



# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**M. Pearson  
CLERK TO THE AUTHORITY**

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

**(see below)**

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

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Your ref :  
Our ref : DSFRA/MP/SY  
Website : [www.dsfire.gov.uk](http://www.dsfire.gov.uk)

Date : 3 December 2015  
Please ask for : Steve Yates  
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## **DEVON & SOMERSET FIRE & RESCUE AUTHORITY**

**Monday 14 December 2015**

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**

***PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS***

**1. Apologies**

**2. Minutes of the meeting held on 7 October 2015 attached (page 5).**

**3. Items Requiring Urgent Attention**

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

**PART 1 – OPEN COMMITTEE**

**4. 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 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 (e-mail address: [clerk@dsfire.gov.uk](mailto:clerk@dsfire.gov.uk)) by **midday on Wednesday 9 December 2015.**

5. **Addresses by Representative Bodies**

To receive addresses from representative bodies requested and approved in accordance with Standing Orders.

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

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

7. **Minutes of Committees**

**(a) Resources Committee**

The Chair of the Committee, Councillor Dyke, to **MOVE** the Minutes of the meeting held on 19 November 2015 attached (page 13).

**RECOMMENDATIONS**

- (i) that the recommendation at Minute RC/9 (Financial Performance Report 2015-16: Quarter 2) to transfer the sum of £1.5m to Earmarked Reserves for future funding of capital expenditure be approved;
- (ii) that, subject to (i) above, the Minutes be adopted in accordance with Standing Orders.

**(b) Commercial Services Committee**

The Chair of the Committee, Councillor Healey, to **MOVE** the Minutes of the meeting held on 25 November 2015 attached (page 17).

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

**Human Resources Management & Development Committee**

The Chair of the Committee, Councillor Bown, to **MOVE** the Minutes of the meeting held on 7 December 2015 (**TO FOLLOW**).

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

8. **Local Pensions Board - Additional Appointments**

Report of the Director of Corporate Services (DSFRA/15/26) attached (page 19)

9. **Treasurer to the Authority - Extension of Contract**

Report of the Director of Corporate Services (DSFRA/15/27) attached (page 21)

10. **Commercial Governance - Further Developments**

Report of the Chief Fire Officer (DSFRA/15/28) attached (page 25)

11. **Devon & Somerset Fire & Rescue Authority Approved Scheme of Members Allowances 2016-17**

Report of the Director of Corporate Services (DSFRA/15/29) attached (page 37)

12. **Precept Consultation for 2016-17 Budget**

Report of the Treasurer to the Authority (DSFRA/15/30) attached (page 57)

13. **Chairman's Announcements**

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

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

Membership:-

Councillors Healey (Chair), Ball, Bown, Burrige-Clayton, Chugg, Colthorpe, Dyke, Eastman, Edmunds, Ellery, Greenslade, Hill, Horsfall, Knight, Leaves, Radford, Randall Johnson, Redman, Singh, Thomas, Way, Wheeler, Woodman and Yeomans.

<b>NOTES</b>	
<b>1.</b>	<p><b><u>Access to Information</u></b></p> <p>Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the "Please ask for" section at the top of this agenda.</p>
<b>2.</b>	<p><b><u>Reporting of Meetings</u></b></p> <p>Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority. Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.</p>
<b>3.</b>	<p><b><u>Disclosable Pecuniary Interests (Authority Members only)</u></b></p> <p>If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority's Monitoring Officer, you must:</p> <ul style="list-style-type: none"> <li>(a) disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest;</li> <li>(b) leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and</li> <li>(c) not seek to influence improperly any decision on the matter in which you have such an interest.</li> </ul> <p>If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (b) and (c) above.</p>
<b>4.</b>	<p><b><u>Part 2 Reports</u></b></p> <p>Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.</p>
<b>5.</b>	<p><b><u>Substitute Members (Committee Meetings only)</u></b></p> <p>Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.</p>

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

7 October 2015

## Present:-

Councillors Healey (Chair), Bown, Burridge-Clayton, Chugg, Colthorpe, Eastman, Edmunds, Ellery, Greenslade, Horsfall, Knight, Leaves, Redman, Singh, Thomas, Wheeler, Woodman and Yeomans

## Apologies:-

Councillors Ball, Dyke, Hill, Radford, Randall Johnson and Way

### **DSFRA/24. Minutes**

**RESOLVED** that the Minutes of the meeting held on 29 July 2015 be signed as a correct record.

### **DSFRA/25. Addresses by Representative Bodies**

The Authority received for information a presentation from the FBU setting out its views in relation to the recently-issues consultation document "Enabling Closer Working between the Emergency Services".

**(SEE ALSO MINUTE DSFRA/29 BELOW)**

### **DSFRA/26. Minutes of Committees**

#### **(a) Resources Committee**

The Vice-Chair of the Committee, Councillor Yeomans, **MOVED** the Minutes of the meeting held on 2 September 2015 which had considered, amongst other things:

- a report on Treasury Management performance for the first quarter of the current (2015-16) financial year;
- a report on financial performance for the first quarter of the current financial year against the approved revenue and capital budgets; and
- a report setting out a proposed revision to the capital programme 2015-16 to 2017-18.

#### **RESOLVED**

- (i) that, as recommended by the Resources Committee (Minute RC/5 refers) and in accordance with Financial Regulations, the following virements in excess of £50,000 be approved:

<b>AMOUNT</b>	<b>FROM</b>	<b>TO</b>
£110,000	Grants and Reimbursements	Training Expenses
£116,000	Grants and Reimbursements	Earmarked Reserve for NDR funding

- (ii) that the revised capital programme and associated prudential indicators 2015-16 to 2017-18, as recommended by the Resources Committee (Minute RC/6 refers) and appended to these Minutes, be approved;
- (iii) that, subject to (i) and (ii) above and in accordance with Standing Orders, the Minutes be adopted.

**(b) Commercial Services Committee**

The Chair of the Committee, Councillor Healey, **MOVED** the Minutes of the meeting held on 7 September 2015 which had considered, amongst other things:

- an update report on progressing options for revised governance arrangements for commercial trading;
- a report on the dividend declared by the Board of Red One Ltd. in relation to commercial activities for the 2014-15 financial year; and
- progress reports on a State Aid issue, commercial financial performance to date during the current (2015-16) financial year leads and opportunities currently being pursued.

**RESOLVED**

- (i) that the recommendations at Minute CSC/10 (Commercial Activities 2014-15 Financial Year - Declaration of Dividend by Red One Ltd.) be considered in conjunction with the item on Commercial Activities 2014-15 Financial Year - Declaration Of Dividend By Red One Ltd. elsewhere on the agenda for this meeting;
- (ii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

***(SEE ALSO MINUTE DSFRA/34 BELOW).***

**(c) Human Resources Management & Development Committee**

The Chair of the Committee, Councillor Bown, **MOVED** the Minutes of the meeting held on 16 September 2015 which had considered, amongst other things:

- a report on managing absence within the organisation;
- a report on redundancy compensation rates;
- a report on the exercise of discretions afforded by the Firefighters' Pensions Schemes; and
- a request for retirement and re-employment.

**RESOLVED**

- (i) that, as recommended by the Committee (Minute HRMDC/11 refers), the Authority operates with immediate effect a multiplier of x1, using an actual week's pay, in cases of voluntary and compulsory redundancy for all staff (both non-uniformed and uniformed), with redundancy compensation rates being further reviewed by the Committee on an annual basis and any proposed revisions being recommended to the full Authority and subject to consultation with representative bodies;
- (ii) that, as recommended by the Committee (Minute HRMDC/12 refers), the proposed approach to discharging discretions provided by the Firefighters' Pensions Schemes, as identified in report HRMDC/15/7 as submitted to the Committee, be approved;
- (iii) that, subject to (i) above and in accordance with Standing Orders, the Minutes be adopted.

**(d) Community Safety & Corporate Planning Committee**

The Chair of the Committee, Councillor Eastman, **MOVED** the Minutes of the meeting held on 23 September 2015 which had considered, amongst other things:

- a presentation on community safety initiatives in the Plymouth area;
- an update report on progress to date in developing the latest iteration of the Authority's Strategic Plan – "Our Plan 2016 – 2021);
- a report on a revised approach, following a successful pilot, to secure reductions in unwanted calls for lift releases;
- an update on community safety campaigns and key messages generally;
- a road safety presentation featuring the "Biker Down" initiative.

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

**(e) Audit & Performance Review Committee**

The Vice-Chair of the Committee, Councillor Edmunds, **MOVED** the Minutes of the meeting held on 28 September 2015 which had considered, amongst other things:

- an external auditor report on audit findings for the Authority for the 2014-15 financial year;
- the final 2014/15 Annual Statement of Assurance;
- a review on progress against the approved annual internal audit plan for 2015-16; and
- a report on Devon & Somerset Fire & Rescue Service performance against priorities as identified in the current iteration of the Authority's Strategic Plan.

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

**DSFRA/27. Proposed Revisions to Calendar of Meetings 2015-16 Municipal Year - Community Safety & Corporate Planning Committee and Members' Forums**

The Authority considered a report of the Clerk to the Authority (DSFRA/15/20) on proposed revisions to the approved Calendar of Meetings for the 2016-17 municipal year by including an additional meeting of the Community Safety & Corporate Planning Committee and proposing alternative dates for forthcoming Members' Forums meetings.

**RESOLVED**

- (a) that an additional meeting of the Community Safety & Corporate Planning Committee be held at 10.00hours on Tuesday 12 January 2016;
- (b) that the Clerk be asked to identify appropriate alternative dates for the December 2015 and February 2016 Members' Forum meetings.

**DSFRA/28. Transfer of Grant Funding from the Devon & Somerset Fire & Rescue Service to SAFE South West**

The Authority considered a report of the Treasurer to the Authority (DSFRA/15/21) on the proposed transfer of residual Local Area Agreement reward grant from the Service to SAFE South West who would then assume responsibility for administering the funding in accordance with the purposes for which it was initially granted (i.e. community resilience use in the Somerset area only).

The transfer would be in essence a grant thereby requiring full Authority approval in accordance with Financial Regulations.

**RESOLVED** that, in accordance with Financial Regulations, the the transfer by way of grant of Local Area Agreement funding of £105,676 from the earmarked reserve currently held by the Devon & Somerset Fire & Rescue Service to SAFE South West be approved.

**DSFRA/29. Consultation - "Enabling Closer Working Between the Emergency Services"**

The Authority considered a report of the Clerk to the Authority (DSFRA/15/22) on a recently-published consultation document "Enabling Closer Working between the Emergency Services", responses to which were invited by 23 October 2015.

**RESOLVED** that the Clerk be authorised to respond on behalf of the Authority to this consultation document following detailed consideration at the forthcoming Members' Forum on 12 October 2015.

***(SEE ALSO MINUTE DSFRA/25 ABOVE)***

**DSFRA/30. Chairman's Announcements**

**RESOLVED** that the Chairman circulate via e-mail a list of activities undertaken on behalf of the Authority since its last formal meeting.

**DSFRA/31. Chief Fire Officer's Announcements**

The Chief Fire Officer reported for information on:

- activities seeking to secure a fairer funding settlement for the Authority, including meetings with local MPs and the Chief Fire Adviser;
- activities to promote strategic partnership and collaborative opportunities, including meetings with other Chief Fire Officers in the region, senior officers for South West Ambulance Service National Health Service Foundation Trust (SWASFT), the Chief Constable of the Devon & Cornwall Constabulary and hosting a multi-agency counter-terrorism event at Service Headquarters in preparation for the Rugby World Cup; and
- activities undertaken to raise the local and national profile of the Devon & Somerset Fire & Rescue Service, including the publication of articles in local newspapers and the Guardian.

