

M. Pearson
CLERK TO THE AUTHORITY

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

(see below)

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DEVON & SOMERSET FIRE & RESCUE AUTHORITY

Monday 7 November 2011

A meeting of the Devon & Somerset Fire & Rescue Authority will be held on the above date, **commencing at 14:00 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 29 September 2011 attached (Page 1).
3. **Items Requiring Urgent Attention**
Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.
4. **Declarations of Interest**
Members are asked to consider whether they have any **personal/personal and prejudicial interests** in items as set out on the agenda for this meeting and declare any such interests at this time. *Please refer to the Note 2 at the end of this agenda for guidance on interests.*

PART 1 – OPEN COMMITTEE

5. **Questions and Petitions by 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 matters for which the Authority has a responsibility or which affects the Authority. Neither questions nor petitions may require the disclosure of confidential or exempt information. Questions and petitions must be submitted in writing or by e-mail to the Clerk to the Authority **by midday on Wednesday 2 November 2011.**

6. **Address by the Fire Brigades Union**

In accordance with Standing Order 13, to receive an address by the Fire Brigades Union on the changes being proposed by central government to the Firefighters Pensions Schemes.

7. **Questions from Members of the Authority**

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

8. **Minutes of Committees, Working Parties Etc.**

(a) Audit and Performance Review Committee

The Chair of the Committee, Councillor Dyke, to **MOVE** the Minutes of the meeting of the Committee held on 22 September 2011 attached (Page 6).

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

(b) Human Resources Management and Development Committee

The Chair of the Committee, Councillor Cann, to **MOVE** the Minutes of the meeting of the Committee held on 3 October 2011 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 19 October 2011 attached (Page 14)

RECOMMENDATIONS

- (i) that the recommendation at Minute RC/9 (Treasury Management Performance 2011/12 (to September 2011)) be considered in conjunction with agenda item 10 below;
- (ii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

(d) Commercial Services Committee

The Chair of the Committee, Councillor Healey, to **MOVE** the Minutes of the meeting of the Committee held on 19 October 2011 attached (Page 17)

RECOMMENDATIONS

- (i) that the recommendation at Minute CSC/13 (Draft Business Case with Falck) be considered in conjunction with agenda item 15 below;
- (ii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

9. **Equalities Framework Peer Assessment**

To receive a presentation from the Service Communities and Workplace Equalities Manager.

10. **Treasury Management Performance 2011/12 (to September 2011)**

Report of the Treasurer (DSFRA/11/26) attached (page 19)

11. **Chairman's Announcements**

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

13. **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 they involve the likely disclosure of exempt information as defined:

- for items 14 to 16 inclusive, in Paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial and business affairs of the Authority and other companies; and
- for item 17, in Paragraph 4 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to consultations or negotiations in connection with a labour relations matter between the Authority and its employees.

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

14. **Opportunity to Realise Capital Receipt**

Joint report of the Director of Service Support and the Clerk to the Authority (DSFRA/11/27)
TO FOLLOW

15. **Draft Business Case With Falck**

Report of the Director of People and Organisational Development (DSFRA/11/28) attached (Page 27).

16. **Business Continuity Issues Update**

Report of the Director of Service Support (DSFRA/11/29) attached (Page 42).

17. **Staff Availability Systems Update**

Report of the Director of Service Support (DSFRA/11/30) attached (Page 45).

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Healey(Chair), Mrs. C Bakewell MBE, Bown, Boyd (Vice Chair), Brooksbank, BurrIDGE-Clayton, Cann, Drean, Dyke, Eastman, Foggin, Fry, Gordon, Gribble, Horsfall, Hughes OBE, Leaves, Mills, Radford, Randall Johnson, Smith, Way, Woodman, Wright, 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

29 September 2011

Present:-

Councillors Healey (Chairman), Bakewell MBE, Bown, Boyd, Brooksbank, Cann, Drean, Dyke, Eastman, Foggin, Fry, Gordon, Gribble, Horsfall, Hughes OBE, Leaves, Mills, Smith, Woodman, Wright and Yeomans

Apologies:-

Councillors Burridge-Clayton, Randall Johnson and Way

DSFRA/29. Minutes

RESOLVED that the Minutes of the meeting of the Authority held on 29 July 2011 be signed as a correct record.

DSFRA/30. 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.

No interests were declared.

DSFRA/31. Address by the Fire Brigades Union

In accordance with Standing Order 13, the Authority received for information an address from the Fire Brigades Union on the following issues:

- the draft Corporate Plan 2012/13 to 2014/15;
- Service Improvement Plans; and
- the potential for forthcoming industrial action.

DSFRA/32. Minutes of Committees, Working Parties Etc.

(a) Audit and Performance Review Committee

The Chair of the Committee, Councillor Dyke, **MOVED** the Minutes of the meeting of the Committee held on 27 July 2011 which had considered, amongst other things:

- a report on Service performance during April to May 2011 as against the Corporate Measures and Strategic Principles contained in the 2011/12 to 2013/14 approved Corporate Plan;
- an Audit Commission progress report; and
- a draft Statement of Accounts 2010/11.

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

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

The Chair of the Committee, Councillor Leaves, **MOVED** the Minutes of the meeting of the Committee held on 31 August 2011 which had considered, amongst other things:

- an update report from the Director of Service Support on fire control issues, including proposals for the consolidation of the Devon & Somerset controls (linked to the requirement to vacate Hestercombe House, Somerset) and for a more long-term solution following cessation of the regional FiReControl project;
- a presentation on performance against community safety targets;
- a report on methodologies being used to target community safety activities; and
- a report on the use of Local Community Plans to identify and deliver activities to reduce risk and improve safety bespoke to the communities served.

