consultation leaves open, at this stage, the possibility that a larger majority (possibly unanimity) might be required for a small number of decisions. Opinions on proposals for change will vary, and, where changes would give rise to “winners” or “losers”, tensions will arise. Again, opinions on the proposed approach may vary, but a consensus on this issue is required, and the proposals put forward are considered to represent a pragmatic solution to a difficult issue. Further consideration is needed, however, as to the decisions which would require other than a simple majority.
- 4.12 The position to be adopted by SWFC in relation to any change proposal under the LACCs/LFEPA and CLG Agreement must represent the views of the FRAs in the South West, insofar as they are relevant to the decision. This means that the mechanism for change control must allow sufficient time to consult with FRAs, whilst not inhibiting urgent change where required. The proposed regional Agreement between FRAs and SWFC will need to make provision for change control both regionally and nationally. The voting mechanism in that Agreement will be different and will be based upon that previously approved by the Board for drafting purposes.

**(g) Cross-referencing other documents**

- 4.13 The proposal to cross-reference other documents, rather than attempting to replicate them in the Agreement, is considered to be sensible, not only to reduce the size and complexity of the Agreement itself, but, more importantly, to reflect that these other documents often need to be expressed in more operational terms and will the contents will change over time by natural evolution. Having said that, care will need to be taken to identify the documents to be cross-referenced to ensure that they adequately describe the service to be provided and in sufficient detail. Arguably this may not be so important intra-region, where there is some commonality of purpose between the FRAs and their LACC, but will be of greater importance in ensuring that there is no diminution in service, or service quality, when calls are handled by a “remote” RCC.
- 4.14 Whilst it is recognised that these documents will be the subject of regular review, it does not necessarily follow that consent to changes can be given informally and without proper regard to the wishes of FRAs. Once the documents have been finally identified, consideration will need to be given to an acceptable system of change control.
- (h) Other content*
- 4.15 Section 5 of the Circular gives an idea as to what else the Agreement will cover. Of particular note, in paragraph 5.2, are references to payment obligations and calculations, and the maintenance of re-procurement and supplier exit strategies. In paragraph 5.3, there is reference to a management service to be provided by the NDPB.
- 4.16 These paragraphs give little, if any, detail of what is proposed. The Board has previously advised CLG, in its response to the Consultation on in-service management, of its concerns about the extent of the in-service management functions, the need to ensure that the re-procurement of the national contracts takes place and of the influence which FRAs wish to have over costs. The attention of CLG should again be drawn to these concerns, possibly by reference to the replies to the previous Consultation. Further comment on in-service management will have to await the provision of greater detail of what is proposed.

**5. NEXT STEPS**

***(a) Consultation Period***

- 5.1 The Circular envisages that the feedback to the Consultation will be incorporated into a comprehensive version of the Agreement which CLG aim to produce by the end of March, 2010, giving nine months for clarification and sign off by all relevant parties. This is the original timescale envisaged when the Circular was to be issued at the end of October and has not been changed in the final version. There must be considerable doubt whether this timetable is achievable, particularly if proper regard is to be had to the responses to this Consultation.
- 5.2 A long period for discussion with relevant parties is necessary. Whether nine months will suffice cannot be answered at this stage. As recommended earlier in this paper, all documents in the suite of Agreements previously referred to are developed in parallel. Finalising the CLG Agreement in isolation is not acceptable.

***(b) Agreement Sign Off***

- 5.3 Ideally all parties should sign the various Agreements by a date well before first cutover so as to give comfort to all parties that all the various arrangements

underpinning the service provision are in place. Those Agreements would not immediately come into force at that point. There are, however, two major obstacles to be overcome first. To meet the current timescale and the requirements of the National Framework, contract signature is envisaged by December 2010. User Acceptance Testing of the System will not have occurred by then and, if the Board adopts the principles set out in 2.11 above, FRAs will not be prepared to sign Agreements at that stage, even if their other objections to this Project have then been overcome.