**DSFRA/32. 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 respect of Minute DSFRA/ below, in Paragraphs 1 (information relating to an individual), 2 (information which would reveal the identity of an individual) and 3 (information relating to the financial and business affairs of a particular person) of Part 1 of Schedule 12A (as amended) to the Act;
- in respect of Minutes DSFRA/ and DSFRA/ below, in Paragraph 3 of Part 1 of Schedule 12A of the Act (information relating to the financial and business affairs of the Authority and third parties).



**DSFRA/33. Commercial Services - Revised Governance Arrangements - Update**

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

The Authority considered a report of the Chief Fire Officer (DSFRA/15/23) on progress to date in implementing revised governance arrangements for commercial trading activities and specifically the appointment of non-executive director, to serve as the Chair of the Board of Red One Ltd., as recommended by the Member Working Group established by the Authority for this purpose (Minute DSFRA/19(c) refers).

**RESOLVED**

- (a) that, as recommended by the Member Working Group, Tony Rowe OBE be appointed as independent non-executive Director to the Board of Red One Ltd. (and Chair of the Board) for an initial period until the Annual Meeting of the Authority in 2016;
- (b) that, subject to (a) above, the remainder of report DSFRA/15/23 and specifically the intended next steps to secure revised governance arrangements for commercial services activities be noted.

**DSFRA/34. Commercial Activities 2014-15 Financial Year - Declaration of Dividend by Red One Ltd.**

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

The Authority considered a report of the Chief Fire Officer (DSFRA/15/24) on the return from commercial trading activities for Red One Ltd. during the last (2014-15) financial year and on the recommendation of the Commercial Services Committee, following its meeting on 7 September 2015, as to use of the dividend declared by the Board of Red One Ltd.

**RESOLVED** that the recommendation of the Commercial Services Committee, following its meeting on 7 September 2015, as to the apportionment of the dividend declared by the Board of Red One Ltd in respect of the 2014-15 financial year be approved, with the Authority proportion of the dividend being used to off-set capital expenditure.

***(SEE ALSO MINUTE DSFRA/26(b) ABOVE)***

**DSFRA/35. Regional Control Centre, Taunton - Further Considerations**

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

The Authority considered a report of the Chief Fire Officer (DSFRA/15/25) on the history of the FiReControl project initiated by the former Labour government and subsequent actions by the Department for Communities and Local Government, following cancellation of the project, both to dispose of the Regional Control Centres built as part of the project and to secure necessary improvements in the efficiency and resilience of fire control rooms.

**RESOLVED**

- (a) that the recommendation as set out in report DSFRA/15/25 in relation to the Regional Control Centre, Taunton, be approved;
- (b) that, subject to (a) above, the report be noted.

The meeting started at 10.00hours and finished at 11.35hours.

**APPENDIX TO THE MINUTES OF THE MEETING OF THE DEVON & SOMERSET FIRE & RESCUE AUTHORITY HELD ON 7 OCTOBER 2015**

<b>Capital Programme 2015/16 to 2017/18</b>						
<b>Item PROJECT</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Approved Budget</b>	<b>Year end Slippage</b>	<b>Amendments, slippage &amp; Savings</b>	<b>Revised Budget</b>	<b>Revised Indicative budget</b>	<b>Indicative Budget</b>
<b>Estate Development</b>						
1 Major Projects - Training Facility at Exeter Airport	329	76	16	421	0	0
2 Minor improvements & structural maintenance	1,616	476	(472)	1,620	2,955	2,040
<b>Estates Sub Total</b>	<b>1,945</b>	<b>552</b>	<b>(456)</b>	<b>2,041</b>	<b>2,955</b>	<b>2,040</b>
<b>Fleet &amp; Equipment</b>						
3 Appliance replacement	4,089	575	(162)	4,502	3,015	2,557
5 Specialist Operational Vehicles	480	257	(393)	344	400	400
6 Equipment	1,391	266	(704)	953	1,054	320
7 ICT Department	250	0	(5)	245	0	0
8 Water Rescue Boats	93	0	0	93	0	0
<b>Fleet &amp; Equipment Sub Total</b>	<b>6,303</b>	<b>1,098</b>	<b>(1,264)</b>	<b>6,137</b>	<b>4,469</b>	<b>3,277</b>
<b>Overall Capital Totals</b>	<b>8,248</b>	<b>1,650</b>	<b>(1,720)</b>	<b>8,178</b>	<b>7,424</b>	<b>5,317</b>
<b>Programme funding</b>						
Earmarked Reserves:	1,910	873	(1,736)	1,047	5,494	921
Revenue funds:	2,118	0	16	2,134	0	0
Borrowing	4,220	777	0	4,997	1,930	4,396
<b>Total Funding</b>	<b>8,248</b>	<b>1,650</b>	<b>(1,720)</b>	<b>8,178</b>	<b>7,424</b>	<b>5,317</b>

**PRUDENTIAL INDICATORS**

	INDICATIVE INDICATORS 2017/18 to 2020/21					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m	£m
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Capital Expenditure</b>						
Non - HRA	8.178	7.424	5.317	3.568	4.069	3.819
HRA (applies only to housing authorities)						
Total	8.178	7.424	5.317	3.568	4.069	3.819
<b>Ratio of financing costs to net revenue stream</b>						
Non - HRA	3.76%	4.18%	4.23%	4.56%	4.98%	5.31%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Capital Financing Requirement as at 31 March</b>	£000	£000	£000	£000	£000	£000
Non - HRA	25,817	25,724	28,186	29,663	31,417	32,758
HRA (applies only to housing authorities)	0	0	0	0	0	0
Other long term liabilities	1,444	1,374	1,299	1,209	1,112	1,010
Total	27,261	27,098	29,485	30,872	32,529	33,768
<b>Annual change in Capital Financing Requirement</b>	£000	£000	£000	£000	£000	£000
Non - HRA	3,169	-163	2,387	1,387	1,657	1,239
HRA (applies only to housing authorities)	0	0	0	0	0	0
Total	3,169	-163	2,387	1,387	1,657	1,239
<b>Incremental impact of capital investment decisions</b>	£ p	£ p	£ p	£ p	£ p	£ p
Increase/(decrease) in council tax (band D) per annum	-£0.10	-£0.10	-£0.18	N/A	N/A	N/A
<b>PRUDENTIAL INDICATORS - TREASURY MANAGEMENT</b>						
<b>Authorised Limit for external debt</b>	£000	£000	£000	£000	£000	£000
Borrowing	29,477	30,949	32,827	34,241	35,737	37,294
Other long term liabilities	1,516	1,443	1,364	1,270	1,167	1,061
Total	30,993	32,392	34,190	35,510	36,904	38,355
<b>Operational Boundary for external debt</b>	£000	£000	£000	£000	£000	£000
Borrowing	28,186	29,663	31,417	32,758	34,166	35,656
Other long term liabilities	1,444	1,374	1,299	1,209	1,112	1,010
Total	29,630	31,037	32,716	33,967	35,278	36,666
<b>Maximum Principal Sums Invested over 364 Days</b>						
Principal Sums invested > 364 Days	5,000	5,000	5,000	5,000	5,000	5,000

<b>TREASURY MANAGEMENT INDICATOR</b>	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 2015/16		
Under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	50%

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## **RESOURCES COMMITTEE**

(Devon and Somerset Fire and Rescue Authority)

19 November 2015

### Present:-

Councillors Dyke (Chair), Bown (vice Burridge-Clayton), Eastman (vice Chugg), Greenslade, Singh, Thomas and Yeomans

### Apologies:-

Councillors Burridge-Clayton and Chugg

### **\*RC/7. Minutes**

**RESOLVED** that the Minutes of the meeting held on 2 September 2015 be signed as a correct record.

### **\*RC/8. Treasury Management Performance 2015-2016: Quarter 2**

The Committee received for information a report of the Treasurer (RC/15/10) that set out the treasury management activities of the Authority for the second quarter of the current financial year (2015-16) to September 2015. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management advocated that public authorities should receive a report on treasury management activities at least twice a year and preferably quarterly. This report therefore gave the Authority the assurance required that it was fully compliant with the Code of Practice.

Adam Burleton, representing Capita – the Authority’s Treasury Management Adviser – was present at the meeting and he gave an overview of the economic background against which the Service was operating together with an overview of performance to date as measured against the approved Treasury Management Strategy. The key points made were:

- The United Kingdom (UK) Gross Domestic Product (GDP) growth rates in 2013 and 2014 of 2.2% and 2.9% respectively were the strongest of any G7 country, with the 2015 UK growth rate predicted to be a leading rate in the G7 again and possibly equal to that of the US. The inflation report was subdued, however, with the rate not forecast to reach the 2% target within the 2-3 year horizon set, thus impacting on the ability of the central banks of both the UK and US to raise interest rates as soon as had been expected. A revised interest rate forecast was set out in paragraph 2.10 of report RC/15/10 for information;
- performance during the second quarter of the current financial year demonstrated a prudent approach to investment decisions, with priority being given to security and liquidity over yield in accordance with the Authority’s investment priorities;
- the Service was outperforming the LIBID 3 benchmark return of 0.43% with a performance of 0.56% giving a return of £49,949 for the average level of investment fund of £34.399m in this quarter;

- no Prudential Indicators had been breached;
- the level of external borrowing was £25.8million which had reduced from £25.9m due to scheduled repayments.

The question was raised as to whether consideration had been given to an alternative investment strategy for the Authority given that the current rate of return was low and was not expected to rise significantly in the next 5 to 10 years. Reference was made in particular to peer to peer lending which was being trialled in other local authorities and which could give a potential return on investment of up to 7%. This involved spreading the risk by investing small amounts of money with large numbers of loans. Reference was also made to the potential returns from investment in Property Funds.

Adam Burleton responded that there were options available for the Service. Peer to peer lending involved unsecured loans, however, which would mean that the Authority would need to review its existing Treasury Management Strategy of pursuing security and liquidity over yield if it wished to pursue this route. He added that there would be associated costs and that the Authority needed to be fully aware of the facts before it entered into such an arrangement. The Treasurer added that the Authority had pursued a prudent investment strategy since the global financial crisis in 2008 which resulted in some banks e.g. Icelandic Banks defaulting, with an emphasis on security over yield, but acknowledged that the Authority is always looking to learn from others and consider all income streams given the current economic climate.

Councillor Thomas **MOVED** (and was seconded by Councillor Yeomans):

“that a report be submitted to the next meeting of the Resources Committee to explore alternative options for the Authority’s investment strategy”.

Upon a vote, the motion was **CARRIED** unanimously, whereupon it was:

**RESOLVED**

- (a) That a report be submitted to the next meeting of the Resources Committee to explore alternative options for the Authority’s investment strategy, and;
- (b) Subject to (a) above, that the performance in relation to the treasury management activities of the Authority for 2015-2016 (to September) be noted.

**RC/9. Financial Performance Report 2015-2016: Quarter 2**

The Committee considered a report of the Treasurer to the Authority (RC/15/11) on financial performance for the second quarter (April to September) as against those agreed targets for the current (2015-16) financial year.