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

(SEE ALSO MINUTE DSFRA/33 BELOW)

(c) **Commercial Services Committee**

The Chair of the Committee, Councillor Healey, **MOVED** the Minutes of the meeting of the Committee held on 2 September 2011 which had considered, amongst other things:

- a future workplan for the Committee; and
- a report on progress with current workstreams.

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

DSFRA/33. Devon & Somerset Fire & Rescue Authority Draft Corporate Plan 2012/13 to 2014/15

The Authority considered a report of the Chief Fire Officer (DSFRA/11/23) on the draft Corporate Plan 2012/13 to 2014/15. The document, which incorporated the Authority's Integrated Risk Management Plan, detailed a number of proposals including:

- a revision to the current Service policy for responding to false alarms generated by automatic fire alarm systems (NOTE: this was subject to a separate, key proposal, consultation document that accompanied the papers for this meeting);
- a proposed pilot scheme in the Plymouth area of an initiative aimed at promoting greater community involvement in the identification and planning of bespoke community safety initiatives, matching resources to risk;
- a multi-agency approach to data sharing to assist, for example, in the more accurate targeting of appropriate initiatives;
- continuation of the review of resource distribution;
- determination on the proposals initially raised in the prior iteration of the Plan on matching operational staff resources to community risk;
- continuation of work on the introduction of smaller fire appliances to meet local need;

- fire control consolidation, including options for a long-term solution following cessation of the regional FiReControl Project;
- ongoing implementation of a modification in responding to co-responder calls;
- development of an Operational Assurance Framework for firefighter safety;
- harmonisation of retained duty system contracts; and
- the development of Standard Operating Procedures, in partnership with other fire and rescue services, to establish standard ways of operating at emergency incidents thereby enhancing resilience and cross-boundary co-operation.

The draft Plan also set out progress made to date in those areas agreed by the Authority for inclusion in the prior iteration of the Plan.

The report detailed the proposed consultation process for the draft Plan, which would run from Monday 3 October 2011 for thirteen weeks until Tuesday 3 January 2012. The reports of the consultation exercise would be reported to the Authority meeting on 17 February 2012.

In debating the matter, Members made the following points in particular:

- that consideration might be given to including in the Plan details of the emergency response standards currently operated by the Service; and
- that the separate consultation document on the proposal to modify the policy in relation to responding to false alarms from automatic fire alarm systems be condensed if possible.

RESOLVED

- (a) That, subject to incorporation as appropriate of those issues raised at the meeting and indicated above, the Draft Corporate Plan 2012/13 to 2014/15 and associated Consultation Document, as set out at Appendices A and B respectively to report DSFRA/11/23, be approved for consultation purposes;
- (b) that the associated engagement plan for consultation as set out in Section 3 of the report and to include a 13 week consultation period (to run from Monday, 3 October 2011 to Tuesday 3 January 2012) be approved;
- (c) that the outcome of the consultation, together with appropriate recommendations, be submitted to the full Authority meeting scheduled for 17 February 2012;
- (d) that the progress made in relation to those issues as contained in last year's plan be noted.

(SEE ALSO MINUTE DSFRA/32[b] ABOVE)

DSFRA/34. Department for Communities and Local Government (CLG) Funding Consultation Papers on the Local Government Resource Review and Distribution of Fire Capital Grant

The Authority considered a report of the Treasurer to the Authority (DSFRA/11/24) on the publication by the Department for Communities and Local Government (CLG) of two consultation documents, namely:

- the Local Government Resource Review which proposed, from 2013/14, to radically change funding for local authorities by allowing them to retain local business rates collected rather than initially paying these to central government for subsequent redistribution by way of formula grant. Consultation responses were required by 24 October 2011; and
- the Distribution of Fire Capital Grant which set out proposals for the distribution of £210m (£70m per annum during the next three years from 2012/13). Responses to this consultation were required by 21 October 2011.

RESOLVED that publication by the Department for Communities and Local Government (CLG) of the two documents relating to funding issues be noted and the Resources Committee delegated authority to approve, at its meeting on 19 October 2011, a response on behalf of the Authority to the documents.

DSFRA/35. Appointment of Chairman to the Local Government Association (LGA) Fire Services Management Committee

The Authority considered a report of the Clerk to the Authority (DSFRA/11/25) on the appointment of the Chairman by the Local Government Association (LGA) to its Fire Services Management Committee which provided a national voice for the fire community on issues such as the fire services modernisation agenda.

Although an LGA appointment, constituent authorities were nonetheless expected to meet the costs associated with attendance at meetings of the Committee. This would require a minor modification to the Authority's approved Scheme of Members Allowances.

RESOLVED that the Chairman be congratulated on his appointment to the Local Government Association Fire Services Management Committee and the Devon & Somerset Fire & Rescue Authority approved Scheme of Members Allowances revised to facilitate the payment of travel and subsistence expenses associated with attendance at Committee meetings.

DSFRA/36. Chairman's Announcements

The Chairman circulated a list of events attended on behalf of the Authority since its last meeting and drew attention in particular to attendance at the Chief Fire Officers Association (CFOA) Annual General Meeting at which Chief Fire Officer Lee Howell had been inaugurated as CFOA President for 2011/12 and Deputy Chief Fire Officer Neil Gibbins had received an award in recognition of his contribution in the field of fire safety.

