



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**M. Pearson
CLERK TO THE AUTHORITY**

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**

Your ref :
Our ref : DSFRA/MP/SY
Website : www.dsfire.gov.uk

Date : Date Not Specified
Please ask for : Steve Yates
Email : syates@dsfire.gov.uk

Telephone : 01392 872200
Fax : 01392 872300
Direct Telephone : 01392 872329

DEVON & SOMERSET FIRE & RESCUE AUTHORITY

Friday, 30th September, 2016

A meeting of the Devon & Somerset Fire & Rescue Authority is to be held on the above date, **commencing at 2.00 pm in the Conference Rooms, Service Headquarters, Exeter** 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 (Pages 1 - 6)

of the last meeting attached.

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 SESSION

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) **by midday on Tuesday 27 September 2016.**

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 (Pages 7 - 10)

The Chair of the Committee, Councillor Dyke, to **MOVE** the Minutes of the meeting held on 1 September 2016, attached.

RECOMMENDATIONS

- (a). that the recommendation at Minute RC/25 (Four-year Funding Allocation and Efficiency Plan) be considered in conjunction with item 8 below; and
- (b). that, subject to (a) above, the Minutes be adopted in accordance with Standing Orders.

b Audit & Performance Review Committee (Pages 11 - 14)

The Chair of the Committee, Councillor Radford, to **MOVE** the Minutes of the meeting held on 12 September 2016, attached

RECOMMENDATIONS

- (a). that the recommendation at Minute APRC/15 (Devon & Somerset Fire & Rescue Service Performance Report) be considered;
- (b). that, subject to (a) above, the Minutes be adopted in accordance with Standing Orders.

c Human Resources Management & Development Committee (Pages 15 - 18)

The Chair of the Committee, Councillor Bown, to **MOVE** the Minutes of the meeting held on 16 September 2016, attached.

RECOMMENDATIONS

- (a). that the recommendations at Minutes HRMDC/13 (Redundancy Compensation Rates) and HRMDC/16 (Blended Learning and Links in Supporting Staff Training) be approved; and
- (b). that, subject to (a) above, the Minutes be adopted in accordance with Standing Orders.

8 Four-year Funding Allocation and Efficiency Plan (Pages 19 - 38)

Report of the Treasurer (DSFRA/16/18) attached.

9 Appointment to Vacancy on Audit & Performance Review Committee (Pages 39 - 40)

Report of the Clerk to the Authority (DSFRA/16/19) attached.

10 Chairman's Announcements

11 Chief Fire Officer's Announcements

12 Exclusion of the Press and Public

RECOMMENDATION that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public (with the exception of individuals as may be specified by the Authority) 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 the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 3 (information relating to the financial and business affairs of a particular person).

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

13 Networked Fire Control Services Partnership

- (a). Report of the Chief Fire Officer (DSFRA/16/20) **TO FOLLOW**;
- (b). Discussion with Managing Director, Capita Digital and Software Solutions.

14 Commercial Activities Governance Review (Pages 41 - 66)

Report of the Director of Corporate Services (DSFRA/16/21) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Healey (Chair), Ball, Bown, Burrige-Clayton, Coles, Chugg, Colthorpe, Dyke, Eastman, Edmunds, Ellery, Greenslade (Vice-Chair), Hendy, Hill, Julian, Knight, Leaves, Radford, Johnson, Redman, Riley, Thomas, Way, Wheeler, Woodman and Yeomans.

NOTES

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| 1. | <p><u>Access to Information</u>
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> |
| 2. | <p><u>Reporting of Meetings</u>
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> |
| 3. | <p><u>Disclosable Pecuniary Interests (Authority Members only)</u>
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">(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;(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(c) not seek to influence improperly any decision on the matter in which you have such an interest. <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> |
| 4. | <p><u>Part 2 Reports</u>
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> |
| 5. | <p><u>Substitute Members (Committee Meetings only)</u>
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

27 JULY 2016

Present:-

Councillors Healey (Chair), Ball, Burridge-Clayton, Chugg, Coles, Dyke, Eastman, Edmunds, Ellery, Greenslade (Vice-Chair), Hill, Julian, Knight, Johnson, Redman, Riley, Thomas, Way, Wheeler, Woodman and Yeomans

Apologies:-

Councillors Bown, Colthorpe, Hendy, Leaves and Radford

DSFRA/16 Minutes

RESOLVED that, subject to Minute DSFRA/3 (Election of Vice-Chair) being amended to read "Councillor Healey proposed (with Councillor Thomas seconding) that Councillor **Greenslade** be appointed **Vice-Chair**", the Minutes of the Annual and Ordinary meetings of the Authority held on 26 May 2016 be signed as a correct record.

DSFRA/17 Minutes of Committees

a Human Resources Management & Development Committee

In the absence of the Committee Chair (Councillor Bown), Councillor Chugg **MOVED** the Minutes of the meeting of the Committee held on 24 June 2016 which had considered, amongst other things:

- an update report on organisational absence management;
- retirement and re-employment requests made in accordance with the Authority's approved Pay Policy Statement;
- appointments to the Firefighters' Pensions Scheme Internal Disputes Resolution Panel for the 2016-17 municipal year;
- an update on proposals for organisational development; and
- an update report on trades union facilities.

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

b Audit & Performance Review Committee

In the absence of the Committee Chair (Councillor Radford), the Committee Vice-Chair (Councillor Edmunds) **MOVED** the Minutes of the meeting of the Committee held on 28 June 2016 which had considered, amongst other things:

- an update from the Authority's external auditors (Grant Thornton) on progress against its external audit work during the current (2016-17) financial year;
- the Authority's draft Statement of Accounts for the 2015-16 financial year;
- a draft of the Authority's Statement of Assurance for the 2015-16 financial year;

- a progress report on development and implementation of a refined strategic self-assessment process to provide a wider, more systemic approach to internal audit; and
- a report on Service performance during 2015-16 against those measures contained in the approved strategic plan (“Our Plan”) for that period.

RESOLVED that, subject to Minute APRC/3 (Election of Vice-Chair) being amended to read “....that Councillor Edmunds be elected **Vice-Chair**....”, the Minutes of the meeting be adopted in accordance with Standing Orders.

c **Community Safety & Corporate Planning Committee**

The Committee Chair, Councillor Eastman, **MOVED** the Minutes of the meeting of the Committee held on 4 July 2016 which had considered, amongst other things:

- progress made to date in reviewing the Service Community Safety Strategy;
- an update with the pilot to refine the process for undertaking Home Fire Safety Visits;
- an update on work undertaken with Syrian refugees in Somerset;
- the evaluation of the Police and Fire Community Support Officer (PFCS) initiative trialled in the North Devon area; and
- an update on the data-led approach to community safety being applied by the Service.