At this stage, it was anticipated that revenue spending would be £7.163m which was some £0.547m (0.73%) less than the approved Revenue Budget for 2015-16, although this figure was net of a proposed budget virement of £1.5m which was to be moved to an earmarked reserve to fund the Authority’s capital investments as referred to in paragraph 9.3 of report RC/15/11. This approach aligned to the approved strategy to deliver in-year savings wherever possible to enhance reserve balances. The underspend to date was attributable largely to savings on staffing costs arising primarily from continued implementation of Corporate Plan proposals approved in July 2013.

The Treasurer reported that, in line with the Service's strategy to reduce future debt exposure and the resulting impact on debt charges, it was recommended that a sum of £1.5m be transferred to an Earmarked reserve to support future capital expenditure. The budget virements to support this transfer were outlined in paragraph 9.3 of report RC/15/11 as circulated.

In terms of the Capital Programme and Prudential Indicators, the Treasurer advised that whilst it was recognised that the Service borrowing, currently at £25.880m was in excess of the need to borrow, as indicated by the Prudential Indicators, this will be aligned by the year-end and therefore none of the Indicators would be breached. The revised projection for capital spending in 2015-16 was £7.933m against a Programme of £8.178m.

Reference was made to the other financial indicators within the report circulated and in particular, the debts outstanding for more than 85 days. It was noted that the Risk and Insurance section pursued these outstanding debts on behalf of the Service, and that the Service Policy in relation to debt recovery protected the Service from unacceptable levels of debt write-off.

#### **RESOLVED**

- (a) That the Authority be recommended to transfer a sum of £1.5m to Earmarked Reserves for future funding of Capital Expenditure;
- (b) That, subject to (a) above, the monitoring position in relation to projected spending against the 2015-2016 revenue and capital budgets be noted;
- (c) That the performance against the 2015-2016 financial targets be noted.

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

The meeting started at 09.30hours and finished at 10.47hours

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

25 November 2015

Present:-

Councillors Dyke (Vice-Chair)(in the Chair), Leaves and Woodman

Apologies:-

Councillors Ball, Edmunds, Healey and Randall Johnson

**\*CSC/14.**

**Minutes**

**RESOLVED** that the Minutes of the meeting held on 7 September 2015 be signed as a correct record.

**\*CSC/15.**

**Exclusion of the Press and Public**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 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.

**\*CSC/16.**

**Commercial Update October 2015**

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

The Committee received for information a report of the Commercial Services Manager (CSC/15/9) on commercial leads and opportunities currently being progressed.

**\*CSC/17.**

**Financial Update**

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

The Senior Finance Manager reported, for information, on the current position in relation to the commercial services profit and loss accounts for the current (2015-16) financial year. Figures for September were the best achieved so far in trading and it was anticipated that the end of the financial year would see an increase in turn-over when compared to the previous financial year.

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

The meeting started at 09:30hours and finished at 10:40hours.

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<b>REPORT REFERENCE NO.</b>	<b>DSFRA/15/26</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>14 DECEMBER 2015</b>
<b>SUBJECT OF REPORT</b>	<b>LOCAL PENSIONS BOARD – ADDITIONAL APPOINTMENTS</b>
<b>LEAD OFFICER</b>	<b>Director of Corporate Services</b>
<b>RECOMMENDATIONS</b>	<p><i>(a) That consideration be given to the appointment of a Member of the Authority as an additional Scheme Manager representative on the Authority’s Local Pensions Board, with the term of office to be initially until the Authority Annual Meeting in May 2017, and thereafter annually with appointments to be made at the Annual Meeting of the Authority each year;</i></p> <p><i>(b) that the Director of People and Commercial Services be delegated authority to undertake an appropriate process to appoint an additional Scheme Member representative to the Board.</i></p>
<b>EXECUTIVE SUMMARY</b>	This report sets out a request from the Local Pension Board, established by the Authority in February of this year in compliance with legislative revisions to Firefighter Pensions Schemes, to increase the size of the Board by both an additional Scheme Manager and Scheme Member representative.
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	The contents of this report are considered compatible with existing equalities and human rights legislation.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	<p>A. Report DSFRA/15/5 – “Establishment of Local Pensions Board for Firefighters’ Pensions Schemes – to full Authority meeting on 20 February 2015.</p> <p>B. The Public Services Pension Act 2013.</p> <p>C. The Firefighters’ Pension Scheme (England) Regulations 2014.</p> <p>D. The Firefighters’ Pension Scheme (Amendment) (Governance) Regulations 2015.</p>

## **1. BACKGROUND**

- 1.1 At its budget meeting in February this year the Authority considered a report on revisions to public sector pension schemes brought in by the Public Services Pensions Act 2013 and specifically the need to establish, by 1 April 2014, a Firefighters' Pensions Schemes Local Pensions Board to assist the Authority, as Scheme Manager, in securing compliance with legislation on the governance and administration of Firefighters Pensions Schemes and ensuring the effective and efficient administration of the schemes.
- 1.2 At that time the Regulations requiring the establishment of the Local Pensions Board were only in draft form and guidance was still awaited. Consequently, to satisfy the indicative legislative requirement to have a Board in place by 1 April, the Authority resolved to establish a Board comprising initially the minimum requirement of two Scheme Manager and two Scheme Member representatives (the draft and subsequently final Regulations requiring there to be an equal number of Scheme Manager and Scheme Member representatives on the Board).
- 1.3 The Authority resolved to appoint the Director of Corporate Services (in his capacity as Authority Monitoring Officer) and the Treasurer as the two Scheme Manager representatives and delegated authority to the Director of People and Commercial Services to undertake a process to determine the two Scheme Member representatives. This process resulted in the appointment of Bob Walker (FBU Chair) and Peter Redbourn (a former Station Manager with the Service).

## **2. CURRENT POSITION**

- 2.1 Following the initial appointment, the Board has met on two occasions, the second of which proved particularly beneficial in considering and subsequently advising the Authority on the exercise of discretions as provided for by the various Firefighters' Pensions Schemes.
- 2.2 While the Board is still continuing to find its feet, discussions at the two meetings held to date have been productive but the Board feels that further benefit would accrue from increasing its size to a total of six to provide for an additional Scheme Manager representative – the suggestion being that this is a Member of the Authority – and an additional Scheme Member representative.
- 2.3 Accordingly, the Authority is invited:
- to consider the appointment of a Member as an additional Scheme Manager representative to the Board, the initial term of office to be until the Annual Meeting in May 2017 and thereafter annually, with the appointment to be made at the Annual Meeting of the Authority in each year; and
  - to authorise the Director of People and Commercial Services to undertake a process to secure the appointment of an additional Scheme Member representative to the Board.

**MIKE PEARSON**  
**Director of Corporate Services**

<b>REPORT REFERENCE NO.</b>	<b>DSFRA/15/27</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>14 DECEMBER 2015</b>
<b>SUBJECT OF REPORT</b>	<b>TREASURER TO AUTHORITY – EXTENSION OF CONTRACT</b>
<b>LEAD OFFICER</b>	<b>Director of Corporate Services</b>
<b>RECOMMENDATIONS</b>	<p><i>(a) that the extension by the Chief Fire Officer, of the appointment of the Treasurer (to 3 November 2017) at the revised contract rate indicated in this report, both in accordance with the terms of the initial contract, be endorsed; and</i></p> <p><i>(b) that a report be submitted to the Authority meeting in December 2016 on the process to secure an Authority Treasurer to serve post- November 2017.</i></p>
<b>EXECUTIVE SUMMARY</b>	This report invites the Authority to endorse the decision of the Chief Fire Officer in extending, in accordance with the contract documentation, the appointment of the current Authority Treasurer for a further two years (to 3 November 2017).
<b>RESOURCE IMPLICATIONS</b>	Costs associated with the appointment extension will be met from within existing resources.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	The contents of this report are considered compatible with existing human rights and equalities legislation.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	<p>A Report DSFRA/13/18 (Arrangements for the Appointment of Authority Treasurer) to September 2013 Authority meeting;</p> <p>B Minutes of the Treasurer’s Appointments Committee held on 16 October 2013 (as reported to the full Authority meeting on 24 February 2014).</p>

## **1. BACKGROUND**

- 1.1 At its meeting held on 10 July 2013, the Authority considered a report of the Chief Fire Officer proposing a procurement process to secure the services of a Treasurer (and Proper Financial Officer) for the Authority following an earlier decision to reduce the overall size of the [then] Senior Management Team.
- 1.2 The Authority resolved to appoint a small Committee to oversee this process (Minute DSFRA/21 refers). The Committee subsequently met on three occasions between July and October 2013, initially to approve the procurement process to be followed, to consider the evaluation and interview process and finally to award the tender.
- 1.3 As a result of the above, KRW Financials Ltd. (the company established by Kevin Woodward, the former Treasurer to the Authority) was awarded a contract with Mr. Woodward appointed as an officer of the Authority to the post of Treasurer and, in the capacity of an officer of the Authority, was designated as the officer with responsibility for the proper administration of the Authority's financial affairs in accordance with the requirements of Section 112 of the Local Government Finance Act 1988.

## **2. CURRENT POSITION**

- 2.1 The contract commenced on 4 November 2013 for an initial period of two years but with the option – at the sole discretion of the Authority – for this to be extended by a further period of two years to expire on 3 November 2017. The terms of the contract specify, amongst other things, that the option to extend shall be exercised on behalf of the Authority by the officer designated in the contract as the Supervising Officer – in this particular case, the Chief Fire Officer.
- 2.2 The contract also contains clauses for price adjustment on extension of the initial contract period – this to be the subject of negotiation and subject to the increase not exceeding the percentage change in the Office of National Statistics (ONS) Consumer Price Index (CPI) between the contract commencement date and six months prior to the end of the initial contract period.
- 2.3 There have been no adverse issues relating to performance over the last two years, with the Treasurer continuing to advise the Authority to a highly professional standard. Mr. Woodward has indicated that he is willing to extend the contract for a further 24 months (to November 2017). There was a 1% increase in Consumer Price Index between November 2013 and May 2015 and following negotiation Mr. Woodward has indicated that he would wish this to be applied.
- 2.4 Consequently, the Chief Fire Officer has written to the Treasurer to extend the contract for a further two years (to 3 November 2017), as provided for by the terms of the contract. It is anticipated that this arrangement will continue to furnish the Authority with high-quality, professional advice at a cost representing considerable savings on in-house appointment of a Treasurer, thereby representing good value for money for the Authority. As such, the Authority is now invited to endorse the extension of the contract.

- 2.5 It will be necessary, however, to undertake a process to identify a Treasurer to serve from November 2017 onwards. At this stage it is proposed that, as previously, this should be a procurement process and it is intended that a further report detailing the proposals should be submitted to the December 2016 Authority meeting for approval.