DSFRA/37. Chief Fire Officer's Announcements

The Chief Fire Officer reported on:

- a fatal incident in Combe Martin involving a 67 year old male. Smoking and other ill-health characteristics had contributed to the fatality. Such incidents reinforced the requirement for data sharing with other agencies to more accurately target Service prevention and community safety initiatives;
- attendance by Members and Senior Officers of the Authority at a joint seminar with Members of the Dorset Fire & Rescue Authority held on 28 September 2011 at the Weymouth Community Fire Station; and

- receipt from UNISON of official notification of its intention to ballot in relation to pensions proposals. It was anticipated ballot papers would be despatched on 11 October, with the earliest date for industrial action being in mid-November. The Chief Fire Officer confirmed that the Service had plans in place to facilitate business continuity and minimise disruption in the event of any such action.

The meeting started at 10.00hours and closed at 11.30hours

AUDIT AND PERFORMANCE REVIEW COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

22 September 2011

Present:-

Councillors Dyke (Chairman), Drean, Healey (vice Burridge-Clayton), Mills, Radford and Way

Apologies:-

Councillors Burridge-Clayton and Gribble

In attendance:-

Steve Brown, Alun Williams and Angela Hull – Audit Commission
Rob Mitchell – Devon Audit Partnership – for item 8 only

***APRC/9. Minutes**

RESOLVED that the Minutes of the meeting held on 27 July 2011 be signed as a correct record.

***APRC/10. Declarations of Interest**

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

No interests were declared.

***APRC/11. Audit Commission Progress Summary**

The Committee considered an audit progress summary (to 13 September 2011) as produced by the Audit Commission that set out issues covered since the previous meeting and included, notably, the Annual Governance Report 2010/11.

Steve Brown, representing the Audit Commission, was present at the meeting and gave an overview of the work that had been carried out since the previous meeting. The Annual Governance Report was a key piece of work undertaken for the Authority and it set out the auditors' opinion on the Authority's Statement of Accounts for 2010/11. It was noted that the Annual Governance Report would be considered in conjunction with the item on the Statement of Accounts for 2010/11 as set out in Minute *APRC/12 overleaf.

The Chairman took the opportunity to thank Steve for all the work that he had undertaken with this Authority during his time with the Audit Commission and wished him well in his new job on behalf of the Committee.

***APRC/12. Statement of Accounts 2010/11**

The Committee considered the Statement of Accounts for 2010/11 together with the Annual Governance Report for Devon and Somerset Fire and Rescue Service as submitted by the Audit Commission setting out the auditors' opinion, in accordance with statutory requirements, on:

- a. the Authority's financial statements, and;
- b. whether the Authority had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

It was noted that there had been a change in legislation which meant that the Statement of Accounts had to be approved following audit (rather than before) and therefore, a revised copy of the 2010/11 Statement of Accounts, amended in the light of the Annual Governance Report, together with a copy of the proposed Letter of Representation, was submitted for consideration by the Committee.

Alun Williams, representing the Audit Commission, outlined the purpose of the documents circulated which covered:

- the report on financial statements for 2010/11 and in particular, the amendment of a material error within the accounts, namely to write off accumulated depreciation on revalued buildings (with no overall impact on balances), four material disclosure errors which affected the relevant notes to the accounts and a significant number of other disclosure errors or omissions – all of which had been corrected;
- there were two non trivial errors identified that the Authority did not plan to amend as set out within the Letter of Representation circulated at the meeting;
- the Value for Money (VFM) conclusion 2010/11;
- matters arising from the audit, including details of unadjusted and adjusted misstatements in the accounts and various other governance matters;
- The proposed draft audit opinion.

Steven Brown stated that the Service had worked in conjunction with the auditors in overcoming the issues raised. He stated that the Authority would be issued with an unqualified opinion on the statement of accounts for 2010/11.

The Treasurer advised the Committee that a significant amount of effort had gone in to ensuring completion of the work required to inform the audit within the timescale set as there had been a number of issues as reported previously to the Committee.

RESOLVED

- (a) that the Statement of Accounts for 2010/11, together with the Financial Statements (on which it was based) as set out within the Annual Governance Report be approved;
- (b) that the Letter of Representation be approved and the Treasurer be authorised to sign and submit it to the Audit Commission.

NB. MINUTE *APRC/11 ABOVE ALSO REFERS.

***APRC/13. Annual Governance Statement 2010/11**

The Committee considered a report of the Chief Fire Officer and Treasurer to the Authority (DSFRA/11/9) that set out the progress made against the significant control issues identified within the 2009/10 Annual Governance Statement and which also outlined the proposed action to be taken in the light of the 2010/11 financial statements.

RESOLVED

- (a) That the current position resulting from addressing the identified areas of required activity in the 2009/10 Annual Governance Statement and successors, as set out in Appendix A to report APRC/11/9, be noted;
- (b) That the draft Annual Governance Statement required to accompany the 2010/11 final accounts, as set out in Appendix B to this report, be noted.

***APRC/14. Fraud and Corruption Assessment 2010/11**

The Committee received for information a report of the Treasurer (APRC/11/10) that set out the outcome of work undertaken in conjunction with the Audit Commission in respect of the identification of potential fraud cases, together with the action taken as a result. The report also outlined the risk assessment of the Service's fraud and corruption arrangements as undertaken by the Audit and Review Team.

The Committee noted that the work undertaken had identified a number of cases involving both the under and over payment of pension which had been addressed, together with a potential fraud case involving an injury pension award. The handling of the injury pension case had been investigated by Devon Audit Partnership with a view to identifying potential lessons to be learned for the future.

The Chairman enquired as to whether the police had been involved and the Clerk reported that legal advice from the Authority's solicitor was that it was unlikely a prosecution would be pursued because of the length of time that had elapsed and the fact that restitution was being made. The Chairman requested that a report, updating the Committee on the overall position with regard to the fraud initiative and the progress made, be submitted early in 2012.