- 5.4 The other main obstacle is the reluctance of all FRAs in the region to commit to the Project. If at least one FRA is not prepared to sign-up, either as a matter of principle or as a result of concerns about the detailed terms of any commitment, then, unless CLG is prepared to meet the financial commitments of the non participating FRA(s) others too will be unable to commit because the whole of the region's funding obligations will not have been secured – see the principles set out in 2.11 above.

***(c) Agreement comes into force***

- 5.5 Paragraph 6.4 of the Circular outlines two options as to when the CLG Agreement might come into force. It is not clear, from the information provided in the Circular, whether either of the options is entirely satisfactory. As the statutory duty to provide the call answering and mobilising service will remain with the FRAs, the FRAs will require to be assured that, from the moment of cutover, sufficient contractual rights exist to secure the provision of all the services required to provide an effective Fire Control Service, even if, during the early transition phases, full service performance standards are not always met, or default remedies applied.

***(d) Transition to the RCC Network***

- 5.6 As alluded to above, some flexibility will be required in the various contractual relationships which will exist to underpin the delivery of the Fire Control service during transition to the RCC network. Whether this takes the form of a temporary Memorandum of Understanding or a phased introduction of the Agreement provisions is a matter for further discussion once the terms for steady state operation are finalised. In order to protect the interests of FRAs, Members may feel that the terms of the Agreements which will apply during steady state operation should be relaxed, during transition, but only to the extent that is reasonably necessary to deliver workable solutions to problems affecting delivery of service which arise during transition, or to reduce costs arising from the transition which would otherwise fall on FRAs. The parties might also be expected to take reasonable steps to avoid problems arising, so far as they are reasonably foreseeable.

**6. CONSULTATION QUESTIONS**

- 6.1 CLG is seeking views on any of the content of the Circular. Feedback is particularly requested on the five questions set out in Section 7 of the Circular. These questions and a suggested response from the Board are set out in Appendix A attached.

**CLIVE KEMP**  
**South West FiReControl**  
**Project Director**

**CHRIS GRAY**  
**South West FiReControl**  
**Legal Advisor**

APPENDIX B TO REPORT DSFRA/10/6



## SOUTH WEST REGIONAL MANAGEMENT BOARD

**Bernard Hughes OBE  
CHAIRMAN, SOUTH WEST REGIONAL  
MANAGEMENT BOARD**

**Lucy Pickering  
Policy and Delivery Manager  
Communities and Local Government  
3/B4 Eland House  
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**DEVON & SOMERSET FIRE & RESCUE  
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Your ref :	Date :	29 January 2010	Telephone :	01392 872200
Our ref : SY/BH/SWRMB	Please ask for :	Bernard Hughes	Fax :	01392 872300
	Email :	bernard.hughes@devon.gov.uk	Direct Telephone :	01395 272580

Dear Lucy

**FIRE AND RESCUE SERVICE CIRCULAR 73/2009 – FiReCONTROL: AGREEMENT  
BETWEEN LACCS/LFEPA AND COMMUNITIES AND LOCAL GOVERNMENT**

Thank you for the opportunity to comment on this issue. This matter was considered at some length by the South West Regional Management Board at its meeting yesterday when the attached response was approved.

I look forward to receiving your response to this in due course.

Yours sincerely

**BERNARD HUGHES OBE**  
Chairman, South West Regional Management Board

**Q1** **Do you agree with the range of agreements being developed, and are you clear on why these are being put in place?**

Yes, subject to the addition of a National Mutual Aid Agreement/Protocol covering the mobilising of assets by the RCC within and outside FRA boundaries and a Put Option allowing the LACCs to require CLG to take an assignment of the lease of the RCC if it is no longer required for that use, and, at that time, an assumption by CLG of responsibility for the FM contract. However, the Circular provides little detail of the precise terms proposed for the Agreement and we therefore reserve our position until those terms are available for consideration.

**Q2** **Do you agree with the two outcomes set out in this Circular, and the particular approaches set out under each outcome?**

***Outcome One: Providing an effective service to the public***

*'Home' Regional Control Centre performance standard*

Yes, agreed.