**MIKE PEARSON**  
**Director of Corporate Services**

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<b>REPORT REFERENCE NO.</b>	DSFRA/15/28
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
<b>DATE OF MEETING</b>	14 DECEMBER 2015
<b>SUBJECT OF REPORT</b>	COMMERCIAL GOVERNANCE – FURTHER DEVELOPMENTS
<b>LEAD OFFICER</b>	CHIEF FIRE OFFICER
<b>RECOMMENDATIONS</b>	<p>(a) <i>that the proposed revised governance arrangements for commercial activities (i.e by an expanded Board of Directors of Red One Ltd.), as summarised in paragraph 2.2 of this report, be approved;</i></p> <p>(b) <i>that the process for the appointment of three Authority non-executive directors to the Board, as outlined in paragraph 3.2 of this report, be approved;</i></p> <p>(c) <i>that the initial and subsequent appointment to and term of office for non-executive directors on the Board of Red One Ltd., as set out in paragraph 3.3 of the report, be approved;</i></p> <p>(d) <i>that, subject to (a) to (c) above, the Commercial Services Committee be formally dissolved upon establishment of the new, extended Board of Directors of Red One Ltd. (i.e. on 19 February 2016);</i></p> <p>(e) <i>that, upon dissolution of the Commercial Services Committee, the revisions to the Authority’s approved Financial Regulations, Scheme of Delegations and to the Terms of Reference of the Resources Committee, as set out in Section 5 of this report, be approved with the powers previously exercised by the Commercial Services Committee exercised as indicated paragraphs 5.9 and 5.10 of this report;</i></p> <p>(f) <i>that the Clerk authorised to make the consequential amendments to the constitutional governance framework documents resulting from (e) above:</i></p> <p>(g) <i>that the proposed process for the appointment, should this be required, of independent non-executive director (and Board Chairman), as indicated at Section 6 of this report, be noted.</i></p>
<b>EXECUTIVE SUMMARY</b>	This report advises on the latest developments in relation to moving towards revised governance and operating arrangements for commercial activities.
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report

<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	The contents of this report are considered compatible with existing equalities and human rights legislation.
<b>APPENDICES</b>	<ul style="list-style-type: none"> <li>A. Extract from the Articles of Association of Red One Ltd.</li> <li>B. Current Terms of Reference for the Commercial Services Committee</li> <li>C. List of Legislation relevant to local authority commercial activities</li> </ul>
<b>LIST OF BACKGROUND PAPERS</b>	Report DSFRA/15/17 – “Commercial Activities – Governance Options” as considered at the full Authority meeting on 29 July 2015.

## **1. BACKGROUND**

- 1.1 Against a backdrop of reducing central government funding to local authorities, this Authority took the decision in 2010 to embark on commercial trading activities, using available legislation, to provide an additional income stream to support front-line services.
- 1.2 This involved, amongst other things, establishment of a separate, arms-length company – Red One Ltd – to undertake the activities, as required by legislation. The Authority is the sole shareholder in Red One Ltd.
- 1.3 Since 2011, governance and oversight of commercial activities by the Authority has been exercised by the Commercial Services Committee. Earlier this year, however, it was felt commercial activities had reached a level of maturity sufficient to warrant revisiting existing governance arrangements with a view to securing a more business-oriented model to facilitate the maximum realisation of potential opportunities.
- 1.4 In revisiting the governance arrangements, the Authority has received two reports this year – at its July and October meetings. The latter report resulted in approval by the Authority of Tony Rowe OBE as an independent non-executive director to the Board of Red One Ltd. The Authority also confirmed that it would wish Mr. Rowe to serve, initially until May 2016, as Chairman of the Board and also to advise and inform on the eventual revised governance arrangements to be put in place (Minute DSFRA/33 refers). This report addresses developments in relation to revised governance proposals.

## **2. REVISED GOVERNANCE ARRANGEMENTS – IN SUMMARY**

- 2.1 A number of discussions have now been held with Mr. Rowe to explore and clarify Authority aspirations for commercial activity, identify how he can best assist with these, what flexibilities he would need to do so and balance these matters with the need both for an appropriate level of Authority governance and securing compliance with legislative framework applicable to local authority trading activities.
- 2.2 Following the discussions and taking account of the above factors, it is now proposed that oversight and governance of commercial activities should, in the main, be exercised by an expanded Board of Directors of Red One Ltd. initially to comprise the following:
- Tony Rowe OBE – independent non-executive director and Chairman of the Board (as appointed by the Authority at its meeting on 7 October 2015);
  - the existing three officer directors on the Board as appointed in accordance with Article 17 of the Articles of Association of Red One Ltd. – namely Jane Sherlock (Director of People and Commercial Services), Chris Thain (Commercial Services Manager) and Harvey Durrant (Head of ICT);
  - three additional non-executive directors appointed from Membership of the Fire & Rescue Authority.
- 2.3 It is also intended that, once the expanded Board of Directors of Red One Ltd. has been established, the existing Commercial Services Committee should be dissolved.

- 2.4 The remainder of this report deals with issues to be addressed to give effect to these proposals, namely:
- the process for appointing the Authority non-executive directors, conditions and initial term of appointment;
  - the subsequent term of appointment for all non-executive directors;
  - exercise of residual matters previously dealt with by the Commercial Services Committee and;
  - the process to be adopted in the event that Tony Rowe OBE resigns from his position as independent non-executive director (and Board Chair).

### **3. APPOINTMENT OF AUTHORITY NON-EXECUTIVE DIRECTORS**

3.1 The appointment, removal and remuneration of directors to the Board of Red One Ltd. (including non-executive directors) must accord with relevant provisions of the Articles of Association of Red One Ltd. These are contained in Articles 17 to 20 inclusive and are reproduced at Appendix A to this report for ease of reference. Additionally, for Authority Members appointed as non-executive directors, such an appointment is also conditional upon the Member(s) concerned continuing to be a Member of the Devon & Somerset Fire & Rescue Authority.

3.2 It is proposed that the appointment of the three Authority non-executive directors should be made by the full Authority, in accordance with Article 19. The following is proposed as the process to secure this:

1. All Authority Members will be invited to submit, by Friday 16 January 2016, an expression of interest to undertake one of the non-executive directors roles;
2. The expressions of interest submitted will be considered by the Board Chairman, who will then determine Members to hold further discussions with;
3. the Board Chairman will then make a recommendation to the Authority budget meeting on 19 February 2016 as to which three Members should be appointed.

3.3 The initial appointment for the Authority appointed non-executive directors will be from 19 February 2016 to the Annual Meeting of the Authority in 2017. Thereafter, it is proposed that there should be an annual term of office for all non-executive directors on the Board of Red One Ltd. (including the independent, non-executive director to serve as Chairman of the Board), with the Authority confirming appointments at its Annual Meeting in May each year.

3.4 The Authority is invited to consider - with a view to approving - the process for and term of office of initial appointments to the Board, as set out in paragraph 3.2 above, and the proposal for subsequent appointments and term of office as set out in paragraph 3.3.

### **4. REMUNERATION OF AUTHORITY NON-EXECUTIVE DIRECTORS**

4.1 It is intended that the three Authority-appointed non-executive directors should receive a Special Responsibility Allowance for undertaking this role. This issue is addressed in the independent review of the Members' Allowances Scheme that features elsewhere on the agenda for this meeting.

**5. OTHER CONSTITUTIONAL ISSUES INCLUDING DISSOLUTION OF COMMERCIAL SERVICES COMMITTEE AND EXERCISE OF RESIDUAL POWERS**

***Financial Regulations***

5.1 Currently, the Authority’s approved Financial Regulations contain the following in relation to commercial activities:

- A22. Variations in the commercial services budget (including approval to additional resources), up to and including the maximum as indicated in the Schedule to these Regulations, may be made by the Board of Red One Ltd.
- A23. Variations in excess of this amount must be approved either by the Commercial Services Committee or the Authority in accordance with the limits as indicated in the Schedule to these Regulations.
- A24. In relation to the variations referred to at A22 and A23 above, these are subject to any additional resources involved being matched by corresponding additional income to be generated from commercial activity.

5.2 In relation to A22 and A23, the Schedule to the Financial Regulations provides the following:

COMMERCIAL ACTIVITY		
	Commercial Services Committee	Full Authority
Variations on commercial services budget (including approval of additional resources, subject to these being matched by corresponding income.	£50,000	£150,000

5.3 If the revised governance proposals set out in this paper are adopted then it is proposed that, upon dissolution of the Commercial Services Committee, references in Financial Regulations to the Commercial Services Committee (as set out above) be instead replaced by references to the Resources Committee.

***Authority Scheme of Delegations***

5.4 The Authority’s approved Scheme of Delegations currently provides, in relation to commercial services, for the Chief Fire Officer to enter into contracts for the provision of goods and services by Red One Ltd., subject to such contracts being within areas for which the Authority has previously approved a business case to trade commercially (such business case to duly reflect appropriate legislative requirements such as risks and opportunities presented etc.).

5.5 If the revised governance proposals set out in this paper are adopted then it is proposed that, once the revised Board of Red One Ltd. is fully constituted, then authority to enter into contracts for the provision of goods and services by Red One Ltd. should be exercised by the Board, again subject to such contracts being within areas for which the Authority has previously approved a business case to trade commercially. This will change will need to be reflected in the Authority’s approved Scheme of Delegations.

5.6 This change also means that the delegation to the Commercial Services Committee **“to authorise the entering into of contracts as may be referred by the Chief Fire Officer from time to time”** (Terms of Reference, Matters with Delegated Power to Act, point 6) will no longer be applicable – this delegation being linked to the above delegation to the Chief Fire Officer to enable him to refer for Committee approval any contract where it was felt such approval would be more appropriate.

#### **Commercial Services Committee**

5.7 As previously indicated, oversight and governance of commercial services activities is currently exercised by the Commercial Services Committee. The current Terms of Reference for this Committee are produced at Appendix B for information.

5.7 If the Authority adopts the revised governance arrangements proposed in this paper, it is intended that the Commercial Services Committee should be dissolved with effect from establishment of the new, extended Board of Directors of Red One Ltd. (i.e. 19 February 2016).

5.8 The new Board will, in essence, exercise overall day-to-day control of commercial activities, with the Authority Member non-executive directors providing an appropriate level of oversight and governance for this. The Board will discharge those issues indicated as “Advisory Only” in the Commercial Services Committee Terms of Reference.

5.9 Item 6 in the Matters with Delegated Power to Act for the Commercial Services Committee is addressed at paragraph 5.6 above. This leaves the issue of those other Matters with Delegated Power to Act as currently discharged by the Committee. As the majority of these – with the exception of financial and performance monitoring - are strategic in nature and unlikely to occur with any great frequency, it is proposed that – once the Committee is dissolved – these should be exercised by the full Authority.

5.10 In terms of financial and performance monitoring, it is proposed that this should be delegated to the Resources Committee and as such the following amendment to the Terms of Reference of the Resources Committee is proposed:

***To consider quarterly financial performance reports relating to Red One Ltd in terms of expenditure on operating costs, costs recovered and profit generated and make any recommendations as appropriate to the Authority (as share-holder).***

5.11 In relation to the revisions proposed in this section, the Authority may wish to note that, as the single share-holder in Red One Ltd, it holds a reserve power (as provided for by Article 4 of the Articles of Association of Red One Ltd.) to direct, by way of special resolution, the Board of Directors of Red One Ltd. to take, or refrain from taking, specified action.

#### **6.0 PROCEDURE IN THE EVENT OF RESIGNATION OF INDEPENDENT NON EXECUTIVE DIRECTOR AND CHAIRMAN.**

6.1 The Authority will be invited to confirm/reconfirm the appointment of its non-executive directors on annual basis. In the event, however, of resignation of the independent non-executive Director and Chairman, the Authority will need to appoint a successor.

6.2 In these circumstances, it is proposed that the process previously agreed by the Authority for securing an independent non-executive director (to serve as Board Chairman) should be effected, namely that a search exercise will be undertaken followed by review of candidates by a small group of Authority Members (to be determined nearer the time), with a recommendation then being made to the full Authority.

**7. CONCLUSION**

7.1 The revised governance arrangements for commercial activities now proposed in this paper aim to strike an appropriate balance between placing the overall operation of Red One Ltd. on a more business-like footing, providing the best opportunity to maximise all potential commercial opportunities, while at the same time ensuring an appropriate level of oversight and control by the Authority.