RESOLVED that, subject to the list of those present being amended to read “....Dyke (**vice Redman**)”, the Minutes of the meeting be adopted in accordance with Standing Orders.

DSFRA/18 Proposed Changes in Authority Dates

The Authority considered a report of the Clerk (DSFRA/16/16) on proposed changes to full Authority dates for the 2016-17 municipal year. The changes were proposed to facilitate consideration of the government four-year grant settlement offer and to afford preliminary consideration to Committee etc. appointments prior to determination at the Annual Meeting in 2017.

RESOLVED

- (a) that the dates proposed for Members Forum and full Authority meetings in September and October 2016 be amended to provide for:
 - i. a meeting of the full Authority **at 14.00hours on Friday 30 September 2016**; and
 - ii. a meeting of the Members’ Forum at **10.00hours on Wednesday 19 October 2016**;
- (b) that the Authority hold its Annual and Ordinary Meetings on **Friday 9 June 2017, commencing at 10.00hours**, with the original scheduled date for the meetings of Wednesday 31 May 2017 being retained for a Members’ Forum for preliminary consideration of appointments to Committee places and for new Member Induction as required.

DSFRA/19 Chairman's Announcements

The Chair circulated, for information, a list of activities undertaken on behalf of the Authority since its last meeting.

DSFRA/20 Chief Fire Officer's Announcements

The Chief Fire Officer reported on the following:

- appointment of Amber Rudd MP as the new Home Secretary, and Brandon Lewis as the new Minister of State for Policing and the Fire Service;
- a possible visit to the Service by Shadow Fire Minister Lyn Brown in the autumn;
- the development of a Memorandum of Understanding with the Royal National Lifeboat Institution and the British Red Cross to support the emergency services and thereby enhance community safety resilience;
- consideration, including discussions with representative bodies, on developing a Service counter-terrorism capability to promote staff and community safety;
- attendance at a number of station visits;
- the visit to the Service by Sir Ken Knight to assess progress made against those recommendations contained in his "Facing the Future" report and to provide external challenge to this;
- meetings with the Chief Constables of Devon & Cornwall and Avon & Somerset to discuss collaborative opportunities;
- attendance at the High Sheriff's Garden Party;
- attendance at a Junior Lifeskills event in Plymouth;
- operation of the new mobilisation system under the Networked Fire Control Services Partnership including some issues as to the effective operation of the system. Members were concerned at the ongoing issues and asked to receive a briefing note on the position to date and asked that the matter be considered further at the next Members' Forum (scheduled for 2 September), with representatives of both Capita and Virgin invited to attend the next full Authority meeting (scheduled for 30 September) to discuss the issues and their plans to address them;
- a live exercise to be held in Plymouth on Friday 29 July 2016 to trial new firefighting equipment and techniques; and
- a forthcoming joint exercise with the police on 31 August 2016.

DSFRA/21 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:

- for Minute DSFRA/22, in Paragraphs 1 and 2 respectively of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to an individual and information likely to reveal the identity of an individual; and
- for Minute DSFRA/23, information relating to the financial and business affairs of both the Authority and Red One Ltd.

DSFRA/22 Staffing Issues

(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/16/17) on the proposed retirement of a senior officer and suggested process for appointment of a successor. In considering retirement of the officer concerned, the Authority was advised that the proposed course of action did not entail any enhanced severance payments over and above those to which the officer was contractually entitled.

In debating the process for appointment of a successor, Councillor Randall Johnson **MOVED** (with Councillor Ball seconding):

“that an Appointments Panel comprising **six** Members be established”

Councillor Knight proposed, with Councillor Coles seconding, that the above motion be **AMENDED** by deletion of the word “six” and its replacement thereby with the word “five”, i.e. the amended motion to read:

“that an Appointments Panel comprising **five** Members be established”

The amendment was put to the vote and declared **LOST** by 7 votes against to 4 for.

Members also commented that the current situation afforded an opportunity to review the top two management layers of the organisation and that this was something the Chief Fire Officer might be asked to do, reporting back to the Authority in due course on the outcome of such a review.

At the conclusion of the debate, the substantive motion was put to the vote upon which it was

RESOLVED

- (a) that the proposed arrangements for the retirement of the senior officer identified in report DSFRA/16/17, as detailed in Section 1 of the report, be approved;
- (b) that an Appointments Panel comprising the Authority Chair (Councillor Healey MBE) and Vice-Chair (Councillor Greenslade), the Chair of the Human Resources Management & Development Committee (Councillor Bown), the Chair of the Resources Committee (Councillor Dyke) and Councillors Julian and Randall Johnson be established with delegated authority to determine the process for and approve appointment of a successor to the post vacated by the retirement of the senior officer as identified in the report;
- (c) that the Chief Fire Officer be asked to undertake at the earliest opportunity a review of the top two organisation management tiers (currently the Executive Board and the Service Leadership Team) and report back to the full Authority with the outcome of this review.

DSFRA/23 Reports from Authority Appointed Non-Executive Directors to the Board of 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 received reports from the three Members (Councillors Healey MBE, Thomas and Woodman) it had appointed as non-executive directors to the Board of Red One Ltd. on their recent activities undertaken in that capacity.

In his report, Councillor Healey MBE highlighted that it might be appropriate to review, from a shareholder perspective, the current working arrangements of the Board of Directors. In this context, Councillor Greenslade **MOVED** (with Councillor Ellery seconding):

“that a review be undertaken of the current working arrangements for the Board of Directors of Red One Ltd”.

This motion was put to the vote whereupon it was

RESOLVED

- (a) that a review be undertaken of the current working arrangements for the Board of Directors of Red One Ltd;
- (b) that, subject to (a) above, the reports be noted and the Authority-appointed non-executive directors thanked for their feedback.

(**NOTE:** In accordance with Standing Order 24(3), Councillors Healey, Thomas and Woodman requested that their abstentions from voting on (a) above be recorded).

The Meeting started at 10.00 am and finished at 12.48 pm

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RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

1 September 2016

Present:-

Councillors Dyke (Chair), Chugg, Greenslade, Hendy, Thomas, Yeomans (Vice-Chair) and Healey

* **RC/21** **Election of Chair**

An item taken in accordance with Section 100B(4) of the Local Government Act 1972.

Due to this item not being included on the agenda for this meeting for the Election of Chair, it was agreed that this matter should be taken as a matter of urgency.