***APRC/15. Audit & Review 2011/12 Progress Report - Quarter 2**

The Committee received for information a report of the Audit & Review Manager (APRC/11/11) that set out the progress made against the approved 2011/12 Audit and Review Plan and which provided assurance statements for the audits that had been completed since the previous meeting of the Committee.

***APRC/16. Performance Report: April to July 2011**

The Committee received for information a report of the Deputy Chief Fire Officer (APRC/11/12) that set out the Service's performance in April to July 2011, as measured against the targets set within the Corporate Plan for 2011/12 to 2013/14, together with highlights of collaborative working from Quarter 1 - April – June 2011. The Committee was informed of the progress made against the measures with particular emphasis on areas where there may be a downward trend which required further work to be undertaken or where a positive performance had been achieved. In this regard, the following points were noted

Measures 1 to 3 - Deaths, injuries and incidents which occurred as a result of fire in the places where people lived:

- It was intended that the Service would move to measuring performance from the introduction of the Incident Recording System (IRS) in 2009 as this may have skewed the figures giving an upward trend.
- In terms of benchmarking with other south west services, Devon and Somerset had the lowest rate of casualties although more incidents than the average.

Measures 4 to 6 - Deaths, injuries and incidents which occurred as a result of fire in the places where people worked and visited:

- As in measures 1 – 3, it was intended that the Service would move to measuring performance from the introduction of the Incident Recording System (IRS) in 2009;
- There had not been any fatalities so far in 2011/12 as a result of either accidental or deliberate vehicle fires.

Measures 7 and 8 - Occasions where response standards are met for first attendance at dwelling fires and RTCs:

- Analysis had indicated that the number of incidents in remote rural areas was increasing and this had impacted on the response standard for first attendance (73% as against 77.60% to the same period in 2010/11) – further analysis was being undertaken with a view to identifying why this may have occurred

Measure 9 - a publicly available and current Local Community Plan for each station:

- In total, there were 83 Local Community Plans in place, with 82% published by 1 April 2011 with the remaining 18 % available by 26 May 2011.

Measure 10 - EFQM assessment score:

- There had been an improvement in the EFQM score received in 2011 and the Service was moving towards ensuring that all projects were fully embedded in order to reap the benefits in the future and to ensure the move towards "excellence".

Measure 11: Staff survey results – the next staff survey was due in 2012.

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

The meeting started at 14.00hours and finished at 15.30hours

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

3 October 2011

Present:-

Councillors Boyd, Bown, Cann, Healey and Wright

Apologies:-

Councillors Burridge-Clayton and Horsfall

***HRMDC/12. Minutes**

RESOLVED that the Minutes of the meeting held on 17 June 2011 be signed as a correct record.

***HRMDC/14. 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 declare any such interests at this time.

No interests were declared.

***HRMDC/15. Election of Vice Chair**

RESOLVED that Councillor Anne Bown be appointed the Vice-Chair of the Committee until its first meeting after the Annual Meeting of the Authority in 2012.

***HRMDC/16. Absence Management**

The Committee received for information a report of the Director of People and Organisational Development (HRMDC/11/9) that provided details of the Service performance for absence levels in 2011/2.

The level of absence to July 2011 was 2.70 days/shifts lost per person, 12.7% worse than the average of 2.40 days/shifts lost per person in the previous year. The report detailed further breakdowns on the absence in terms of uniformed and non-uniformed staff sickness rates; long and short-term sickness and length of service and age.

The Committee was informed that continuous action was being taken to improve sickness absence management. Initiatives included:

- sharing best practice with Bedfordshire and Luton FRS as part of the Middleware project;
- sharing best practice with CFOA regional HR group and the national HR group;
- Signing up to the mindful employer charter and the two ticks scheme; and,

- Consideration of the provision of stress management awareness training for line managers.

The Chairman moved (and was seconded by Councillor Wright) that:

“in addition to noting the report, an update on the progress made with the Middleware project (in relation to sickness absence management process improvement) be submitted to a future meeting of the Committee and the Senior Management Board informed that the Committee would be supportive of the introduction of stress management awareness training for line managers”.

This was put to the vote whereupon it was

RESOLVED

- (a) that an update on the progress made with the Middleware project in relation to sickness absence management process improvement be submitted to a future meeting of the Committee;
- (b) that the Senior Management Board be informed that this Committee would be supportive of the introduction of stress management awareness training for line managers; and,
- (c) that, subject to (a) and (b) above, report HRMDC/11/9 be noted.

***HRMDC/18. Equalities Framework Peer Assessment (EFPA)**

The Committee received for information a presentation by the Community and Workplace Equalities Manager which highlighted, amongst other things:

- A summary of the Public Sector Equality Duty 2011 and the Fire and Rescue Service Equality Framework;
- The purpose of the mock assessment undertaken for the Service in 2010 and the subsequent areas of improvement;
- The replacement of Equality Impact Assessments by Equality Risks and Benefits Assessments (ERBA) designed to deliver improvements in the development and implementation of Service policy by embedding equality considerations in project business cases, process design and policy development; and,
- The full Peer assessment (which was not an inspection but an assessment by “critical friends”) which would commence in November 2011.

The Committee commended the Service on this excellent work and enquired as to how Members could engage with this. The Community and Workplace Equalities Manager advised that up to twelve Authority Members could volunteer to participate in the process. This information would be disseminated to the full Authority and Members encouraged to advise of their interest accordingly.

***HRMDC/19. 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 in:

- for Minute *HRMDC/20, in Paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the business affairs of the Authority; and
- for Minute *HRMDC/21, in Paragraph 4 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matter arising between the Authority and its employees.