*Direct access to the national service contracts*

We accept that allowing LACCs/FRAs direct access to the suppliers is the best way forward, making enforcement of supplier obligations more straightforward and simplifying the contractual relationships between FRAs and their LACC and between LACCs and CLG. We also accept that the role of CLG in acting as a "clearing house" in pursuing claims against suppliers for poor service delivery is probably a necessity given that the current Agreements with suppliers anticipate them having to deal with a single client only.

There is, however, one matter on which the Circular is silent and, in relation to which we wish to clearly state our views. As we understand the position, apart from the FM contract, where the supplier will bill the LACC direct for the regional charge, the intention is that the other national suppliers will invoice CLG, which will, in turn, recharge the regions based on some cost apportionment model. In our view, in relation to the Airwave contract, the recharge must be made at FRA level and invoices should not be sent to the LACC, leaving the Company to further apportion costs and recover them from FRAs. There is no justification for such an approach and the LACC in the SW have already stated that they would not be prepared to carry out this function. Additionally, we are not yet convinced that cost apportionment based on the number of radios supplied is necessarily fair, and we wish to see further work undertaken to validate this as an equitable basis for apportionment.

*Limits on Liability of partners*

We wish to understand better the range of circumstances in which a claim for financial loss – as opposed to loss of reputation – could arise, and the potential extent of that loss before we agree to this proposal.

***Outcome Two: Delivering a resilient and supportive network***

*Network-wide Performance Standard*

Yes, but we cannot see how this can be enforced otherwise than by enforcement of the "home" RCC performance standard, as it will be impossible to determine where the "fault" has arisen.



### *Financial framework for the management of network calls*

The framework proposed is acceptable in principle, and is considered to be an essential safeguard to prevent an RCC failing to answer enough of its own calls. The proposal for the application of service credits is also considered to be a pragmatic approach and acceptable in principle.

### *Change control by majority*

We consider that there may be some changes which are of such importance that they require unanimity rather than a majority decision. An exercise to itemise potential decisions is required, following which a list of those requiring unanimity needs to be agreed by stakeholders and provided for in the Agreement. In many cases, change control will need to have regard to the wishes of FRAs and the relevant procedure must allow sufficient time to consult with FRAs.

### *Cross-referencing of documents*

This is a sensible proposal, but an agreement will be needed as to the documents which are to be cross-referenced. It is important to ensure that together they give the correct level of detail as to the service which FRAs can expect to be provided. The cross-referencing of documents is not to be implied as making it acceptable for future change in those documents to be approved informally and without proper regard to the wishes of FRAs. Some cross-referenced documents may need to be subject to a formal change control process involving FRAs.

### **Q3** **Are you content with the proposed approach to signature?**

No, FRAs in the South West are unlikely to “sign up” until after User Acceptance Tests have been passed to their reasonable satisfaction. In addition no FRA will be prepared to sign up until binding commitments have been received for the financing of the balance of the regional costs throughout the lifetime of the Fire Control Service.

### **Q4** **What are your views about when the provisions of the agreement should come into force?**

It is not clear, from the information provided, whether either of the two options given is entirely satisfactory. As the statutory duty to provide the call answering and mobilising service will remain with the FRAs after cutover to the RCC, FRAs will require to be assured that, from the moment of cutover, sufficient contractual rights exist, under each of the Agreements in the suite, to secure the provision of an effective Fire Control service and the various Agreements should come into force, on a phased basis if appropriate, at such time as is necessary to achieve this objective.

**Q5** **Do you agree with the proposed approach during the transition to the RCC network?**

Some flexibility will be required in the various contractual relationships during transition to the RCC network. As an example, we accept that on some occasions, the “home” RCC performance standard may not be met. However, because of the duties on FRAs mentioned in the response to question 4 above, we consider that the terms of the Agreements which will apply in steady state operation should only be relaxed to the extent that this is absolutely necessary to deliver workable solutions to problems affecting service delivery during transition, or to reduce costs arising from transition which would otherwise fall on FRAs. We would, however, expect service providers to take the steps necessary to avoid problems arising, so far as they are reasonably foreseeable. We have no firm view as to the means by which this flexibility is achieved.