RESOLVED that Councillor Dyke be elected Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in June 2017.

* **RC/22** **Minutes of the previous meeting held on 17 May 2016**

RESOLVED that the Minutes of the meeting held on 17 May 2016 be signed as a correct record.

* **RC/23** **Election of Vice Chair**

An item taken in accordance with Section 100B(4) of the Local Government Act 1972.

Due to this item not being included on the agenda for this meeting for the Election of Vice Chair, it was agreed that this should be taken as a matter of urgency.

RESOLVED that Councillor Yeomans be elected Vice Chair of the Committee until the first meeting after the Annual General Meeting of the Authority in June 2017.

* **RC/24** **Treasury Management Performance Report 2016-17: Quarter 1**

The Committee received for information a report of the Treasurer (RC/16/11) that set out details of the treasury management performance for the first quarter of 2016 (to June 2016) as compared with the agreed financial targets for 2016/17. The report provided a forecast of spending against the 2016/17 revenue budget with explanations of any major variations.

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

- That this was the first report to be submitted to the Committee for consideration post the Brexit vote;

- The growth outlook had weakened post Brexit and a revised interest rate forecast had been set out as a result as contained within paragraph 2.8 of the report circulated. The forecast for growth in 2017/18 had been cut from 2.3% to 0.8% as a result;
- treasury management performance during the first quarter of the current financial year demonstrated a prudent approach to investment decisions, with priority being given to liquidity and security over yield;
- Although investment returns were still small as a result of the continuing low interest rates, the Authority had invested £28.5million of its funds in quarter 1 of 2016/17 and had outperformed the LIBID 3 benchmark by 0.06bp giving a return of £22.2k. It was forecast that the Authority's budgeted investment target for 2016/17 of £0.154million would be achieved.
- External borrowing as at 30 June 2016 was £25.817m which remained the same as in the last quarter of 2015/16;
- No Prudential Indicators had been breached.

The Committee noted that it would be important to monitor carefully the next two quarterly treasury management reports to gauge the full impact of Brexit on the Authority's investment position.

RC/25 Four Year Funding Allocations and Efficiency Plan

The Committee considered a report of the Treasurer (RC/16/10) that set out details of the 2016-17 Local Government Finance Settlement, including the offer of a four year funding settlement to cover the years 2016-17 to 2019-20.

The Treasurer advised that the firm four year funding allocation was being offered to fire and rescue authorities in return for the submission of robust and transparent efficiency plans. This would provide funding certainty and stability and enable the Service to be more proactive in its planning of service delivery and support for strategic collaboration with local partners. He added that he was not aware of any fire and rescue authority that would be turning down this offer. An Efficiency Plan had been drawn up and was attached to the report circulated and it was recommended for approval by the Fire and Rescue Authority. This set out the proposals to bridge the current funding gap of £7.3million. The Plan had to be published on the Authority's website and a link setting this out had to be received at the Home Office by 17:00hours on Friday 14 October 2016.

It was noted that the Efficiency Plan that was submitted for approval had been populated with the figures already included within the Authority's Medium Term Financial Plan and the Change and Improvement Plan. It also included further commentary on the Service's approach to delivering savings over the requisite four year period in order to achieve a balanced budget.

Councillor Dyke made reference at this point to the PFCSO project that was underway and asked for details of this to be mentioned on page 30 of the Efficiency Plan, together with information in respect of the co-responding activities the Service was involved in.

Councillor Thomas drew attention to the fact that some of the figures included in the plan would inevitably be subject to change, particularly as the Service moved further into the four-year period and the levels of uncertainty increased.

It was **RECOMMENDED** to the Devon & Somerset Fire & Rescue Authority at its next meeting on 30 September 2016 that:

- (a) The Authority applies for the government offer of a four year funding settlement, and;
- (b) That it approves the draft Efficiency Plan circulated within Appendix A of report RC/16/10, as amended to take into account the points raised during the meeting.

* **RC/26** **Financial Performance Report 2016-17: Quarter 1.**

The Committee received for information a report of the Treasurer (RC/16/11) that set out the financial performance for the first quarter of 2016/17 (to 30 June 2016) as compared with the agreed financial targets for 2016/17. In particular, the report provided a forecast of spending against the 2016-17 revenue budget with explanations of any major variations.

It was noted that, at this early stage in the financial year, revenue expenditure was forecast to be £1.298million less than the approved budget of £73.977million, equivalent to 1.75% of the total budget. This underspend was aligned to the approved strategy to deliver in-year savings wherever possible to enhance reserve balances, with the underspend being largely attributable to savings on staffing costs arising primarily from continued implementation of Corporate Plan proposals approved in July 2013. The Treasurer reported that given the early stage in the financial year, no recommendation was made to the Committee in terms of how this predicted underspend should be utilised.

Reference was made to the position in respect of pensions which was forecast to be overspent at the year end. It was noted that this forecast overspend was due to the projected number of ill health retirements in 2016-17. The figure may be subject to change, however, as given the long term nature of these retirement cases, the leaving date may slip into future financial years. The Chief Fire Officer indicated that this matter would be reported to the Human Resources Management and Development Committee in due course to give further assurance on the position.

Attention was also drawn to the slippage on the Capital Programme and it was requested that the financial monitoring report should include more detailed narrative as to the reasons behind this.

RESOLVED

- (a) That the monitoring position in relation to projected spending against the 2016-17 revenue and capital budgets be noted;
- (b) That performance against the 2016-17 financial targets be noted.

RC/27 **Exclusion of Press and Public**

RESOLVED that, in accordance with Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial or business affairs of a particular person, including the Authority.

* **RC/28** **Red One Ltd Performance Report 2016-17: Quarter 1.**

(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 Treasurer (RC/16/12) that set out the draft financial outturn position for quarter 1 of 2016-17 for the Authority's trading company, Red One Ltd.

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

The meeting started at 10.00 am and finished at 11.40 am

AUDIT & PERFORMANCE REVIEW COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

12 September 2016

Present:-

Councillors Radford (Chair), Coles, Dyke (vice Edmunds), Healey, Randall Johnson and Way

Apologies:-

Councillors Edmunds and Riley

* **APRC/9 Minutes**

RESOLVED that the Minutes of the meeting held on 28 June 2016 be signed as a correct record.

* **APRC/10 Audit Findings for the Devon & Somerset Fire & Rescue Authority for the year ended 31 March 2016**

The Committee considered a document prepared by Grant Thornton (the Authority's external auditor), as presented by Mr. Peter Barber, on the external audit findings and the external auditor's opinion on the Authority's financial statements for the year ended 31 March 2016.