***HRMDC/20. Business Continuity**

(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 received for information a report of the Director of People and Organisational Development (HRMDC/11/10) providing further background to the potential for industrial action linked to proposed pensions reforms; the implications of any such action; and measures being taken by the Service to secure a level of business continuity in the event of any disruptive event such as industrial action.

***HRMDC/21. Fire Control Staffing Issues**

(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 Director of Service Delivery (HRMDC/11/11) on proposals in relation to the staffing models that might be used in moving to a consolidated, single control room and the staffing levels recommended when in steady state. The consolidated control room project was necessitated by a number of factors (including cancellation of the national FiReControl project and the requirement for the Devon & Somerset Fire & Rescue Service to vacate its Somerset control room at Hestercombe House by March 2012). The scope of the project was to:

- Establish the control function from one site;
- Mobilise resources using one mobilising system;
- Work on one set of policies and procedures; and
- Develop a staffing model appropriate for service delivery and without forced job losses.

In addition to the staffing models highlighted in the report, it was indicated that further changes might be achievable following introduction of a new mobilising system in the future.

At this time it was not possible to give precise funding implications associated with the proposals as these were dependent on a number of other factors. Once finalised, the financial implications would be submitted to the Resources Committee as part of normal financial performance reporting.

RESOLVED that the recommendations as set out in report HRMDC/11/11 and relating to staffing models for the consolidated control function be endorsed for the purpose of holding discussions with affected staff and representative bodies.

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

The meeting started at 10.00hours and finished at 11.00hours.

RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

19 October 2011

Present:-

Councillors Gordon (Chairman), Bakewell MBE, Hughes OBE, Woodman and Yeomans

Apologies:-

Councillor Smith

In attendance:-

Adam Burleton – SECTOR (Treasury Management Performance only)

***RC/7. Minutes.**

RESOLVED that the Minutes of the meeting held on 22 July 2011 be signed as a correct record.

***RC/8. Declarations of Interest**

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

No interests were declared.

RC/9. Treasury Management Performance 2011/12 (to September 2011)

The Committee considered a report of the Treasurer (RC/11/9) as presented by the Mr Adam Burleton from SECTOR, the Authority's independent Treasury Management adviser, on the Authority's performance against its approved Treasury Management Strategy for 2011/12 (to September 2011). The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management recommended, amongst other things, that the Authority should receive such a report at least twice yearly.

The report concluded that none of the Prudential Indicators had been breached and that a prudent approach had been adopted on investment decisions taken so far, with priority being given to liquidity and security over yield. While investment returns were still low as a consequence of the fall in interest rates, the Authority was still achieving returns above the LIBID 3 month rate, which was the appropriate benchmark for this type of short-term investments.

RESOLVED that the performance in relation to the treasury management activities of the Authority for 2011/2012 (to September 2011) be commended to the Devon and Somerset Fire and Rescue Authority.

***RC/10. Financial Performance Report 2011/12 - Quarter 2**

The Committee considered a report of the Treasurer (RC/11/10) on the performance of the Authority for the second quarter of the current financial year (2011/12) against the agreed financial targets for that year. It also detailed the monitoring position in relation to the approved revenue budget and capital programme.

In relation to revenue, a forecast saving of £0.701m (0.93%) on the approved budget was projected. The projection was based on the spending position as at the end of September 2011, historical trends, information from budget managers and known commitments. It was highlighted that there were three elements that had contributed, amongst others, to the variation, notably:

- an increase in the forecast underspend on retained pay costs (which was now more reliable given the existence of 6 months of data);
- an underspend of £100,000 on equipment and furniture as a result of management action to reduce spending in this area, and;
- a higher than expected income from treasury management activities and lower debt charges in respect of capital projects.

The report also detailed the position to date against those areas identified for savings as part of the approved revenue budget along with the current position in relation to reserves and provisions.

In relation to the capital programme, indications were that the capital budget would not be fully spent in 2011/12. The Capital Programme was currently £7.268million but the anticipated spend against this for 2011/12 was £6.115million resulting in slippage in spend of £1.153million.

The report also identified issues in relation to outstanding debt and approval was sought to write off a long standing unpaid debt in the sum of £34,974 from Debtor X. The Committee expressed the view that this debtor should be identified in the public interest, particularly since the debt recovery process had been completed and the debtor had gone into liquidation with no assets available to repay the outstanding debt. The Clerk advised that since this process had been completed, the debtor could be identified although any cases still in the process of recovery should not be identified until any proceedings had been completed. The Treasurer identified the debtor in this case as Plymouth Maritime Training Limited (also trading as Maritime Training (Plymouth) Limited. He added that procedures had been tightened, which included the introduction of credit rating checks on customers. Assurance was also sought as to whether on the cost of debt collection was proportionate to the level of debt. The Treasurer undertook to provide a response on the latter point at a future date.

RESOLVED

- (a) That the monitoring position in relation to projected spending against the 2011-2012 revenue and capital budgets be noted;
- (b) That the performance against the 2011-2012 financial targets be noted;
- (c) That the proposal to write-off an outstanding debt for £34,947, as outlined in paragraph 13 of report RC/11/10, be approved.

***RC/11. Consultation on the Distribution of Fire Capital Grant**

The Committee considered a report of the Treasurer (RC/11/11) that set out details of a consultation exercise conducted by the Department for Communities and Local Government (CLG) in respect of the distribution of Fire Capital Grant of £70 million over the next three years.

The Treasurer advised that the consultation document contained a proposal for the instigation of a ring fenced efficiency fund for capital grant distribution against which Services had to bid for funding. He indicated that the continuation of a distribution model based on a formula, preferably taking into account the number of fire stations and appliances held by the Service, would be more beneficial as this would give more stability and certainty for planning purposes in the future. It would also enable the Service to meet its ongoing responsibilities in terms of compliance with equality and diversity legislation and to continue to consider the provision of community facilities.