7.2 This report has been shared with Members on the Commercial Services Committee and the proposals as set out are now commended to the Authority for approval.

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

**EXTRACT FROM THE ARTICLES OF ASSOCIATION OF RED ONE LTD.**

**APPOINTMENT OF DIRECTORS**

**Methods of appointing directors**

**17.**—(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

- (a) by ordinary resolution,
- (b) by a decision of the directors; or
- (c) by a notice of his appointment given in accordance with article 19.

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

**Termination of director's appointment**

**18.** A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms; or
- (g) notice of his removal is given in accordance with article 19.

**Appointment and removal of a director by majority of ordinary shareholders**

**19.** Any member or members holding a majority in nominal amount of the issued ordinary share capital that confers the right to attend and vote at general meetings may at any time appoint any person who is willing to act, and is permitted by law to do so, to be a director (whether as an additional director or to fill a vacancy) and may remove from office any director (no matter how he was appointed) and any alternate director. Any such appointment or removal shall be effected by notice in writing to the company by the relevant member or members. Any such appointment or removal shall take effect immediately on deposit of the notice or one such later date (if any) specified in the notice. Any removal pursuant to this article shall be without prejudice to any claim that a director may have under any contract between him and the company.



## **Directors' remuneration and expenses**

**20.**—(1) Directors may undertake any services for the company that the shareholders approve in advance in writing.

(2) Directors are only entitled to such remuneration as approved by the shareholders in advance in writing—

(a) for their services to the company as directors, and

(b) for any other service which they undertake for the company.

(3) Subject to the articles, a director's remuneration may—

(a) take any form, and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.

(5) Unless the shareholders decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

(6) The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

(a) meetings of directors or committees of directors,

(b) general meetings, or

(c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

**COMMERCIAL SERVICES COMMITTEE – TERMS OF REFERENCE**

*Advisory ONLY*

1. To recommend to the Authority in the first instance appropriate levels of delegation for variations on the commercial services budget (including approval to additional resources, subject to these being matched by additional income) and thereafter any revisions to levels of delegation, as may arise during the course of operations during the financial year in question in order to maximise commercial opportunities.
2. To make recommendations to the Authority on the use of any year-end trading surplus generated by commercial activities.

*Matters with Delegated Power to Act*

3. To approve both the overarching Business Case for commercial trading and, in line with the financial planning calendar, the Annual Commercial Services Business Plan.
4. In relation to the Annual Commercial Services Business Plan, to consider and approve any business case required to facilitate commercial trading in accordance with the provisions of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (“the Order”) or any subsequent amending legislation.
5. To consider and approve any trading activities of Red One Ltd within overall parameters to be set out in the approved Annual Commercial Services Business Plan and specifically to authorise investments as required up to the limits as agreed by the Authority.
6. To authorise the entering into of contracts as may be referred by the Chief Fire Officer from time to time.
7. In each case subject to legal advice and guidance that it is appropriate to do so, to establish additional trading entities (as appropriate) (NOTE: in the event of legal advice indicating otherwise, such matters will be referred to the full Authority for determination).
8. To authorise any permanent staffing increases in the authorised establishment required to deliver the Commercial Services, subject to the costs being met from income generated and in compliance with the agreed delegated levels of additional resource.
9. To monitor the financial status and performance of Red One Ltd in terms of expenditure on operating costs, costs recovered and profit generated and to take corrective action and report to the Authority on these issues as necessary.

**LIST OF LEGISLATION RELEVANT TO LOCAL AUTHORITY COMMERCIAL ACTIVITIES**

The Local Government Act 1972

The Local Authorities (Companies) Order 1995

The Local Government Act 1999

The Local Government Act 2003

The Local Authorities (Members' Allowances) (England) Regulations 2003

The Fire & Rescue Services Act 2004 (as amended)

The Companies Act 2006

The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009

The Localism Act 2011

The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

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<b>REPORT REFERENCE NO.</b>	<b>DSFRA/15/29</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>14 DECEMBER 2015</b>
<b>SUBJECT OF REPORT</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY APPROVED SCHEME OF MEMBERS ALLOWANCES 2016-17</b>
<b>LEAD OFFICER</b>	<b>Director of Corporate Services</b>
<b>RECOMMENDATIONS</b>	<p><b>(a) <i>That the contents of this report be considered alongside the report and recommendations of the independent Advisor (as appended) and with a view to determining the Allowances Scheme to operate from 1 April 2016 for the 2016-17 financial year;</i></b></p> <p><b>(b) <i>that, following from (a) above and in accordance with the requirements of the relevant Regulations, the Clerk to the Authority be authorised:</i></b></p> <p><b>(i) <i>to arrange for publication as soon as possible of those rates agreed in relation to Basic and Special Responsibility Allowances;</i></b></p> <p><b>(ii) <i>to amend the Authority Approved Scheme of Members Allowances to reflect, where required, decisions taken at (a) above.</i></b></p>
<b>EXECUTIVE SUMMARY</b>	<p>Regulations require the Authority to determine, prior to the start each financial year, basic and special responsibility allowances, together with levels for reimbursement of travel and subsistence expenses to Members. The Regulations also provide that, where an automatic uprating methodology is used, this should only apply for a maximum period of four years pending a more substantive review.</p> <p>While this Authority is not required to have its own Independent Remunerations Panel, it is required to “have regard to” recommendations made by the Independent Remuneration Panels of constituent authorities in relation to the level of allowances payable by those authorities.</p> <p>The Authority’s Allowances Scheme was last subject to a substantive review, undertaken by an independent Advisor, in 2012. Consequently, when setting the Scheme to operate for the current (2015-16 financial year), the Authority authorised the Director of Corporate Services, to commission an independent review to inform setting the scheme for the forthcoming (2016-17) and subsequent financial years.</p> <p>A copy of the Independent Advisor’s report is now duly appended to this paper for consideration.</p>

<b>RESOURCE IMPLICATIONS</b>	As indicated in the appended report of the Independent Advisor.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	The contents of this report are considered compatible with existing equalities and human rights legislation.
<b>APPENDICES</b>	A. Report and recommendations of Independent Advisor.
<b>LIST OF BACKGROUND PAPERS</b>	The Local Authorities (Members Allowances) (England) Regulations 2003.

## **1. BACKGROUND - LEGISLATIVE FRAMEWORK AND REVIEW PROCESS**

- 1.1 Regulations require the Authority to determine, prior to the start each financial year, Basic (payable at the same rate to all Members) and Special Responsibility Allowances, together with levels for reimbursement of travel and subsistence expenses to Members. The Regulations also provide that, where an automatic uprating methodology is used, this should only apply for a maximum period of four years pending a more substantive review.
- 1.2 While this Authority is not required to have its own Independent Remunerations Panel, it is required to “have regard to” recommendations made by the Independent Remuneration Panels of constituent authorities in relation to the level of allowances payable by those authorities.
- 1.3 This Authority’s Approved Scheme of Members Allowances was last reviewed substantially by an Independent Advisor in 2012. At that time it was considered appropriate to use the services of an Independent Advisor given the sensitivity of this issue and in-keeping with a desire to reflect the impartiality, objectivity and transparency of the arrangements applying to other public authorities.
- 1.4 Applying this rationale again and in line with the decision of the Authority in February of this year, Ms. Bryony Houlden was appointed, following a quotation exercise, to review the allowances scheme in sufficient time to inform its setting for the 2016-17 and subsequent financial years. Ms. Houlden is currently Chief Executive of South West Councils. She chairs the Independent Remuneration Panel for Torbay Council, sits on the Panel for Devon County Council and has previously belonged to other Panels. Ms. Houlden also undertook the last substantive review for the Authority in 2012.
- 1.5 A copy of Ms. Houlden’s review, including proposals as to allowances to be paid, is appended to this report. Ms. Houlden has been invited to attend the meeting for this item to address any issues Members may wish to raise in relation to the review and subsequent report as appended to this paper.
- 1.6 Financial provision to meet any proposals on Members’ Allowances agreed by the Authority for the forthcoming financial year will be included in the draft revenue budget for 2016-17 to be presented to the Authority’s budget setting meeting scheduled for 19 February 2016.

**MIKE PEARSON**  
**Director of Corporate Services**

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**INDEPENDENT REVIEW**

**DEVON AND SOMERSET FIRE AND  
RESCUE AUTHORITY MEMBERS'  
ALLOWANCES SCHEME**

December 2015

## **EXECUTIVE SUMMARY**

Devon and Somerset Fire and Rescue Authority (“the Authority”) commissioned an Independent Review of their Allowances Scheme following the last review in 2012. In the period between the previous review in 2008 and the 2012 review Members had decided to freeze the level of Allowances reflecting the difficult economic climate and funding pressures. The 2012 review recommended an increase to redress the situation that had developed and place the Authority Allowances back into a closer alignment with the level of allowances across other fire and rescue authorities, the majority of the recommendations were accepted by Members and the allowances scheme was changed as a result.

The financial pressures on fire and rescue authorities have continued through the period since the last review and look set to continue further. Members will wish to take this into account in considering the recommendations in this report. It is not the role of the Independent Advisor to consider these budgetary pressures.

The recommendations are outlined below, some minor changes are recommended but it is suggested that none of these are significant recognising that the changes following the last review brought the Authority into better alignment with other fire and rescue authorities across the country.

### **Recommendations:**

- (i) The Basic Allowance be set at £2,600;**
- (ii) The multiplier for the Authority Chair’s Special Responsibility Allowance remain at 5x the Basic Allowance. The Authority Chairs allowance therefore be set at £13,000 (assuming the increase in Basic Allowance proposed);**
- (iii) The Authority Vice-Chair’s Special Responsibility Allowance be set at 2.5x the Basic Allowance at £6,500;**
- (iv) The Committee Chairs Special Responsibility Allowance be set at 1.5x the Basic Allowance at £3,900;**
- (v) For avoidance of doubt whilst it appears extremely unlikely the Commercial Services Committee will continue should it do so in some reduced capacity then no Special Responsibility Allowance should be paid except to the Chair as per iv above;**
- (vi) If, as appears extremely likely, the Authority’s key oversight and strategic role on Red One Ltd moves to be exercised by up to 3 non-executive directors placed on the Board from the Authority, these non-executive directors should receive a Special Responsibility Allowance set at 1.5x the Basic Allowance at £3,900. This should be subject to early review given the uncertainty around the demands of the role. At the moment the recommendation is based on a comparison with the Committee Chair and former level of responsibility exercised by the Commercial Services Committee but it is difficult to estimate at this stage so may well be not a fair reflection of the demands of the role;**
- (vii) The Authority should adopt the clear guiding principle that no Member should be allowed to receive more than one Special Responsibility Allowance;**