The audit work was substantially complete with only two third-party confirmation of investments outstanding which were anticipated imminently. The draft financial statements presented for audit were free from material error. The draft accounts had been produced to a very good standard and the audit facilitated by good supporting working papers and excellent assistance from the Service finance team. No issues had been identified with the Annual Governance Statement (Annual Statement of Assurance), submitted along with the financial statements (see also Minute *APRC/11 below). The audit work had not identified any significant issues with controls in place to mitigate against significant risks although the Authority was recommended to review its processes for asset devaluation.

The external audit work had also concluded that, in all significant aspects, the Authority had in place proper arrangements to secure value for money through economic, efficient and effective use of its resources. It was anticipated that the Authority would be issued with an unqualified audit opinion on its financial statements for 2015-16.

RESOLVED

- (a). that the final Authority Statement of Accounts for the 2015-16 financial year, as included with the agenda for this meeting, be approved and published on the Authority website;
- (b). that the Audit & Performance Review Committee Chair and Treasurer be authorised, on behalf of the Authority, the Letter of Representation to the external auditor (Grant Thornton) on the Authority's 2015-16 financial statements;
- (c). that the thanks of the Committee to those officers involved in production of the Authority's financial statements for 2015-16 financial year be placed on record;

- (d). that, subject to (a) to (c) above, the external audit findings and external auditor's opinion on the Authority's financial statements for the year ended 31 March 2016 be noted.

* **APRC/11 2015-16 Annual Statement of Assurance**

The Committee considered a report of the Area Manager (Organisational Assurance) (APRC/16/15) to which was appended the final 2015-16 Annual Statement of Assurance for the Authority. The accorded with relevant legislative and best practice requirements (including the Accounts and Audit Regulations, the Fire and Rescue National Framework and the CIPFA/SOLACE good governance framework).

The Committee had approved the document in draft form at its meeting on 28 June 2016 (Minute *APRC/6 refers) after which it had been submitted for external verification with the Authority's financial statements for 2015-16. The external auditor (Grant Thornton) had not identified any issues with the Annual Statement of Assurance.

RESOLVED

- (a). that the final Authority Annual Statement of Assurance for 2015-16 be approved and published on the Authority website;
- (b). that the Audit & Performance Review Committee Chair and Chief Fire Officer be authorised to sign the 2015-16 Annual Statement of Assurance on behalf of the Authority;
- (c). that the thanks of the Committee to those officers involved in production of the Authority's 2015-16 Annual Statement of Assurance be placed on record;
- (d). that, subject to (a) to (b) above, the report be noted.

(SEE ALSO MINUTE *APRC/10 ABOVE).

* **APRC/12 Audit & Review 2016-17 Progress Report**

The Committee considered a report of the Area Manager (Organisational Assurance) (APRC/16/16) on progress to date against the approved 2016-17 internal audit plan. The internal audit plan was delivered in partnership between the Service internal audit team and the Devon Audit Partnership.

The focus of the 2016-17 internal audit plan was the development and implementation of an organisational control self-assessment framework. The framework had been piloted successfully with feedback being used to refine the process prior to organisational implementation.

An assurance tracking system to manage recommendations and actions from a number of sources (e.g. internal and external audit; Annual Statement of Assurance) had been developed, aligned to the corporate planning process to ensure outstanding recommendations were reviewed alongside departmental plans. This refinement in process had resulted in a reduction in the number of outstanding recommendations from 112 in April 2015 to 28 as at August 2016, with the remaining overdue actions being linked to longer-term project work still ongoing. Further reports against the agreed Audit Plan would be made to future meetings.

RESOLVED

- (a). that the appreciation of the Committee to all staff involved in securing the significant reduction on overdue audit recommendations be placed on record;
- (b). that, subject to (a) above, the report be noted.

(SEE ALSO MINUTE APRC/13 BELOW).

* **APRC/13 European Foundation for Quality Management - Update**

The Committee received, for information, a report of the Area Manager (Organisational Assurance) (APRC/16/17) on progress towards securing European Foundation for Quality Management (EFQM) accreditation. The report outlined the benefits of the EFQM excellence model to the organisation and the assessment approach. This would commence in November with the Committed to Excellence (C2E) assessment, with the Recognised for Excellence (R4E) assessment initially scheduled for mid- to late-2017. The precise date for this would, to a degree, be dependent on the outcome of the C2E assessment.

The Area Manager (Organisational Assurance) reported that the process would provide a recognised, accredited external assessment for the organisation in support of the Service's refined approach to internal audit. The costs associated with the external assessment, in the region of £5,000, would be more than met by the savings (circa £40,000) stemming from the reduction in resource previously allocated to the internal audit function.

* **APRC/14 Corporate Risk Register**

The Committee considered a report of the Area Manager (Organisational Assurance) (APRC/16/18) on the status of risks held in the Corporate Risk Register, actions being taken to mitigate these risks and the management strategy in place designed to ensure that risks were managed appropriately and proportionately.

Following a debate on the content of the report and the frequency for submission of future reports, Councillor Coles **MOVED** (with Councillor Randall Johnson seconding):

“that a report on the Corporate Risk Register be submitted at least twice annually (or, if circumstances so dictate, more frequently) and that the current six risks on the register be the apportioned between the next two reports to the Committee, with further detail provided.”

The motion was put to the vote whereupon it was

RESOLVED

- (a). that a report on the Corporate Risk Register be submitted at least twice annually (or, if circumstances so dictate, more frequently) and that the current six risks on the register be the apportioned between the next two reports to the Committee, with further detail provided;
- (b). that, subject to (a) above, the report be noted.

APRC/15 Devon & Somerset Fire & Rescue Service Performance Report

The Committee considered a report of the Chief Fire Officer (APRC/16/19) to which was appended a document setting out performance of the Devon & Somerset Fire & Rescue Service for the first quarter of the current financial year (April to June 2016) against those measures contained within “Our Plan: Creating Safer Communities”, the current iteration of the corporate plan and which in turn was aligned to the three organisational priorities of staff safety, community safety and organisational effectiveness and efficiency.

In summary, the performance figures showed that the prevention and protection activities of the Service had resulted in a significant decrease in the number of fire incidents and that for the first time attendance at medical emergencies exceeded the number of fire incidents attended. The information from performance monitoring would be used to inform future iterations of the corporate plan, which incorporated integrated risk management planning.