Other points we would wish to make in response to this consultation are as follows:

1. The response is made to the contents of the Circular only and is without prejudice to consideration by FRAs, in due course, of the detailed wording of this and the other documents in the suite of Agreements proposed. All documents in the suite must be developed in parallel to provide stakeholders with a complete picture; finalising this Agreement in isolation is not acceptable.
2. In drawing up the various Agreements, FRAs will expect the following principles to be followed:
  - a) No FRA will bear any additional cost as a consequence of transfer to the Fire Control system during the life of the project.
  - b) FRAs must, as closely as circumstances permit, be placed in no a worse position than would have existed had they provided the service themselves and entered directly into agreements with third party suppliers.
  - c) No South West FRA will be committed to contributing to the costs of funding the RCC or any other part of the Fire Control system until binding commitments have been received, either from all other SW FRAs, or from CLG (if not all other SW FRAs agree to participate) for the financing of the balance of the regional costs throughout the lifetime of the Fire Control Service
  - d) No FRA will be expected to sign any of the suite of Agreements until the system has passed its User Acceptance Tests to its reasonable satisfaction.
  - e) Cutover to the RCC should not occur until both the FRA and the LACC are satisfied that each is fully prepared to operate the new service.
  - f) FRAs will not (directly or indirectly) suffer a financial detriment as a result of any delay in cutting over to the RCC.
  - g) FRAs (and LACCs) will not, in any contractual arrangements, accept any obligation (to CLG or otherwise), which is not actually and necessarily required for the effective operation of the Fire Control service.
  - h) FRAs will have no continuing obligation for the provision, financing, use or operation of the RCC building beyond the period for which it is required for the operation of the Fire Control service in the South West, unless the FRAs determine otherwise.
  - i) The terms of any Agreements will be without prejudice to FRAs' rights to claim central government funding now and in the future, including New Burdens funding.
  - j) FRAs (through their Chief Fire Officers) will be able to continue to exercise effective control over the use of their resources on terms acceptable to them.

- k) Throughout the lifetime of the Fire Control service, the functioning of the system will allow FRAs to fully implement their IRMP policies.
3. The Circular gives little detail of the proposals for in-service management, which are intended to be covered in this Agreement. The position of the South West Regional Management Board (and individual FRAs in the South West) in relation to the provision of these services remains as set out in the Board's response to the CLG consultation on the matter forwarded to Anna Wadsworth at CLG under cover of its letter dated 30 September 2009. CLG is asked to make reference to those responses.

## **SOUTH WEST REGIONAL MANAGEMENT BOARD**

9 November 2009

### Present:-

Councillors Hughes OBE (Devon & Somerset)(Chairman), Gordon & Healey (Devon & Somerset), Walker (Avon), Kennedy (Cornwall, Windsor-Clive (Gloucestershire) and Brig. Hall (Wiltshire)

### Attending in accordance with Standing Order 3:

Councillors Boyd & Gribble (Devon & Somerset), Wren (Wiltshire)

### Apologies:-

Councillors Bulteel (Dorset) and Roberts (Avon).

### **RMB/18. Minutes**

**RESOLVED** that the Minutes of the meeting of the Board held on 30 September 2009 be signed as a correct record.

### **RMB/19. Declarations of Interest**

Board Members were invited 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.

At this stage Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in the Workstreams Highlight Report and the Budget Options report, in so far as these related to the FiReControl/Regional Control Centre project, by virtue of their being a local authority Director (Cllr. Healey) and an Alternate Director (Brig. Hall) on the board of South West Fire Control Ltd., the Local Authority Controlled Company (LACC) established to exercise overall governance responsibilities for the South West Regional Control Centre.