It was noted that the majority of fire and rescue services were adopting the same stance as Devon and Somerset in respect of their response to this consultation.

RESOLVED that the Treasurer be authorised to respond on behalf of the Authority to the Department for Communities and Local Government (CLG) consultation on the distribution of fire capital grant on the basis of the response as set out in Appendix A to report RC/11/11.

***RC/12. Consultation on the Proposals for Business Rates Retention**

The Committee considered a report of the Treasurer (RC/11/12) that detailed the consultation exercise conducted by the Department of Communities and Local Government (CLG) in respect of the local government resources review for business rates retention.

The Treasurer stated that the Government was taking the opportunity to replace the existing system of formula grant distribution with a proposal to allow the retention of business rates by local authorities which was a very complex matter. He advised that he did not feel it was the right time for the Fire and Rescue Authority to be part of this system as it did not have little influence over business growth and did not collect business rates either. There may be an option for the Authority to reconsider this position in 2015/16, which he indicated could be a more pertinent opportunity at that stage.

In considering this matter, the Committee expressed the view that it was difficult to see how this proposal could work for fire and rescue services and therefore, the stance of "opting out" was supported.

RESOLVED that the Treasurer be authorised to respond on behalf of the Authority to the Department for Communities and Local Government (CLG) consultation on the local government resource review for business rates retention on the basis of the response as set out in Appendix A to report RC/11/12.

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

The meeting started at 10.00hours and finished at 10.55hours

COMMERCIAL SERVICES COMMITTEE
(Devon and Somerset Fire and Rescue Authority)

19 October 2011

Present:-

Councillors Healey (Chairman), Boyd, Dyke, Gribble, Mills, Randall Johnson and Smith.

***CSC/8. Minutes**

RESOLVED that the Minutes of the meeting held on 2 September 2011 be signed as a correct record.

***CSC/9. Declarations of Interest**

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

No interests were declared.

***CSC/10. Draft Articles of Association for Red One Ltd**

The Committee received for information a report of the Director of People and Organisational Development (CSC/11/2) that set out the draft Articles of Association for Red One.

The temporary Trading Company Project Officer advised the Committee that the Articles of Association was a generic document at this stage covering, amongst other matters, the interpretation and limitation on liabilities, the Director's powers and responsibilities, the details on shares and their distribution and the arrangements for decision making by shareholders.

In response to a question, the temporary Trading Company Project Officer confirmed that Red One was established as a company limited by shares with the Fire and Rescue Authority as the sole shareholder.

***CSC/11. Draft Contract between Red One Ltd and Devon and Somerset Fire and Rescue Authority**

The Committee received for information a report of the Director of People and Organisational Development (CSC/11/3) that set out the draft contract between Devon and Somerset Fire and Rescue Authority and Red One. This document would be amended to reflect the Authority's specific requirements in its relationship with Red One and submitted to the Committee for approval in due course.

***CSC/12. 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 involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial or business affairs of the Authority.

CSC/13. Draft Business Case with Falck

(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 Director of People and Organisational Development (CSC/11/4) that set out an overview and summary of the proposed business plan between Devon and Somerset Fire and Rescue Authority and Falck. The summary Business Plan gave an overview of the parties involved within this trading arrangement, the Vision and Mission Statement, the scope of the research undertaken together with the key findings and market opportunities for trading that had been identified as a result.

RESOLVED that it be recommended to the Devon and Somerset Fire and Rescue Authority:

- (i) That the findings of the draft summary Business Plan (as set out at Appendix A of report CSC/11/4) be approved, and;
- (ii) That progression to stage 2 of the Business Plan be agreed.

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

The meeting started at 14.00hours and finished at 15.00hours



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	DSFRA/11/26
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	7 NOVEMBER 2011
SUBJECT OF REPORT	TREASURY MANAGEMENT PERFORMANCE 2011/12 (TO SEPTEMBER 2011)
LEAD OFFICER	Treasurer
RECOMMENDATIONS	<i>That the contents of the appended report be noted</i>
EXECUTIVE SUMMARY	<p>The Authority's approved Treasury Management Policy provides, amongst other things, for the Authority to receive a mid-year review of its treasury management policies, practices and activities.</p> <p>Appended to this paper is the report as considered by the Resources Committee at its meeting on 19 October 2011 and setting out the above information.</p>
RESOURCE IMPLICATIONS	Not applicable
EQUALITY IMPACT ASSESSMENT	Not applicable
APPENDICES	A. Report as submitted to the meeting of the Resources Committee on 19 October 2011
LIST OF BACKGROUND PAPERS	Nil.



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	RC/11/9
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	19 OCTOBER 2011
SUBJECT OF REPORT	TREASURY MANAGEMENT PERFORMANCE 2011/2012 (TO SEPTEMBER 2011)
LEAD OFFICER	TREASURER
RECOMMENDATIONS	That the performance in relation to the treasury management activities of the Authority for 2011/2012 (to September) be noted;
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code of Practice for Treasury Management in November 2009. The revised Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's revised Code of Practice.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Investments held as at 30 September 2011.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) Report DSFRA/11/2 – as approved at the meeting of the Devon and Somerset Fire and Rescue Authority held on the 14 February 2011.