In debating the report, the Committee commented in particular on the positive benefits of integrated, multi-agency community safety initiatives (such as the Integrated Care in Exeter – ICE - Project) and the role the Authority might play in promoting more such approaches. In this context, Councillor Healey **MOVED** (with Councillor Randall Johnson seconding):

“that the Authority be asked to consider the scope for widening its community partnership activities and involvement to further promote community safety”.

The motion was put to the vote and declared **CARRIED**, unanimously, whereupon it was

RESOLVED

- (a). that the Authority be asked to consider the scope for widening its community partnership activities and involvement to further promote community safety; and
- (b). that, subject to (a) above, the report be noted.

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

The Meeting started at 10.00 am and finished at 12.03 pm

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

16 September 2016

Present:-

Councillors Bown (Chair), Burrige-Clayton, Chugg (Vice-Chair), Knight, Thomas and Wheeler

Apologies:-

Councillors Julian

* **HRMDC/10 Minutes**

RESOLVED that, subject to correcting the spelling error in Minute *HRMDC/4 (Absence Management) to read "...station...", the Minutes of the meeting held on 24 June 2016 be signed as a correct record.

* **HRMDC/11 Absence Management**

The Committee considered a report of the Director of People and Commercial Services (HRMDC/16/10) on absence management within the organisation. There had been an increase in sickness absence during the 2014-15 financial year which had continued into 2015-16 financial year. The report highlighted the action plan developed to respond to this and aimed at addressing both long-term sickness and developing a fitness, health and well-being culture.

The report also highlighted (and the Committee received a presentation on) the development of a new Absence Reporting Tool (part of a wider, Service Management Information system – "Workbench") that, amongst other things, would show – in real-time – the number of staff absent from work due to sickness at both organisational and departmental levels. The new system would be available on multiple platforms (e.g. personal computer; smartphone etc) and would be linked to other aspects of service delivery (e.g. vehicle availability).

RESOLVED that the Service continue with the action plan directed towards reducing down sickness absence.

(SEE ALSO MINUTE *HRMDC/12 BELOW)

* **HRMDC/12 Equalities Strategy - "Safer Lives, Brighter Futures" Monitoring Report**

The Committee considered a report of the Director of People and Commercial Services (HRMDC/16/10) on progress against those objectives and actions contained in the current iteration of the Service Equality Strategy, "Safer Lives, Brighter Futures" designed to address the requirements of the Public Sector Equality Duty.

The report identified the key findings from the most recent employee survey and those cross-cutting themes identified as priorities for further development and action. The report also identified organisational gender and ethnicity figures as at August 2016 and ongoing work being undertaken by the Organisational Development Team to produce a project plan aimed at delivering a more diverse workforce.

A new Equality Strategy covering 2017 – 2020 was currently being developed and would factor in the outcomes of a review against the action plan identified in the current strategy, equality aspects of corporate priorities, guidance from the national Equality Framework for Fire & Rescue Service and internal and external consultation.

In debating the report, the Committee indicated that it would be helpful in future to have details on the number of equality issues, grievances etc raised – along similar lines to the standing item on sickness absence monitoring.

RESOLVED

- (a). that, for future meetings, a “health of the organisation” report be submitted setting out a range of information including absence management monitoring, grievance cases, bullying and harassment cases, equality issues etc;
- (b). that, subject to (a) above, the report be noted.

* **HRMDC/13 Redundancy Compensation Rates**

The Committee considered a report of the Director of People and Commercial Services (HRMDC/16/12) on the outcome of the annual review of redundancy compensation rates.

RESOLVED

- (a). that the Authority be recommended to retain the current compensation rate (a multiplier of 1, using the actual week’s pay) for all uniformed and support staff;
- (b). that the Committee reviews the compensation rates at least annually, with any proposed changes being recommended to the Authority following consultation with the trades unions.

* **HRMDC/14 Retirement and Re-employment**

The Committee considered a report of the Director of People and Commercial Services (HRMDC/16/13) setting out details of four requests for retirement and re-employment submitted for approval in accordance with the Authority’s approved Pay Policy Statement for the current financial year.

The report also set out the position in relation to use of former employees for casual work in support areas. There was no associated mutuality of obligation between the Service and the individuals concerned who were not classified as having been re-employed. As such, these engagements fell outside the requirements of the Pay Policy Statement to seek Committee approval.

RESOLVED

- (a). that the requests for retirement and re-employment as set out in paragraph 2.4 of report HRMDC/16/13 be approved; and
- (b). that the distinction between casual workers and employees as set out at paragraph 3.1 of the report be noted.

* **HRMDC/15 A New Approach to Competence, Training and Assurance.**

The Committee received, for information, a presentation from the Head of the Service Training Academy on proposed overhaul of the Service approach to the governance, design, development and delivery of training. The presentation outlined the drivers for the initiative (including the Networked Fire Control Services Project; the move towards securing greater collaboration wherever practicable; technological advances). The initiative would be evidence-led and would link operational assurance to training delivery, with a focus on local training delivery wherever possible. It would also feature a “blended learning” approach, with standardised training materials being available to access on multiple devices (e.g. computers; tablets; smartphones).

(SEE ALSO MINUTE HRMDC/16 BELOW)

HRMDC/16 Blended Learning and its Links in Supporting Staff Training

The Committee received a presentation from the Head of the Service Training Academy on the “blended learning” approach now being adopted by the Service in relation to training provision. The approach would feature a standardised, centralised training resource repository capable of being accessed via multiple devices (e.g. computers; tablets; laptops). Training delivery would utilise the “flipped classroom” approach whereby relevant training materials could be accessed on-line prior to undertaking more traditional types of training.

The innovative, e-learning centred approach, utilising videos, interactive walk-throughs etc., afforded flexibility to embrace new and emerging technologies (e.g. Microsoft HoloLens) and was more easily accessible for those for whom more traditional training methods could present problems (e.g. people with dyslexia). The project had been short-listed for an international e-learning award, the winners of which would be announced at an event to be held in London on 30 November 2016.

RESOLVED

- (a). that the Authority be asked to receive a presentation on the “blended learning” approach at its meeting scheduled for 19 December 2016; and
- (b). that, subject to (a) above, the presentation be noted.