***(SEE ALSO MINUTES RMB/20 AND RMB/23 BELOW)***

### **RMB/20. Workstreams Highlight Report**

(Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in this item, in so far as it related to the FiReControl/Regional Control Centre project, by virtue of their being a local authority Director (Cllr. Healey) and an Alternate Director (Brig. Hall) on the board of South West Fire Control Ltd., the Local Authority Controlled Company (LACC) established to exercise overall governance responsibilities for the South West Regional Control Centre).

The Board considered a report of the Regional Programme Manager (RMB/09/24) on 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;

- a survey to determine lessons learned from the 2008 Local Area Agreement round;
  - development of a regional website;
  - a regional fleet options review;
  - a regional operational policies review;
  - a new e-recruitment project; and
  - an Early Learning Fire Safety (ELFS).
- a summary 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.

Appended to the report was a summary of “red” milestones against the projects together with an indication of the action to be taken to resolve this. The regional programme of collaboration risk register had been reviewed and updated to reflect the current position.

**RESOLVED** that the progress of workstreams and the programme of work supported by the South West Regional Improvement and Efficiency Partnership (SW RIEP), as indicated in report RMB/09/24, be noted.

***(SEE ALSO MINUTE RMB/19 ABOVE AND RMB/21 BELOW)***

**RMB/21. Regional Climate Change Strategy - Progress Report**

The Board considered a report of the Secretary, South West Chief Fire Officers’ Association (RMB/09/25), together with a presentation by Regional Programme Manager and the Regional Climate Change Project Leader, on progress between south west fire and rescue services in formulating their carbon management plans. The report and presentation addressed the international, national, local and operational drivers behind production of carbon management plans and indicated that the south west FRSs had been successful in securing inclusion in the Carbon Trust Local Authority Carbon Management (LACM) programme. This focussed on helping each participant create a convincing, affordable and achievable plan for reducing carbon emissions from their operations.

The Carbon Trust provided, amongst other things, a standard template for Carbon Management Plans and the intention was for each fire and rescue service to utilise this to produce a first draft Plan by mid-December and a final Plan for submission for approval to the Trust and individual fire and rescue authority by the end of March 2010.

To date, each fire and rescue service had determined a baseline for its energy and fuel usage, using a toolkit provided by the Carbon Trust tailored for use by fire and rescue services. All south west fire and rescue services had set an aspirational target to reduce, via a number of projects, carbon emissions by 30% by 2013/14 compared to 2008/09. This target would be refined as the individual Plans were developed.

**RESOLVED** that the progress on collaboration between south west fire and rescue services in formulating their carbon management plans, as outlined in report RMB/09/25 and in the presentation to the Board, be noted.

**RMB/22. 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, 2 and 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to individuals; which is likely to reveal the identity of the individuals concerned; and which relates to the financial affairs of those individuals.

**RMB/23. Budget Options 2010/11 - Bridging the Gap**

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

(Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in this item, in so far as it related to the FiReControl/Regional Control Centre project, by virtue of their being a local authority Director (Cllr. Healey) and an Alternate Director (Brig. Hall) on the board of South West Fire Control Ltd., the Local Authority Controlled Company (LACC) established to exercise overall governance responsibilities for the South West Regional Control Centre).

The Board considered a report of the Secretary, South West Chief Fire Officers' Association (RMB/09/26) on budget issues for the Board to consider in light of the current economic position and given that external sources of funding had by and large ceased. In light of this, the Executive Management Group (comprising South West Chief Fire Officers) had considered a number of options for the Board's 2010/11 budget and had expressed the view that individual fire and rescue contributions to this budget should, ideally, be reduced or at the least frozen in cash terms at the current level. This would require minimum savings of £69,000 to be realised and the report put forward a number of options to secure this.