- (viii) However, whilst vii above should be the normal principle it is clearly vital to get the right people for the non-executive director roles on Red One Ltd and it may be that these hold other roles. Exceptionally I am therefore recommending that the roles on Red One Ltd be excluded from this restriction as that role requires Members to take on specific legal responsibilities. In that case any Member appointed to the role of non-executive director and already in receipt of a Special Responsibility Allowance for another post may claim 50% of the Special Responsibility Allowance attaching to the non-executive director role but no other additional Special Responsibility Allowances in whole or part. This policy should be re-considered in light of experience, reflecting on the fact that it is rare to find allowance schemes with such provision - given particularly the concern that Members taking on multiple roles will not have the capacity to fulfil them effectively;**
- (ix) In light of concerns about capacity to undertake the non-executive director role I recommend that the Board Independent Chair be invited to assess this as part of his review of candidates to recommend to the Authority to appoint;**
- (x) In relation to the non-executive director roles on Red One I am recommending that either Red One Ltd. or the Authority make arrangements to identify appropriate Director's liability insurance and meet any costs associated with this on behalf of the Members undertaking the non-executive director roles (my expectation is that the Authority would similarly meet insurance costs for officers on the Board);**
- (xi) Uprating of allowances be linked to any annual increase agreed by the National Joint Council for Local Government Services, but that this uprating only be applied from 1 April 2017 onwards;**
- (xii) Travel rates should be linked to the rates published by Her Majesty's Revenue and Customs (HMRC) and amended accordingly;**
- (xiii) Subsistence be linked to the employee scheme and uprated accordingly;**
- (xiv) The Authority should continue to provide development support to Members;**
- (xv) That Members should consider a more detailed review, in advance of the normal 4 yearly reassessment, of the relative levels of responsibility, accountability, time and effort in the key roles attracting Special Responsibility Allowances in particular:**

  - i. the relative levels of responsibility of the Chair and Vice Chair;**
  - ii. the roles and responsibilities of Chairs of Committee to consider the possibility of differential rates applying to different Committees;**
  - iii. The exact nature of the non-executive director role on Red One Ltd.**

## 1. Introduction

- 1.1. Devon and Somerset Fire and Rescue Authority (the Authority) is a body corporate and as such is required to have a scheme of allowances. These Allowances are set under *The Local Authorities (Members' Allowances) (England) Regulations 2003*. In setting the level of Allowances the Authority has to have regard to the recommendations made by any Independent Remuneration Panel in relation to any local authority that nominates Members to the Authority. Fire and rescue authorities are not required to set up their own Independent Remuneration Panel but may conclude that some external, independent advice is appropriate. This Authority decided to appoint an Advisor to undertake a review. The Advisor and author of this report, Bryony Houlden, is Chief Executive of South West Councils. The author is also currently Chair of the Torbay Independent Remuneration Panel, is a member of the Devon County Council Panel and has previously belonged to other Panels. Her organisation provides training to Independent Panels and regularly collects and produces comparator information on allowances across the South West for the use of Panels and authorities. She undertook the last review in 2011-12.
- 1.2. The Authority merged in April 2007 and the first review of allowances following the merger took place in 2008. Uprating of the scheme was linked to the Local Government Association's Annual Survey of Hours and Earnings although Members did not take an increase in allowances between that period and the 2012 review. The 2012 review recommended that Members consider a number of substantial changes to the allowances scheme whilst taking account of the financial climate, an issue for the members to judge not the Advisor. The 2012 review recommended that the allowance scheme be linked to the National Joint Council for Local Government Services, a recommendation which was accepted. The National Joint Council increases agreed nationally have been as set out below and as a result the Basic Allowance has risen from £2,500 to its current level of £2,581

<b>Year</b>	<b>Headline Award</b>
1 Apr 12	0%
1 Apr 13	1.00%
1 Jan 2015 (to cover period to 31 March 2016)	2.20%

- 1.3. The Authority has now requested a further review of the allowances scheme recognising that the Regulations specify that adjustments of allowances must not rely on an index for longer than four years before seeking future recommendations.
- 1.4. In developing the recommendations the Advisor was helped by input from Members. Some Members submitted questionnaires, one was interviewed and the Advisor met some of the members of the Commercial Services Committee as part of the process.
- 1.5. In preparing this report the Advisor was supported by officers who provided factual advice and information. The Advisor was very grateful for this excellent and helpful support which she found extremely useful and saved considerable time in undertaking the review.

## 2. Background

2.1. The Authority is the largest non-metropolitan fire and rescue service in the UK and is based in the South West:

- The annual budget has been reducing and is now £75m [drawn from Government Grant, income from fees and charges and Council Tax];
- 2300 staff;
- Operates 85 fire stations, of which 67 are retained, the largest number in England;
- Operates 178 fire appliances and special vehicles;
- Operates two training facilities (one shared facility at Avonmouth):
- Covers a population of 1.7m.

2.2. The Authority is currently led by 24 elected Members drawn from the four constituent local authorities – Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council. Members set the strategic direction, set and oversee the budget and ensure the delivery of the overall objectives. The full Authority usually meets seven times a year.

2.3. The Authority has established the following structure to support the full membership of the Authority:

- Resources Committee
- Community Safety and Corporate Planning Committee
- Audit and Performance Review Committee
- Human Resources Management and Development Committee
- Commercial Services Committee
- Determinations and Dispensations Committee (NOTE: this Committee was established to discharge Member conduct issues following the changes introduced by the Localism Act 2011. It is intended to meet only as and when required and to date there have been no issues requiring a meeting to be held)

There is also an advisory group with no delegated powers: The Capital Programme Working Party.

- 2.4. Since the last full review there has been continued change across the public sector and within fire and rescue authorities. Budgets have continued to be under severe pressure, and this looks set to continue with early indications of a 30% cut within the Department for Communities and Local Government (DCLG) the sponsor department. Fire and rescue authorities have been given new opportunities as well as challenges through the Localism Act general power linked to their functions which may enable a more innovative approach to delivery. The Authority has been proactive in endeavouring to meet the challenges of the changes to the economic situation by improving efficiency, reducing costs and generating income. The commitment to looking at new ways of generating income led to the setting up of a Commercial Services Committee in July 2011 particularly tasked to oversee the contract with Red One Ltd, the delivery arm of the Authority's commercial trading activities. At the time of drafting this review report, the author has been advised that governance arrangements for commercial activities are currently under review. This has already led to the appointment of an independent non-executive director (currently not remunerated) to serve as Chair of the Board of Red One Ltd. It is also understood that further governance revisions may see the abolition of the Commercial Services Committee with, instead, Authority Members appointed as non-executive directors on the Board of Red One Ltd. Should these changes take place, then the Authority may wish to consider whether it would wish a Special Responsibility Allowance to attract to the position of Authority-appointed non-executive director and the level of such an Special Responsibility Allowance is addressed later in this report.
- 2.5. Since the last review the Standards Committee has been abolished in line with the change in government policy.

### 3. Purpose

- 3.1. The purpose of this review is to provide recommendations (together with the rationale for those recommendations) covering the following issues:
- The level of the Basic Allowance for 2016/17;
  - The level and number of Special Responsibility Allowances (Special Responsibility Allowances) for 2016/17;
  - An appropriate mechanism for annual uprating of the Basic and Special Responsibility Allowances from 2017 onwards; and
  - The level of travel and subsistence reimbursement from April 2016 together with an appropriate mechanism for uprating.

### 4. Methodology

- 4.1. In producing the report the Advisor has considered:
- i. The Local Authorities (Members' Allowances) Regulations 2003 and the Guidance issued by the Department for Communities and Local Government;
  - ii. The current allowances scheme and the previous independent reports produced in 2008 and 2012;

- iii. Data on meeting attendance and travel time for the last twelve months together with evidence obtained directly from Members all of whom were invited to complete a contact time questionnaire and which 4 members completed. Members were also given the opportunity to speak to the independent Advisor (one Member took the opportunity to do) and the Advisor also attended a meeting with the Chair, Chief Fire Officer and members of the Commercial Services Committee about the future plans for Red One;
- iv. The Authority's Creating Safer Communities Plan 2015- 2020;
- v. Terms of Reference of Committee, Working Parties etc;
- vi. The allowances schemes for the constituent authorities: Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council;
- vii. Benchmark data on current fire and rescue Authority allowances schemes across England;
- viii. The Practical Guide on Allowances produced by SW Councils in 2010;
- ix. The Report to the DSFRA on Governance of commercial activities 29 July 2015;
- x. The Report by Bevan Brittan on Non-executive directors alongside a factsheet on non-executive directors from the Institute of Directors; and
- xi. The Local Authorities (companies) Order 1995.

## 5. Basic Allowance

5.1. The current Basic Allowance from 1 April 2015 is set at: £2,581.

5.2. As set out in the Guidance (referred to at 4.1 (i) above) the Basic Allowance is intended to:

“ recognise the time commitment of all councillors, including such inevitable call on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes”. The Basic Allowance paid “must be the same for each councillor” and it cannot be based on measures such as attendance at meetings.

5.3. In setting the level of allowances the Guidance suggests considering the rate at which, and the number of hours for which, councillors ought to be remunerated – with an important emphasis on some element of the work continuing to be voluntary – the “public sector ethos”. This “public sector ethos” has to be balanced against encouraging participation and ensuring that financial loss is not suffered. There is no set amount recommended for the “public sector “ element – in the previous Report setting the current allowances a 30% figure was used and it is proposed to continue using this assumption.

- 5.4. As part of the review Members were invited to record a contact time log in relation to the Basic Allowance (excluding meeting attendance and travel times, for which data covering the last twelve months was provided). 4 Members completed this log, with the returns showing a high variation in the amount of time spent on the “basic” duties. In light of this variation, officers applied a median of this “other” contact time to all Members and then used this , along with the information on meeting attendance and average travel time to produce a figure for the annual average amount of days involvement by Members in basic duties. The average number of days spent was recorded via this method as 14.36 days a year (based on a 7.5hour day).
- 5.5. In the previous review a number of options were considered in reaching a conclusion about the methodology for setting the Basic Allowance. These included using the current daily rate as advised by the Local Government Association, this has just been reviewed and set at £300. Applying this to the average number of days as set out above after deducting a public service element of 30%, would produce a figure for the Basic Allowance of £3,016
- 5.6. Another approach is to consider benchmark data. This can be done in two ways. First the benchmark information from constituent authorities. The Basic Allowance in the four constituent authorities range from £8,167 to £10,970 with an average £10,002 (Devon and Torbay are both currently under review). The Guidance does not specifically suggest that this is an appropriate benchmark group given the different nature of the activities and business but it is a useful background figure –and as all the Members of the Authority will be in receipt of one of these Allowances it sets further context.
- 5.7. The other benchmark data is from other combinon-executive director fire and rescue authorities. Data obtainon-executive director by officers for such authorities in 2015 shows a range of Basic Allowances from £1,158 - £4,457, with the average Basic Allowance being £2,568 and the median £2,666 (both figures are lower than the equivalent figures obtainon-executive director at the time of the 2012 review).
- 5.8. If different benchmark groups are taken from within the whole fire and rescue authority data set there are other permutations. First, a geographic benchmarking group from the “South West”: Dorset, Wiltshire and Avon and second a benchmark group of authorities with a similar sized budget and type of area: Hampshire, Kent and Essex have budgets of between £65m - £72m (website data).

<b>Combinon-executive director Fire Authorities</b> (Includes Devon & Somerset)	<b>SW Authorities</b> (Avon, Dorset, Wiltshire)	<b>“similar sized” FRSA</b> (Hants, Kent, Essex)
<b>£2,568</b>	<b>£2,553</b>	<b>£2,914</b>

- 5.9. This shows that the current Basic Allowance for the Authority is closely alignon-executive director with the totality of combinon-executive director fire and rescue authorities and the South West grouping. The average of the “similar size group” is 12% higher but there is a wide variation of levels of Basic Allowance: from £1,400 in Kent to £4,400 in Essex. Given this benchmarking data and the likely continued economic austerity I am recommending the Basic Allowance be increased to £2,600, or just under 1% and that this level be payable for the 2016-17 financial year. Following the increase at the last review which put the allowances back more closely in line with other authorities I consider that this figure represents a fair reflection of the role and responsibilities expected of Members



- 5.10. Whatever the level of the Basic Allowance, its payment clearly brings with it the expectation that Members will continue to put in the commitment, attending meetings and contributing to the debate and that they will be equipped to do so through support for their continuing development.