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

The Meeting started at 10.00 am and finished at 12.29 pm

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Agenda Item 8

REPORT REFERENCE NO.	DSFRA/16/18
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	30 SEPTEMBER 2016
SUBJECT OF REPORT	FOUR-YEAR FUNDING ALLOCATION AND EFFICIENCY PLAN
LEAD OFFICER	Treasurer
RECOMMENDATIONS	<p><i>That, following consideration of this matter by the Resources Committee at its meeting on 1 September and in line with the recommendations of that Committee (Minute RC/25 refers), the Authority:</i></p> <p><i>(a) approves the draft Efficiency Plan 2016-2020; and</i></p> <p><i>(b) authorises the Treasurer to apply to the government, on behalf of the Authority, to accept the four-year funding settlement offer.</i></p>
EXECUTIVE SUMMARY	<p>The 2016-17 Local Government Finance Settlement included the offer of a four-year funding settlement to cover the years 2016-17 to 2019-2020.</p> <p>The Fire Minister has subsequently written to all single purpose Fire and Rescue Authorities to confirm that firm funding allocations to 2019-20 are being offered in return for the submission of robust and transparent efficiency plans.</p> <p>On the basis that this offer will provide funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners, it is a recommendation of the report that the Authority applies for the offer.</p> <p>This report has previously been considered at the meeting of Resources Committee held on the 1st September, and the draft Efficiency Plan, enclosed as Appendix A, is a revised version to include additional narrative relating to collaboration working with emergency services, as suggested by Members at that meeting.</p> <p>Whilst the Plan includes proposed projects to deliver required savings targets over the next four years, it should be emphasised that the Plan will inevitably be subject to change, and that some of the projects will be subject to further work from officers before implementation.</p>
RESOURCE IMPLICATIONS	None
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Draft Efficiency Plan 2016-2020

LIST OF BACKGROUND PAPERS

Report RC/16/10 as submitted to the meeting of the Resources Committee held on 1 September 2016.

1. INTRODUCTION

- 1.1 In the latest Local Government Finance Settlement, announced in December 2015, the government included an offer to local authorities for four-year funding allocations to cover the years 2016-17 to 2019-20, in return for the submission of an efficiency plan. At that time, guidance on the requirements for the submission of the plan was very light with further guidance expected during the early part of 2016.
- 1.2 In May 2016, the Fire Minister wrote to the Chairs of fire and rescue authorities (FRAs) to confirm that the offer would apply to single purpose FRAs, and provided more detail on the requirements associated with the completion and submission of the efficiency plan.
- 1.3 In August 2016 the Home Office wrote to Chairs of fire and rescue authorities to provide a template to be used for efficiency plan submissions. The template is intended to provide high-level indicative figures of how the certainty afforded by the four year settlement will allow for a forecast balanced net position over the four year period.
- 1.4 Those FRAs that choose not to accept the offer will be subject to the existing yearly process for determining the local government finance settlement. Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit. Such FRAs will however still be required to complete the template albeit that financial plans may not be sufficiently robust to provide full financial information over the whole four years.
- 1.5 Given that acceptance of the four-year offer will provide funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners, it is a recommendation of this report that the Authority applies for the offer.
- 1.6 This report provides more information on the requirements for completion of efficiency plans. The deadline for the submission of the plan is 14th October 2016. A draft plan is included for approval.

2. COMPLETION OF EFFICIENCY PLANS

- 2.1 A letter from the Fire Minister to the Chairs of FRAs in May 2016 provided more detail in terms what should be included in efficiency plans. That letter offers some flexibility to FRAS on the format of efficiency plans, but emphasises that it is important that plans should be locally-owned and published in a way which allows for transparency and progress to be scrutinised by local people. To achieve this it is expected that the plan should:
- be published and easily accessible to the public on the fire and rescue authority's website, clearly stating what it contains;
 - include the full 4 year period to 2019-20, and be open and transparent about the benefits the plan will bring to both the fire and rescue authority and the local community;
 - demonstrate the level of cashable and non-cashable savings you expect to achieve through the Spending Review period, the timetable for delivery, and key risks and mitigation strategies;
 - include the approach to increasing collaboration, including with the police and local public sector partners and in relation to procurement;

- demonstrate how more flexible working practices will be achieved, including more effective utilisation of retained firefighters;
- include a commitment to the publication of transparent performance information;
- include a clear strategy for the use of reserves; and
- include a commitment to publishing annual reports on the progress of the efficiency plan alongside the fire and rescue authority's statutory assurance statement, enabling local people to scrutinise progress.

2.2 It is also emphasised that the plan need not be a separate document and could be combined with the Medium Term Financial Plan.

2.3 Interest in accepting the offer will only be considered if a link to a published efficiency plan is received by the Home Office at 5pm Friday 14th October. The Home Office will provide confirmation of the offer shortly after the deadline.

2.4 The process for the completion of the plan has been to utilise the template provided by the Home Office and populate with figures already included within the Authority Medium Term Financial Plan and the Change and Improvement Plan. Further commentary is provided to expand on our approach to the delivery of savings over the four-year period to deliver a balanced budget position.

2.5 The draft plan has already been considered by the Resources Committee at its meeting on 1 September. Subject to addition of further commentary to the section relating to collaborative working, to include examples of work already being undertaken with the emergency services, the Committee resolved to recommend that the Authority approve the Efficiency Plan and apply to the government to accept the four-year funding offer (Minute RC/25 refers). The additional commentary requested has now been incorporated, with a revised Efficiency Plan now attached as Appendix A to this report. Subject to noting the comments below, this is now recommended for approval:

- (i) It be recognised that the figures included in the plan are based upon forecasts as at this time and some of these will inevitably be subject to change during the four-year period as a result of changes in circumstances e.g. changes in the global financial markets and its impact to the UK economy. It was highlighted that the levels of uncertainty increases as we move further into the four-year period.
- (ii) It be recognised that that whilst the plan includes a number of projects to contribute towards savings targets, that some of these projects are still subject to further work from officers before entering into the implementation phase.

3. OFFER OF FOUR-YEAR FUNDING ALLOCATIONS

3.1 Members will be aware that since the introduction of the government austerity measures from 2010 and the resultant reductions in government funding the Authority's financial planning has taken a longer term focus to ensure that it can demonstrate a balanced budget over at least a five year period.

3.2 This approach, supported by the Medium Term Financial Plan, has resulted in the delivery of over £9m of recurring savings since 2010, largely underpinned by the Authority decisions in 2013 to approve the eleven proposals contained within the 2013 Corporate Plan, delivering annual savings of £6.8m. The strategic approach adopted has been to target savings against the three broad headings of:

- **Reducing our costs** (reductions against budget lines)
- **Reduce Support Costs** (staffing budget lines)
- **Reduce Operational Costs** (staffing budget lines)

3.3 Looking ahead to the next four years the final Local Government Finance Settlement was announced on the 8 February 2016, which provided local authorities with individual Settlement Funding Assessment (SFA) figures for 2016-17 and an offer of a four-year settlement to 2019-20 for those authorities that wish to take it.