Following a debate on the issue, officers proposed revised recommendations to clarify the proposals as contained in the report. The revised recommendations were duly **MOVED** by Cllr. Walker and **SECONDED** by Cllr. Brig. Hall upon which it was

**RESOLVED**

- (a) that a budget for 2010/11 be prepared on the basis of reductions in individual fire and rescue authority contributions for determination at the next meeting of the Board;
- (b) that, to facilitate (a) above, the recommendations as set out in Sections 3 to 6 inclusive of report RMB/09/26 be approved in principle;

- (c) that a Member-led task and finish group, comprising the Board Chairman (Cllr. Hughes OBE) together with Councillors Healey and Kennedy together with appropriate officer support (to include the Clerk and two Chief Fire Officers [to be determined]) be established to consider future governance arrangements for regional collaboration with the aim of realising efficiencies, with the Group to report back to a future meeting of the Board;
- (d) that a decision on the appointment of elected Member champions for workstreams be deferred pending the outcome of the above-mentioned task and finish group;
- (e) that the Regional Business Plan 2010/11 be drafted to reflect the outcome of the above-mentioned task and finish group and be submitted to the March 2010 meeting of the Board for consideration with a view to approval.

***(SEE ALSO MINUTE RMB/19 ABOVE).***

The meeting started at 11.00hours and finished at 12.32hours

## SOUTH WEST REGIONAL MANAGEMENT BOARD

28 January 2010

### Present:-

Councillors Walker (Avon)(Vice-Chairman)(in the Chair), Curran (vice Roberts)(Avon), Kennedy (Cornwall), Gribble (vice Hughes OBE) and Healey (Devon & Somerset), Bulteel (Dorset), Windsor-Clive (Gloucestershire) and Brig. Hall (Wiltshire).

### Apologies:-

Councillors Hughes (OBE) and Gordon (Devon & Somerset) and Roberts (Avon)

Substitute Members Councillors Barrett (Avon), Boyd and Fry (Devon & Somerset) and Wren (Wiltshire).

### **RMB/24. Councillor Roberts**

**RESOLVED** that the Vice-Chairman write to Councillor Roberts on behalf of the Board to wish him a speedy recovery following his recent illness.

### **RMB/25. Minutes**

**RESOLVED** that the Minutes of the meeting of the Board held on 9 November 2009 be signed as a correct record.

### **RMB/26. Declarations of Interest**

Board Members were invited to consider items to be discussed at 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.

At this stage Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in those items relating to the FiReControl/Regional Control Centre project by virtue of their being an Authority-appointed Director and an alternate Director (respectively) on the board of South West Fire Control Ltd., the local authority controlled company (LACC) with overall governance responsibility for the South West Regional Control Centre.

***(SEE ALSO MINUTES RMB/27 TO RMB/31 INCLUSIVE BELOW)***

### **RMB/27. FiReControl Consultation: Agreement between Local Authority Controlled Companies (LACCS)/London Fire And Emergency Planning Authority (LFEP) and Communities and Local Government**

(Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in this item by virtue of their being an Authority-appointed Director and an alternate Director (respectively) on the board of South West Fire Control Ltd., the local authority controlled company (LACC) with overall governance responsibility for the South West Regional Control Centre).



The Board considered a report of the South West FiReControl Project Director and the South West FiReControl Legal Advisor (RMB/10/1) on the Department for Communities and Local Government (CLG) consultative Circular 73/2009 - "FiReControl: Agreement Between LACCs/LFEPA and Communities and Local Government".

Responses were requested by 5 March and, although the Board was not being directly consulted, it was nonetheless proposed that it might wish to respond as it had been involved in the project since its inception. To this end, a draft response was appended to the report for consideration.

The report set out the background to the FiReControl project and described the contents of the circular in terms of the principles to underpin the strategic outcomes for the Agreement together with the indicative content guide for the agreement, as set out in the Circular, in areas such as:

- "home" regional control centre performance standard;
- direct access to national service contracts;
- limits on liability;
- network-wide performance standard; and
- financial framework

The report also addressed issues such as change control and cross-referencing of other documents.

In debating the proposed response to the Circular, the Board commented that it might be clarified and enhanced by:

- the inclusion of the words "throughout the lifetime of this system" at the end of the first bullet point of comment 2 in the section "Other comments we would wish to make in response to this consultation..."; and
- specific reference to the earlier response of the Board to the previous consultation on in-service management arrangements.