1. **INTRODUCTION**

1.1 The Treasury Management Strategy for Devon and Somerset FRA had been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2001. The adoption of the Code was originally made at the meeting of the DSFRA held on the 16 March 2007. A revised Code of Practice was adopted by the authority at the budget meeting held on 19 February 2010. The Authority fully complies with the primary requirements of the Code, which includes:

- The creation and maintenance of a Treasury Management Policy Statement (TMPS), which sets out the policies and objectives of the Authority's treasury management activities.
- The creation and maintenance of Treasury Management Practices (TMPs), which set out the manner in which the Authority will seek to achieve those policies and objectives.
- The Receipt by the full Authority of an annual Treasury Management Strategy Statement (TMSS)- including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- The delegation by the authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.2 Treasury management in this context is defined as:

“The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

1.3 The preparation of this report demonstrates that the Authority is implementing best practice in accordance with the code.

2. **ECONOMIC BACKGROUND**

Global economy

2.1 The Euro zone sovereign debt crisis continued with Spain, and particularly Italy, being the focus of renewed market concerns that they may soon join with Greece, Ireland and Portugal in needing assistance. This uncertainty and the lack of a co-ordinated or credible Euro zone response, left commentators concerned over the potential impact of sovereign default and resulting effect on the Euro zone banking sector. The approval by various countries of the £440bn bail-out fund in September has brought temporary relief to financial markets but this does not provide a credible remedy to the scale of the Greek debt problem or the sheer magnitude of the potential needs of other countries for support.

2.2 This, coupled with political difficulties in the US over their plans to address the budget deficit, the size and control over the US sovereign debt, and the subsequent loss of the AAA credit rating from Standard and Poors, has led to a much more difficult and uncertain outlook for the world economy.

2.3 Growth prospects in the US, UK and the Euro zone have been lower than expected, with future prospects similarly cut. Whilst not a central view, concerns of a double dip recession in some Western countries have increased. World stock markets fell in the second quarter of 2011/12 as a consequence.

UK economy

2.4 Following zero growth in the final half of 2010/11 the UK economy grew by a weaker than expected 0.2% in the first quarter of 2011/12, providing a knock on effect to future growth prospects. Growth prospects will be governed by UK consumer sentiment, which is currently subdued due to falling disposable income. Higher VAT, overhanging debt, high inflation and concerns over employment are likely to weigh heavily on consumers into the future.

2.5 Inflation remains stubbornly high, although the expectation of future falls, the external nature of the price increases (energy, oil, food etc.), and the negative impact a rate rise would have on the UK economy, is likely to stop the Monetary Policy Committee from raising the Bank Rate for some considerable time to come. An indicator of the worsening position arose from the Monetary Policy Committee minutes recently signalling a greater willingness to expand the quantitative easing programme

2.6 International investors continue to view UK government gilts as being a safe haven from the EU sovereign debt crisis. The consequent increase in demand for gilts has helped to add downward pressure on gilt yields and sent PwLB borrowing rates to low levels.[3.3](#)

Outlook for the next six months of 2011/12

2.7 There remain huge uncertainties in economic forecasts due to the following major difficulties:

- the speed of economic recovery in the UK, US and EU;
- the likely political gridlock in the US preventing significant government fiscal action to boost growth ahead of the Presidential elections in November 2012
- the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economy
- the degree to which government austerity programmes will dampen economic growth;
- the potential for more quantitative easing, and the timing of this in both the UK and US
- the speed of recovery of banks' profitability and balance sheet imbalances

2.8 The overall balance of risks is weighted to the downside:

- We expect low and modest growth in the UK to continue, with a low Bank Rate to continue for at least 12 months, coupled with a possible extension of quantitative easing. This will keep investment returns depressed.

- The expected longer run trend for Public Works Loan Board (PWLB) borrowing rates is for them to rise, primarily due to the need for a high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. However the current safe haven status of the UK may continue for some time, postponing any increases until 2012.

Sector's interest rate forecast

Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.25%	2.50%
3 Month Libid	0.82%	0.70%	0.70%	0.70%	0.70%	0.70%	0.90%	1.10%	1.30%	1.60%	1.90%	2.40%	2.70%
6 Month Libid	1.10%	1.00%	1.00%	1.00%	1.20%	1.30%	1.50%	1.70%	1.90%	2.10%	2.40%	2.70%	3.00%
12 Month Libid	1.59%	1.50%	1.50%	1.50%	1.60%	1.80%	2.00%	2.25%	2.50%	2.75%	3.00%	3.40%	3.70%
5 yr PWLB Rate	2.44%	2.50%	2.70%	2.90%	3.00%	3.10%	3.20%	3.40%	3.60%	3.80%	4.00%	4.10%	4.20%
10 yr PWLB Rate	3.52%	3.80%	4.00%	4.10%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%
25 yr PWLB Rate	4.56%	5.00%	5.00%	5.10%	5.10%	5.10%	5.20%	5.20%	5.30%	5.40%	5.40%	5.50%	5.50%
50 yr PWLB Rate	4.73%	5.00%	5.00%	5.10%	5.10%	5.10%	5.20%	5.20%	5.30%	5.40%	5.40%	5.50%	5.50%

3. TREASURY MANAGEMENT STRATEGY STATEMENT

Annual Investment Strategy

- 3.1 The Authority's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement (TMSS) was approved by the Authority on the 14 February 2011. It outlines the Authority's investment priorities as follows:

Security of Capital - Liquidity

- 3.2 The Authority will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover short term cash flow needs but also to seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions using the Sector suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Sector.
- 3.3 There are no policy changes to the TMSS, the details in this report update the position in the light of the updated economic position and budgetary changes already approved.
- 3.4 A full list of investments held as at 30 September 2011 are shown in Appendix A.
- 3.5 Investment rates available in the market have continued at historically low levels.
- 3.6 The average level of funds available for investment purposes during the quarter was £22.283m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Benchmark	Benchmark Return	Authority Performance	Investment interest for quarter
3 Month LIBID	0.72%	0.82%	£46,387

3.7 As illustrated, the authority outperformed the benchmark by 10 bp. The Authority's budgeted investment return for 2011/12 is £0.100m, and performance so far this year indicates that this figure will be overachieved by £0.055m.