3.4 The SFA figures for this Authority results in a reduction in 2016-17 of 8.6% over 2015-16 and should the Authority accept the four-year settlement a total reduction of 24.9% by 2019-20:

TABLE 1 – SETTLEMENT FUNDING ASSESSMENT			
	SFA	SFA Reduction	
	£m	£m	%
2015-16	29.413		
2016-17	26.873	(2.540)	-8.6%
2017-18	23.872	(3.001)	-11.2%
2018-19	22.599	(1.273)	-5.3%
2019-20	22.080	(0.519)	-2.3%
Reduction over 2015-16		(7.333)	-24.9%

3.5 The impact of these reductions were reflected in the revised Medium Term Financial Plan considered at the budget meeting in February 2016. This plan has forecast the need for further savings over the next four-year period, the latest forecast is that a further £9m will be required by 2019-20.

3.6 Since February plans for the delivery of this magnitude of savings have been further developed by the senior management team and areas for savings captured within the Change and Improvement Programme. This programme has identified a number of individual proposals for savings each of which has an assigned programme lead officer responsible for reporting progress through the Programme Board.

3.7 This planned approach provides sufficient confidence that the Service can respond to the impact of the four-year settlement and provide balanced budgets in each of the four years to 2019-20. It should also be noted that the Authority has prudently set aside an amount of £5m into an Earmarked Reserve specifically to be utilised to smooth out the impact of the government funding reductions, particularly as the largest reduction (11.2%) is in the next financial year i.e. 2017-18. As originally intended, it will be necessary to utilise the Comprehensive Spending Review reserve to smooth peaks and troughs in the efficiency plan over the four year period.

4. CONCLUSION

- 4.1 The Medium Term Financial Plan, previously considered by Members at the budget meeting in February 2016, had already identified the need for the delivery of further savings over the next four year period in order that a balanced budget could be set in each year. Our plans are well underway to deliver these forecast savings primarily captured within the five year Change and Improvement Plan.
- 4.2 The government offer of a four-year allocation provides funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners, and it is for this reason that it is recommended that the Authority makes application for the offer of a four-year settlement.
- 4.3 The revised draft efficiency plan included as Appendix A incorporates those comments requested by the Resources Committee following its consideration of this matter at its meeting held on 1 September 2016. In line with the recommendations from that meeting, this is now submitted for approval to be submitted to the Home Office by the deadline of 14 October 2016.

KEVIN WOODWARD
Treasurer



DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

Efficiency Plan

2016-2020

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About the Plan

The Efficiency Plan sets out how the Authority plans to improve the service it provides whilst managing with reduced real-terms funding levels. This document contains links to other relevant documents and websites and should be read in conjunction with those.

Four Year Plan

The Authority's strategy for the provision of fire and rescue services for the next four years is underpinned by the approved document: Creating Safer Communities, Our Plan 2016-2021. This plan sets out how we are going to make the people who live, work and visit Devon and Somerset safer whilst reducing costs. All public services have to operate with less money and we are no exception. Significant financial pressures require us to review each and every aspect of our organisation all the while ensuring we keep you safe.

The future of our service needs to reflect both the type of risk we are presented with and the savings we need to make. We also want to improve how we work with our communities to understand how we can provide the best advice, support and response to ensure you live a safer life.

Our Priorities:

- Public safety
- Staff safety
- Effectiveness and efficiency

You can find a copy of 'Creating Safer Communities, Our Plan 2016 – 2021' below.

[Creating Safer Communities, Our Plan 2016 – 2021](#)

The key benefits that the plan brings to the local community are:

- A flexible approach to how we prevent emergencies, protect life, properties and the environment and also respond when called upon
- Improve the services and value that we deliver to the public

The Creating Safer Communities, Our Plan is supported by the Medium Term Financial Plan (MTFP), which sets out how the Authority will fund the plan. The MTFP is based on a number of assumptions, which are detailed within this Efficiency Plan.

Funding Assumptions

The following table sets out the assumptions the Authority is making about funding up to 2019-20. The Government has offered authorities a guaranteed four year funding settlement in order to provide increased certainty and to aid planning. However, this only guarantees the minimum amount of revenue support grant (RSG) receivable. Business rates receivable are not guaranteed and are subject to volatility depending on factors such as the level of growth and appeals against valuations.

(i) Funding Assumptions	2015-16	2016-17	2017-18	2018-19	2019-20
Settlement Funding Assessment					
Baseline Funding - Business Rates / Top Up	14,458,317	14,578,803	14,865,544	15,304,089	15,793,235
RSG	14,963,885	12,294,179	9,006,780	7,294,992	6,286,477
Settlement Funding Assessment Total	29,422,202	26,872,982	23,872,324	22,599,080	22,079,712
Adjustment for Local Business Rate share (NNDR1) to DCLG Figure	-9,450	-186,192	-186,192	-186,192	-186,192
Council Tax Forecast					
Band D Council Tax (£)	78.42	79.98	81.57	83.19	84.85
Actual / Assumed Council Tax base increase on previous year (£)	745,510	875,969	377,971	388,562	249,678
Yearly Council Tax Precept Increase (£)	869,438	903,572	928,316	953,398	981,823
Collection Fund (council tax & business rates) (£)	734,573	964,394	867,954	781,159	781,159
Estimated Total Council Tax Income	45,297,556	47,289,831	48,492,311	49,739,908	50,966,525
Council Tax Band D Precept Increase (%)	1.99%	1.99%	1.99%	1.99%	1.99%
Growth in Council Tax Base Yield to Previous Year (%)	3.73%	3.95%	2.80%	2.80%	2.51%
TOTAL	74,710,308	73,976,621	72,178,443	72,152,797	72,860,045

The level of RSG the Authority receives will decrease by 58% between 2015-16 and 2019-20. This represents a significant shift in Government policy, who now expect local authorities to increase council tax to support their activities. The Authority's Medium Term Financial Plan currently expects to increase council tax by 1.99% (the current maximum without requiring a referendum) in each of the subsequent years.

Budget Assumptions

The following table sets out the expected costs pressures facing the Authority alongside other income it expects to receive.