## **RESOLVED**

- (a) that, subject to inclusion of the amendments as suggested above, the draft response to the CLG consultation "FiReControl: Agreement Between LACCs/LFEPA and Communities and Local Government", as appended to report RMB/10/1, be approved and the Chairman authorised to submit it on behalf of the Board;
- (b) that, subject to (a) above, the report be noted.

***(SEE ALSO MINUTE RMB/26 ABOVE)***

### **RMB/28. Workstreams Highlight Report**

(Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in this item, in so far as it referred to the FiReControl/Regional Control Centre project, by virtue of their being an Authority-appointed Director and an alternate Director (respectively) on the board of South West Fire Control Ltd., the local authority controlled company (LACC) with overall governance responsibility for the South West Regional Control Centre).

The Board considered a report of the Regional Programme Manager (RMB/10/2) on 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;
  - a survey to determine lessons learned from the 2008 Local Area Agreement round;
  - development of a regional website;
  - a regional fleet options review;
  - a regional operational policies review;
  - a new e-recruitment project;
  - an Early Learning Fire Safety (ELFS) project; and
  - potential future projects to be included in the SW RIEP funded programme for 2010/11 (regional benchmarking; social marketing; and business transformation);
- progress in relation to the Regional Climate Change Strategy; and
- a summary 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.

Appended to the report was a summary of “red” milestones against the projects together with an indication of the action to be taken to resolve this. The regional programme of collaboration risk register had been reviewed and updated to reflect the current position.

**RESOLVED** that the progress of workstreams and the programme of work supported by the South West Regional Improvement and Efficiency Partnership (SW RIEP), as indicated in report RMB/10/2, be noted.

***(SEE ALSO MINUTE RMB/26 ABOVE).***

**RMB/29. Governance Options for Regional Collaboration - Report of Task and Finish Group**

(Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in this item, in so far as it referred to the FiReControl/Regional Control Centre project, by virtue of their being an Authority-appointed Director and an alternate Director (respectively) on the board of South West Fire Control Ltd., the local authority controlled company (LACC) with overall governance responsibility for the South West Regional Control Centre).

The Board considered a report and presentation of the Secretary, Chief Fire Officers Association [South West], on behalf of the Task and Finish Group (RMB/10/3), on the considerations and conclusions of the Task and Finish Group established at the last meeting to consider future governance arrangements for regional collaboration with the aim of realising efficiencies (Minute RMB/23(c) refers).

The Group had met on 18 January 2010 to consider a report of the Regional Programme Manager as appended to report RMB/10/3. That report had:

- outlined the background of successful regional collaboration prior to the establishment of the formal Regional Management Board;
- set out the legal requirements to set out the Board, together with its current constitutional, governance and budgetary arrangements;
- outlined the current requirements of regional management boards as contained in the current Fire and Rescue Service National Framework 2008-11, together with the requirement in the Framework for fire and rescue authorities to “have regard to” the contents of the Framework in discharging their functions;
- detailed relevant extracts from the Audit Commission report “Rising to the Challenge” which recommended that both the government and fire and rescue authorities should assess the relative worth of regional management boards in delivering regional collaboration;
- four potential options for the governance of regional collaboration in the future.

The Group, having considered the report, had concluded, unanimously, that the options for dissolution of the Board should be recommended. The Group was also mindful, however, of the contents of the current National Framework and consequently felt that, prior to progressing any dissolution, the views of the Department for Communities and Local Government should be obtained as to this proposed course of action.

**RESOLVED**

- (a) That the view of the Task and Finish Group as set out in paragraph 2.5 of report RMB/10/3 and outlined above, be endorsed;

- (b) That, accordingly, the Secretary, Chief Fire Officers Association [South West] with the Regional Programme Manager be requested to draft and, following consultation with the Chairman, submit a letter to the Department for Communities and Local Government seeking a view on the proposal to disband the South West Regional Management Board, the letter to set out the business case for the proposal (by reference, amongst other things, to the track record of successful regional collaborative working prior to establishment of the RMB; retention of the processes established for programme management; and cost savings associated with the proposal);
- (c) that a report on the outcome of (b) above be submitted to the next meeting of the Board together with, if required, a report detailing options for establishment of a revised South West Forum and addressing other budgetary and accounts issues associated with the dissolution of the Board.
- (d) that the Task and Finish Group be disbanded.