## 6. Special Responsibility Allowances

- 6.1. Special Responsibility Allowances are payable to those Members who have significant additional responsibilities. The Regulations stipulate the grounds upon which a Special Responsibility Allowance can be paid but do not prohibit the payment of more than one Special Responsibility Allowance to any one Member. It is often, though, the adopted practice to limit the number of Special Responsibility Allowances payable to any individual Member to one. Within the South West authorities the majority of schemes are limited to one Special Responsibility Allowance. One of the reasons may be the view that Members only have so many hours in a day so if they are taking on one demanding role in addition to that of the basic councillor responsibilities then there is limited scope to effectively undertake other roles.

- 6.2. In the case of this Authority, following the first report in 2008, there was an Authority agreed restriction that individual Members should only receive one Special Responsibility Allowance. This was amended when the Commercial Services Committee was established and Members of this Committee were all allowed to claim an allowance in addition to another Special Responsibility Allowance – to reflect increased contact time. In the 2012 review it was recommended that the Members of this Committee be allowed to claim two Special Responsibility Allowances but that other Members be only allowed one Special Responsibility Allowance. The recommendation in full was:

*Members should only be allowed to receive one Special Responsibility Allowance with the exception of Members of the Commercial Services Committee who should be allowed an Allowance for this Committee in addition to one other Special Responsibility Allowance;*

- 6.3. In considering the report Members rejected this recommendation and instead an amendment was agreed as follows :

*“that Members should receive only one Special Responsibility Allowance in addition to the basic allowance, with the exception of the Authority Chairman who may receive all Special Responsibility Allowances attracting to positions to which he/she may be appointed”*

- 6.4. Taking account of evidence presented including information from a number of other authorities **I am recommending a policy of allowing only one Special Responsibility Allowance per member (at the highest rate applicable), but I am once again proposing an exception in relation to the commercial activity of the Authority and the 3 Members likely to be appointed to the Board of Red One. But I believe this should be subject to early review once the position is clearer on roles and responsibilities**

- 6.5. Special Responsibility Allowances are often set by reference to the Basic Allowance with a multiplier assessed for each post which attracts a Special Responsibility Allowance. This is the approach that has previously been adopted with the multipliers noted below

6.6. The current scheme pays the following Special Responsibility Allowances:

Chair of the Authority (5x Basic)	£12,905
Vice Chair (2.5x Basic)	£ 6,452
Chair of Committee (1.5 x Basic)	£ 3,871
Members of the Commercial Services Committee (1.5 x Basic)	£ 3,871

6.7. In reaching conclusions on the way forward consideration has been given to benchmarking information. Using the information about the totality of combinon-executive director fire and rescue authorities and the same benchmark groups of similar fire and rescue authorities and the SW fire and rescue authorities provides the following data:

	<b>Combinon-executive director Fire Authorities</b> (Includes Devon & Somerset)	<b>SW Authorities</b> (Avon, Dorset, Wiltshire)	<b>“similar sized” FRSA</b> (Hants, Kent, Essex)
<b>Chair: Average</b>	<b>£11,137</b>	<b>£8,262</b>	<b>£16,076</b>
<b>Vice Chair: Average</b>	<b>£5,431</b>	<b>£4,138</b> [average of Dorset and Wiltshire only. Avon pays no allowance]	<b>£5,091</b>
<b>Committee Chair: Average</b>	<b>£2,788</b>	<b>£3,550</b> [Dorset figure only as others do not pay an allowance]	<b>£6,457</b> [average of Hants and Kent only. Essex pays no allowance]

6.8. The benchmarking data shows there is considerable variation across the authorities. Although not all authorities used a multiplier approach a multiplier can be calculated against these figures which reveal a considerable range. At the extreme Kent has a very low Basic Allowance (£1,400) and a Chair’s Special Responsibility Allowance which is more than 13 times the Basic at £18,360. The average multiplier for the Authority Chair’s Special Responsibility Allowance is 4.86x basic; for the Authority Vice Chair this is 2.31x and for Committee Chairs 1.14x. An alternative approach to multipliers is to set the Chair or Leader’s allowance and then assess other allowances in a “top down” approach. I have concluded that the multiplier remains the best approach.

6.9. The use of a multipliers for this Authority was continued following the last Independent Report which recommended only changes in the previous multiplier reducing the Vice Chair’s multiplier from 3x to 2.5x and the Chair of Committees from 2x to 1.5x. **I am, therefore, recommending the continued use of multipliers.**

#### **Authority Chair**

6.10. The Authority Chair’s Allowance was confirmed at a multiplier of 5x in the two previous Reviews, the evidence cited at the time included the fact that the Authority is the largest non-metropolitan fire and rescue authority.

- 6.11. Evidence suggests the role of the Authority Chair will continue to have a high level of commitment and responsibility given the current challenges – and opportunities – facing the Authority. The evidence appears to support the view about the level of responsibility and workload of the Authority Chair, it is interesting to note that at the meeting to discuss the last Review an amendment was put forward by a member (not the Authority Chair) that recommended he should be allowed to receive more than one Special Responsibility Allowance. This recommendation was supported by the Members and adopted. This perhaps suggests a general view amongst Members that the Authority Chair's allowance does not reflect the range and responsibilities associated with the role. I did not interview the Chair and have no specific evidence to recommend an increase so am recommending the retention of the current 5x multiplier. But I think there might be merit in more detailed discussion with the Chair and others about the responsibilities, accountabilities and time and effort required by the role and also how much the Vice Chair is asked to deputise
- 6.12. The benchmarking averages suggest that the Authority Chair's allowance is broadly in alignment with that of other combination-executive director fire and rescue authorities although the averages mask a big range. All of the comparator groups of similar sized authorities have higher allowances with the Kent and Medway authority at the highest level (£18,360). However, all three SW authorities in the group have a lower level of allowance.
- 6.13. In terms of the constituent authorities I have also taken account of the current allowances paid to the Leaders of those councils which range from £25,000- £54,446 (the latter is for the Mayor).
- 6.14. Taking these considerations into account **I recommend that the multiplier for the Authority Chair remain at 5x Basic Allowance. This gives an Authority Chair's allowance of £13,000 (assuming the Basic Allowance is increased as per the recommendation above).**

#### **Authority Vice Chair**

- 6.15. As noted above the Authority Vice Chair's allowance multiplier was reduced following evidence presented at the time of the last Independent Report, particularly around the abandonment of the Regional Control Project in which the Authority Vice Chair had played an active role. Although the multiplier was reduced, a consequential effect of increasing the the Basic Allowance was to increase in real terms the Authority Vice Chair's allowance from £6,000 to £6,250.
- 6.16. In looking at benchmarking evidence, this Authority's Vice Chair allowance remains relatively high, higher than the average of all the benchmark groups and within those benchmark groups only Kent pays a higher allowance (£7,344) A future review might want to undertake a more detailed look at the relative workloads of the Authority Chair and Authority Vice Chair – neither of the current post-holders met the independent Advisor during the review so there may be additional evidence that they, or other Members, would wish to be considered in a future review.
- 6.17. Given this lack of additional data and taking account of the benchmarking data, I am minded that at this point in time to **recommend that the multiplier for the Authority Vice Chair remains unaltered at 2.5x Basic Allowance. This gives an Special Responsibility Allowance for the Authority Vice-Chair of £6,500 per annum (assuming the increase in Basic Allowance is accepted). But I believe an early review of relative responsibilities of the Chair and Vice Chair would be appropriate.**

## Committee Chairs

- 6.18. There are currently five Committees with allowances payable to the Chair of the Committee:
- Commercial Services Committee
  - Resources Committee
  - Human Resources Management and Development Committee
  - Community Safety and Corporate Planning Committee
  - Audit and Performance Review Committee
- 6.19. The evidence suggests that the number and length of meetings is variable but currently each Chair receives the same allowance. At least one authority in the benchmarking group, Hampshire, pays a variable Committee Chair's allowance (ranging from £3,535 - £7,305), it might be that this is an approach that should be adopted by this Authority in due course and a future review might want to consider taking evidence from Members in more detail on this aspect.
- 6.20. Discussions about the role of Committee Chairs and their workload and level of responsibility suggested that the Authority continues to see these as delivering important ongoing roles. In recent months a new informal monthly meeting has been set up with the Chief Fire Officer, the Authority Chair and Vice Chair and Committee Chairs. The understanding of the independent Advisor is that this informal meeting helps shape strategic issues at an early stage. It clearly places additional demands on Chairs and helps justify the ongoing payment of Special Responsibility Allowances.
- 6.21. **I recommend that the Committee Chair Special Responsibility Allowance should continue to be set at a multiplier of 1.5x Basic Allowance i.e. £3,900 (assuming the Basic Allowance is increased in line with the recommendation at paragraph 5.8 above). But I recommend an early review of differentials which might apply to different committee Chairs would be appropriate. [For avoidance of doubt this would not apply to the Chair of the Capital Programme Working Party, given that this Working Party exercises no delegated powers and is not subject to the same, formal, Access to Information regime as Committees].**

## Commercial Services Committee

- 6.22. The Commercial Services Committee was established in 2011 to oversee the commercial activity undertaken by the Authority through Red One Ltd and any other body established for such purposes. The Authority, as sole shareholder, exercises control over Red One through a contract established with the company. The report proposing the setting up of the Commercial Services Committee foresaw a requirement for the Committee to meet very regularly, at short notice, and required a considerable commitment from Members. Exceptionally the report recommended that the rules on Members only receiving one Special Responsibility Allowance should be lifted in relation to this Committee recognising its special nature. The report also proposed that the costs should be met from income generated by the company. The multiplier agreed was 1.5x Basic Allowance. This approach was endorsed in the 2012 Review Report but as noted in 6.3 above the Members rejected the recommendation to lift the "only one Special Responsibility Allowance" rule in relation to members of this committee with the exception of the Chairman.

- 6.23. The governance of Red One is under review and it looks likely that this Committee will cease to operate in its current form.
- 6.24. The Commercial Services Committee membership can (and still does) include Members in receipt of other Special Responsibility Allowances. I recommend that the rule of “only one Special Responsibility Allowance” per member be equally applied to this Committee if it continues to operate. If it does continue to operate in a scaled down form **I recommend no allowance be payable to members of the committee. The Chair of the Committee be allowed to claim a Chair’s allowance, subject to the “only one Special Responsibility Allowance” rule applying.**
- 6.25. I am informed, however, that the probability is this Committee will be dissolved and Authority oversight instead exercised by three Members appointed by the Authority as non-executive directors on the Board of Red One Ltd. I have had the opportunity to discuss with the current Members of the Commercial Services Committee their experiences in serving on that Committee with a view to informing what an appropriate level of Special Responsibility Allowance might be for an Authority-appointed non-executive director.