Borrowing Strategy - Prudential Indicators

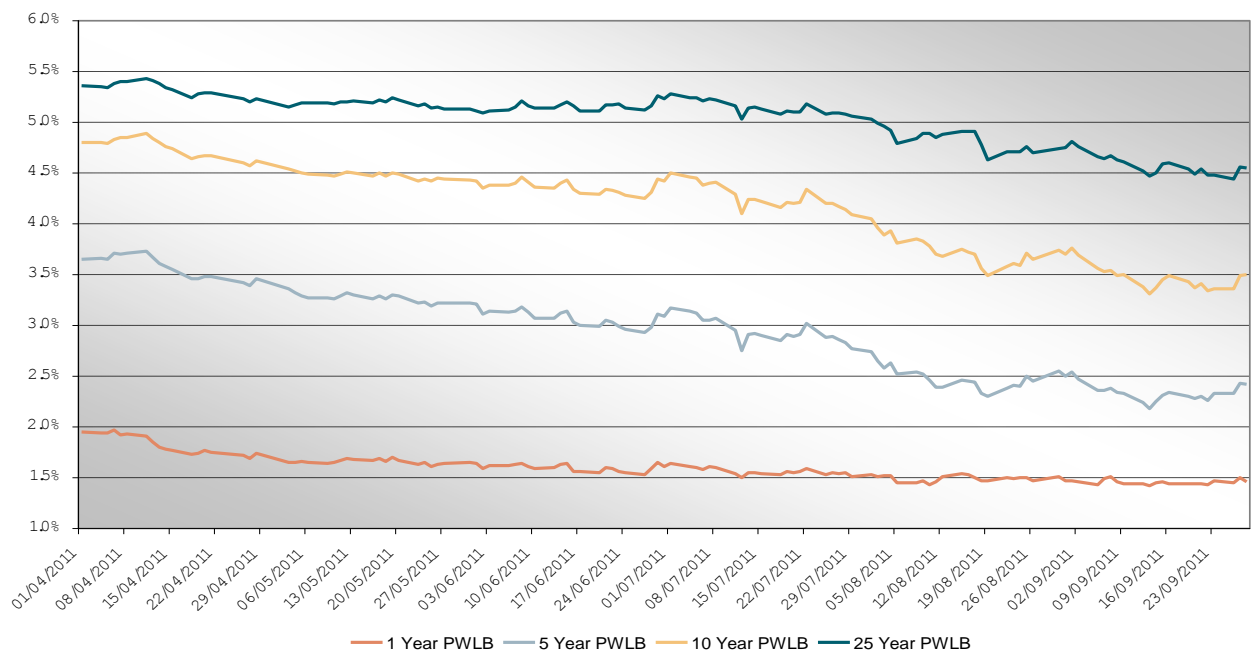
3.8 It is a statutory duty for the Authority to determine and keep under review the "Affordable Borrowing Limits". The Authority's approved Prudential Indicators (affordability limits) are outlined in the approved TMSS.

3.9 A full list of the approved limits (as amended) are included in the Financial Performance Report 2011/2012, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to September 2011.

3.10 Total external borrowing as at 30 September 2011 is £27.909m, compared to a figure as at 30 June 2011 of £28.608m. No new external borrowing was taken during this quarter of the year, with an amount of £0.699m of debt being repaid. No debt rescheduling was undertaken during this quarter of the year.

3.11 The graph below shows the movement in PWLB rates for the first six months of the year and provide benchmarking data showing high and low points.

PW IB Rates 2011-12



3.12 As was reported at the last meeting of this Committee, it is anticipated that internal borrowing and available grants will reduce the call on borrowing. However if capital spend is in line with programme levels then borrowing will be undertaken during the second half of the financial year.

4. SUMMARY

4.1 In compliance with the requirements of the CIPFA Code of Practice of Treasury Management, this report provides members with a mid-year summary report of the treasury management activities for 2011/2012. As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns are still low as a consequence of the fall in interest rates, the authority is still achieving returns above the LIBID 3 month rate, which is the benchmark return for this type of short term investments.

KEVIN WOODWARD
Treasurer

APPENDIX A TO REPORT RC/11/9

Investments as at 30th September 2011						
% of total investments	Counterparty	Maximum to be invested (£m)	Total amount invested (£)	Call or Term	Date if Term	Interest Rate
21.48%	Santander UK & Cater Allen	5.0	1.500	T	17/10/2011	1.32%
			1.500	T	21/12/2011	1.35%
			1.500	T	01/02/2012	1.32%
18.84%	Bank of Scotland	5.0	1.500	T	16/07/2011	2.05%
			2.445	C		0.75%
7.16%	Barclays	10.0	1.500	T	16/01/2012	1.04%
4.78%	Britannia B/S	1.5	1.000	T	21/10/2011	0.84%
7.16%	Clydesdale Bank	5.0	1.500	T	11/11/2011	0.75%
7.16%	Coventry	1.5	1.500	T	14/10/2011	0.75%
4.78%	Leeds B/S	1.5	1.000	T	05/01/2012	0.96%
7.16%	Nationwide B/S	1.5	1.500	T	14/10/2011	0.75%
7.16%	Nottingham B/S	1.5	1.500	T	30/12/2011	1.80%
7.16%	West Bromwich B/S	1.5	1.500	T	14/10/2011	0.85%
7.16%	Principality B/S	1.5	1.500	T	18/10/2011	0.82%
			<u>20.945</u>			