***(SEE ALSO MINUTE RMB/26 ABOVE AND RMB/31 BELOW).***

**RMB/30. Future Workstream Structure**

(Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in this item, in so far as it referred to the FiReControl/Regional Control Centre project, by virtue of their being an Authority-appointed Director and an alternate Director (respectively) on the board of South West Fire Control Ltd., the local authority controlled company (LACC) with overall governance responsibility for the South West Regional Control Centre).

The Board considered a report of the Regional Programme Manager (RMB/10/4) on progress to date with a review, initiated by the Chair of the Chief Fire Officers Association South West (CFOA SW), of the pace, direction and leadership of the programme of workstreams established, amongst other things, to capture the work of the Association and to complement the work of the Regional Management Board.

The report set out the background to the current workstream structure, outlined an assessment of whether it was still fit for purpose and set out a number of recommendations for improving the effectiveness of the programme of regional collaboration. The recommendations, which at this stage were for the Board to note, would be used by the Executive Management Group (EMG) as the basis for further consultation with workstream leaders within the context of drafting a regional business plan for 2010/11.

**RESOLVED** that the review being undertaken by the Chief Fire Officers Association [South West] of the structure and focus of the regional workstreams, with the aim of improving effectiveness, be noted.

***(SEE ALSO MINUTE RMB/26 ABOVE).***

**RMB/31. Regional Management Board Budget 2010/11**

(Councillors Healey and Brig. Hall declared personal but non-prejudicial interests in this item, in so far as it referred to the FiReControl/Regional Control Centre project, by virtue of their being an Authority-appointed Director and an alternate Director (respectively) on the board of South West Fire Control Ltd., the local authority controlled company (LACC) with overall governance responsibility for the South West Regional Control Centre).

The Board considered a report of the Treasurer to the Board and the Secretary, Chief Fire Officers Association [South West] (RMB/10/5) on:

- the budget requirement for the Board, and associated contributions from individual fire and rescue authorities (FRAs), for the 2010/11 financial year; and
- a revised budget requirement for the current (2009/10) financial year.

The report detailed variations to the approved 2009/10 budget which amounted to a net underspend of £17,900. This, together with a budget surplus of £5,500 (allowed for when setting the level of individual FRA contributions towards the 2009/10 budget), provided a total of £23,400 available to be carried forward to support the 2010/11 budget.

The Chief Fire Officers Association South West (CFOA SW) Executive Management Group (EMG) had, following a meeting on 7 January 2010, agreed that the Board's 2010/11 budget should be determined on the basis of a standstill in individual FRA contributions. This could be secured by a 44% (£149,500) reduction in the gross budget for 2009/10 (£344,100) together with utilisation of the indicative carry forward. The report detailed proposals to secure the reduction in gross budget (provided for largely by reductions in staffing costs associated with regional projects) and indicated that further savings might be possible pending the outcome of the review of governance arrangements for future regional collaborative working.

**RESOLVED**

- (a) that the carry forward to 2010/11 of the underspend against the current year's budget, currently estimated to be £23,400, be approved;
- (b) that the proposed budget for 2010-11 as set out in Appendix A to report RMB/10/5 be approved;
- (c) That the required contributions from each fire and rescue authority to fund the 2010-11 budget be fixed at the same levels as the current year, as indicated in table 5, paragraph 5.10 of the report, and the Treasurer authorised, in accordance with the Board Agreement, to notify each individual fire and rescue authority of their respective contribution;
- (d) That the current basis of cost share of RMB costs be continued for 2010 -11.

***(SEE ALSO MINUTES RMB/26 AND RMB/29 ABOVE)***

The meeting started at 11.00hours and finished at 12.52hours.