#### **Non-executive director roles on Red One Ltd**

- 6.26. It appears likely that the governance of Red One will be focussed through the Board, and an Independent Chair has recently been appointed alongside the executives. non-executive directors have a key role to play in setting the strategic direction of the organisation, managing performance, people and risks. It is therefore an important role and key to the success of Red One Ltd. They also take on more personal liability for risk.
- 6.27. Guidance recognises that non-executive directors may be remunerated although it is often the case that these positions are not remunerated. It is worth noting the new Independent Chair has, as I understand it, declined remuneration. Comparators might be Housing Associations where Councillors sit on the Board and again these roles are often unremunerated. Another comparator would be the Local Enterprise Partnership Boards which are responsible for providing economic leadership in their area. The Heart of the South West Local Enterprise Partnership covers Devon and Somerset. Local authority Members serve on these Boards. The Heart of the South West Local Enterprise Partnership does not pay any remuneration to the Members and neither do they receive a Special Responsibility Allowance from their home authorities relating to this activity.
- 6.28. In relation to Members, including Members of fire and rescue authorities, the Local Authorities (Companies) Order 1995 is relevant and restricts the remuneration of Members appointed as non-executive directors on local authority controlled companies to the “greatest amount which would for the time being be payable...in respect of a comparable duty performed on behalf of the Authority, less any amount payable by that authority in respect of the relevant duty” (paragraph 5).
- 6.29. As the new structure is yet to be put in place it is difficult to assess the relative workload and responsibilities of the Authority appointed non-executive directors of Red One except in broad terms. I recognise that there is a potential Director’s liability issue and I therefore recommend that either Red One Ltd or the Authority be asked to put in place appropriate if existing insurance doesn’t cover this liability. This insurance should apply equally to all directors on the Board.

- 6.30. The future success of Red One Ltd is seen by the Authority as vital to the future sustainability of the Devon & Somerset Fire & Rescue Service and it is therefore vital to have the right non-executive directors with the right skills. I understand the Independent Chair will have a key role in the assessment of the suitability of individuals for this role and I would want to encourage Members to apply for the important role. I have therefore concluded that a Special Responsibility Allowance in this case would be warranted, but should in my view be subject to early review to establish the exact demands of the role.
- 6.31. As noted above, at this early stage it is difficult to make an assessment of the level of responsibility, accountability, time and effort that these Authority-appointed non-executive directors roles will take. At the moment I have concluded that the comparators have to be the current Commercial Services Committee and the Committee Chairs. I therefore recommend a Special Responsibility Allowance with a multiplier of 1.5x Basic setting the allowance at £3,900 [on the basis that Basic Allowance is increase as set out in the recommendation above].
- 6.32. I have been at pains to stress my belief that the rule of only one Special Responsibility Allowance per member should apply. I believe that this is important and recognises that if a Member is undertaking one role attracting a Special Responsibility Allowance that this may take considerable time and effort over and above their basic duties on the Authority. Undertaking, therefore, another role may put too many demands on one member and not enable them to perform all the functions effectively. It is also clearly important to attract Members with the right expertise to these non-executive director roles and I would not therefore want to rule someone out by restricting them claiming only one Special Responsibility Allowance. Rather, I consider that –exceptionally, - at least part of a second Special Responsibility Allowance should be payable for the role if they have concluded themselves that they are able to undertake all their other public service duties effectively. I am therefore recommending, exceptionally, that Members in receipt of another Special Responsibility Allowance be eligible to claim 50% of the Special Responsibility Allowance for the non-executive director role .
- 6.33. I understand that the Independent Chair will be considering candidates and making a recommendation to the Authority, I recommend that the Chair be asked to confirm with any candidate that they are able to give the commitment he would expect of them in addition to the demands of their other roles.
- 6.34. I recommend that the position be reviewed within the next 18 months once any new arrangements have been established and working for a period. The review should consider the views of the new Chair of Red One on the requirements of the role from his perspective.

## 7. Uprating mechanism

- 7.1. The last Review recommendation was accepted that the Authority linked the Allowances with the level of any annual increase agreed by the National Joint Council for Local Government Services (Green Book). **I am recommending this approach be continued to take effect in the second year of the period under review i.e. from April 2017**

## 8. Travel and Subsistence

- 8.1. Having reviewed the current travel and subsistence scheme and considered the schemes in the constituent authorities and the arrangements for staff **I am recommending:**

**(i) Reimbursement of approved mileage be linked to the rates published by HMRC.** For 2016/17, namely:

- 45p per mile for the first 10,000 miles pa.
- 25p per mile for mileage over 10,001 miles pa.
- Passenger rate is 5p per passenger per mile (max 4 passengers).
- Bicycle allowance: 20p per mile.

Any increases or decreases to these rates by HMRC should automatically be reflected in the payment to Members in the future.

**(ii) Subsistence allowances should be the same as for employees, with any changes in rates reflecting changes to the employee scheme. Currently set at:**

- Breakfast - £6.90
- Lunch - £9.54
- Tea - £3.76
- Dinner - £11.82

Overnight accommodation would be subject to agreement through the Democratic Services section as under the current arrangements.

## 9. Other Issues

- 9.1. Members are having to work in a constantly changing environment, this will particularly be the case for those Members appointed to the Board of Red One Ltd if that proposal goes ahead. I would therefore like due consideration to be given to appropriate support and development to be given to all Members in carrying out their work

**Bryony Houlden  
December 2015**

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<b>REPORT REFERENCE NO.</b>	<b>DSFRA/15/30</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>14 DECEMBER 2015</b>
<b>SUBJECT OF REPORT</b>	<b>PRECEPT CONSULTATION FOR 2016-17 BUDGET</b>
<b>LEAD OFFICER</b>	<b>Treasurer to the Authority</b>
<b>RECOMMENDATIONS</b>	<i>That the options as set out in this report be considered with a view to adopting a similar approach to last year (i.e. Option C - consulting more widely with the public on the proposed level of 2016-17 council tax precept via street level face to face surveys, in addition to discharging the statutory requirement to consult the business community on the proposed level of Authority expenditure in 2016-17 via telephone survey).</i>
<b>EXECUTIVE SUMMARY</b>	A decision is required on how the Authority wishes to consult on the 2016-17 Council Tax precept and proposed level of Authority expenditure. This paper sets out options on different approaches to consultation, summarises the requirement to consult and outlines the historical background of the Authority's approach to the precept consultation.
<b>RESOURCE IMPLICATIONS</b>	Costs associated with consultation will be contained from within existing budgets.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	The contents of this report are considered compatible with equalities and human rights legislation.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	Nil.

## 1. **INTRODUCTION**

- 1.1 The Authority has a requirement to consult on its level of precept in setting its budget for the forthcoming financial year. The purpose of this paper is to outline the rationale regarding the desired approach to consultation so that the Authority can meet its legal obligation and commence planning.

## 2. **PRECEPT CONSULTATION**

### ***Requirement to consult***

- 2.1 Section 65 of the Local Government Finance Act (1992) requires precepting authorities to consult non-domestic ratepayers on its proposals for expenditure.
- 2.2 Whilst there is no statutory duty to consult Council Tax payers (the public) on the level of Council Tax, it is considered good practice to engage with those who contribute towards the funding of the Devon & Somerset Fire & Rescue Service ("the Service").
- 2.3 Consultation regarding the 2016/17 Council Tax precept will assist the Authority in determining the levels to be applied based upon public and business opinion, thereby informing the 2016/17 revenue budget setting process.

### ***Consulting businesses***

- 2.4 The Authority complies with its legal obligation, to consult with business groups, annually.
- 2.5 A telephone survey has been the Authority's preferred method to consult with businesses. This method of consultation has been used satisfactorily since 2007 to provide results from a guaranteed sample of 400 participants taken across each constituent authority area.
- 2.6 The telephone surveys have been outsourced to a research contractor. This method has been the most practical due to the time constraints between understanding the impact of the Government Grant announcement and completing the fieldwork, analysis and reporting during January in time for papers to be agreed and distributed for the February Resources Committee.
- 2.7 Outsourcing has also been practical because it enables resources to focus on other work associated with the annual corporate planning cycle and the development of the Corporate Plan, Department Plans and Local Community Plans.

### ***Consulting the public***

- 2.8 In 2012 the Authority recommended that its precept consultation be extended to include members of the public and a sample was achieved from each of the constituent authorities.
- 2.9 The Authority has previously undertaken two different approaches to consulting the public:
- In 2012 and 2013 the Authority used a telephone survey
  - In 2014 and 2015 the Authority used face to face street surveys

2.10 The contract the Authority has to provide the business consultation enables the survey to be extended to include members of the public. Budgetary provision also exists to undertake a telephone survey of the public. This survey would follow the same format as the business telephone survey and provide a results sample based on 400 members of the public across all constituent authorities.

2.11 The face-to-face street survey provided results from consultation events held in each constituent authority (Devon County Council; Plymouth City Council; Somerset County Council; and Torbay Council). The face-to-face surveys were conducted by community safety advocates and members of support departments and in addition to consulting on the precept were also used as an opportunity to promote community safety messages.

### **3. COLLABORATIVE CONSULTATION OPPORTUNITIES**

3.1 The Authority has previously explored the potential to share consultation arrangements. While combining consultation requirements could offer benefits in terms of economies of scale and the potential to reduce costs, there are also disadvantages including:

- practicalities involved in securing sufficient consistency in approach in such a way as to avoid confusion and enable meaningful and reliable 'fire only' feedback to be secured, given that some authorities may be seeking no increase in council tax whereas others (e.g. Devon & Cornwall Police) may be considering a referendum to breach Council Tax capping guidelines;
- the potential for the public perception of and support for the fire and rescue service as being the type of service for which an increase in spending might be supported, being lost in a combined consultation where, as constituent authorities are multi-service with correspondingly larger budgets, the actual financial impact of even a small percentage increase in Council Tax could be significant.

3.2 These disadvantages raise real and significant risks to the quality and reliability of consultations results. Consequently, on balance, it is felt that stand-alone consultation represents the best option for securing appropriate, meaningful and reliable data.

### **4. OPTIONS FOR CONSULTATION ON THE 2016-17 BUDGET AND PRECEPT**

4.1 To assist with planning preparations it would be beneficial to establish an early position on the desired approach. It is suggested that one of the three following options are agreed.

***Option A: Business (telephone survey) consultation only (cost: £5,500)***

***Summary:***

- to consult with businesses;
- to utilise the existing contract to conduct a telephone survey for businesses;
- to ask a small group of key questions plus demographic information;
- to collect answers to both "closed" and "open" questions;

- to provide a representative sample of 400 business by constituent authority area (Devon County Council; Plymouth City Council; Somerset County Council; and Torbay Council).

***Option B: Business and public consultation (telephone survey) (cost: £11,000)***

***Summary:***

- to consult with businesses;
- to consult with members of the public;
- to utilise the existing contract to conduct a telephone survey for both businesses and public;
- to ask a small group of key questions plus demographic information;
- to collect answers to both “closed” and “open” questions;
- to provide a representative sample of 400 business and 400 members of the public by constituent authority area (Devon County Council; Plymouth City Council; Somerset County Council; and Torbay Council).

***Option C: Business (telephone survey) and public (street survey) consultation (cost: as per business only telephone survey [£5,500]. Costs associated with face-to-face street surveys, to be undertaken by Service employees, are opportunity costs)***

***Summary:***

- to conduct a telephone survey with businesses as described in Option a;
- to consult members of the public by conducting face-to-face street surveys within each of the four constituent authorities at Exeter, Plymouth, Taunton and Torquay.

**5. REPORTING OF RESULTS**

- 5.1 The results of the survey will be reported back to the Resources Committee and Authority budget setting meetings in February 2016 to inform the considerations in relation to budget setting for 2016-17 and any associated precept level.

**KEVIN WOODWARD**  
Treasurer