(ii) Budget Assumptions	2015-16	2016-17	2017-18	2018-19	2019-20
Employee Cost Pressures (£'000)					
<i>Pay Award</i>		533	532	530	535
<i>Unfunded pensions inflationary increase</i>		0	58	58	59
<i>Increase to employer pension contrs. As a result of actuarial valuation</i>				690	
<i>Apprenticeship Levy</i>			267		
Total Employee Costs	57,332	57,864	58,721	59,999	60,593
Cost Pressures (£'000)					
<i>Price inflation</i>		16	319	368	378
<i>National Insurance cessation contracted out scheme</i>		854			
<i>Capital charges and revenue contributions</i>		1,757	20	-64	32
<i>Removal one off provisions and other commitments</i>		-503	413	74	668
Total Non Pay Bill Costs	21,488	23,611	24,364	24,742	25,819
Revenue Expenditure Funded from Capital Receipts	0	0	0	0	0
INCOME					
Section 31 Grants					
<i>Small Business Rates Relief Grant</i>		-37	246	-9	
<i>Rural Services Delivery grant</i>		-421	81	78	-78
<i>Transition Grant</i>		-149	-39	188	
Other Service Income					
<i>From trading co.</i>		99	50	50	
<i>Investment yields</i>		-37			
<i>Transformation funding 15-16</i>		379			
Total Income	-4,109	-4,276	-3,937	-3,630	-3,709
Budget Requirement	74,710	77,199	79,147	81,110	82,703
Financial Challenge Before Efficiencies (cumulative)		-3,222	-6,969	-8,957	-9,843
Financial Challenge Before Efficiencies (annual)		-3,222	-3,747	-1,989	-886

Within employee costs there are a number of cost pressures that are outside of the Authority's control, primarily related to pension valuations and legislative changes. These increase the level of savings that the Authority is required to find between now and 2019-20. As well as cost pressures relating to general inflation, the Authority also faces increasing costs as it seeks to broaden the range of services it is able to offer to the public. There is also an increased focus on prevention work.

Cashable and Non-Cashable Savings

The four year plan shown in the previous section contains a number of cashable savings. Many of the projects will also deliver non-cashable savings to the Authority and other local public sector partners.

In order to meet the financial challenge detailed above a number of efficiency savings need to be found. The savings planned for the current and future years are detailed in the table below. Of the projects listed below, some are in planning and scoping stage so will potentially change and may be subject to staff and public consultation as well as Authority approval.

(iii) Efficiency Savings Assumptions (£'000)	2015-16	2016-17	2017-18	2018-19	2019-20
<i>Implementation of wholetime staffing reductions linked to IRMP</i>		1,421	900		
<i>Retained budget response model, efficiencies and activity levels</i>		302	100	200	300
<i>Support staff efficiencies</i>		511		961	961
<i>Change & Improvement funding</i>		323			
<i>Non-pay savings (procurement/rationalisation)</i>		665	300	300	165
<i>Middle management restructure</i>			325		250
<i>Emergency Services Mobile Communications Programme</i>					40
<i>Catering review</i>			110		
<i>Strategic Fire Control - Economies of scale from NFCSP</i>				320	
<i>Wholetime staffing reductions linked to Flexible Working Duty System</i>			283	510	434
<i>Automated Fire Alarm Response model</i>				75	75
<i>Flexi Duty System review</i>				100	
<i>Co-responding cost recovery model</i>			50		
<i>Personal Protective Equipment and Workwear Savings</i>				228	
<i>Electronic Payslips</i>			40		
<i>Implementation of Asset Management Tracking system</i>				100	
<i>Vehicle Lease Charges</i>			200	50	
<i>Estates department structure and function</i>			40		
<i>Estates Property management strategy</i>			50	50	
<i>Estates commercialisation</i>				10	10
Total		3,222	2,398	2,904	2,235
Forecast Net Position (surplus / deficit) after efficiency savings	0	0	-1,349	915	1,349

The projects to deliver the savings target of £3.222m in 2016-17 have now been fully implemented and are very low risk however the proposals to deliver savings targets for 2017-18 and beyond include an element of estimation and assumptions in order that the savings are fully delivered in time.

It is currently forecast that the projects included within the five year Change and Improvement Plan will deliver the overall savings requirement by 2019-20. However, due to timings in the delivery of some project savings an expected amount of £1.349m will be required to be drawn down from Earmarked Reserves in 2017-18. However it is forecast that this amount can be replenished back to Reserve balances by 2019-20.

The risks and mitigation strategies in relation to the major efficiency savings required is shown in the table below.

Efficiency Savings Assumptions	Risks	Mitigation
Implementation of wholtime staffing reductions linked to IRMP	Activity dependent on natural turnover – no compulsory redundancies being made	Workforce planning and retirement forecasting
Retained budget response model, efficiencies and activity levels	Damage to employee/employer relations Failure to maintain balance between Service priorities i.e. public/staff safety vs efficiency and effectiveness	Clear communication and engagement plan with staff Clear parameters articulated within the scope of the project
Support staff efficiencies	Loss of skills ability to resource key change projects.	Retention of skilled personnel Development of existing staff to accommodate skills required
Change & Improvement funding	Reduced capacity to deliver change and improvement activity	Prioritisation of activity Workforce/workload forecasting for project managers
Non-pay savings (procurement/rationalisation)	Demand or activity requirements may increase. Unforeseen commitments against non-pay budget Dependencies on procurement savings and headcount reductions	Regular review of MTFP in consultation with other Fire sector finance professionals Commercial, category management approach to procurement with planned three year programme of work. Budget analysis to ensure that savings can be taken in line with establishment

Middle management restructure	Over rationalisation of posts leading to reduced capability	Partial retention of budget to enable re-establishment of posts if necessary
Emergency Services Mobile Communications Programme	Delayed implementation Technical complications including provision of 4G and mobile phone coverage	Early engagement with Regional Implementation Manager and Central Government ESMCP team
Catering review	Demand increases and costs increase	Opportunities for demand reduction identified.
Strategic Fire Control - Economies of scale from NFCSP	Failure to reduce Fire Control staffing levels due to ICT system inefficiencies	Strict implementation of contractual obligations between supplier and the partners of NFCSP
Wholetime staffing reductions linked to Flexible Working Duty System	Damage to employee/employer relations Delayed implementation due to extended negotiations	Clear communication and engagement plan with staff Strict observation of negotiation timetables
Automated Fire Alarm Response model	Failure to implement agreed and consulted proposals	Ensure mobilising arrangements in NFCSP are correctly implemented
Flexi Duty System review	Damage to employee/employer relations Delayed implementation due to extended negotiations	Clear communication and engagement plan with staff Strict observation of negotiation timetables
Co-responding cost recovery model	Performance targets not met so costs are born by the Authority Reduced co-responding activity	Focus on performance and contract review Reimbursement is directly aligned to activity so less activity would also reduce costs
Personal Protective Equipment and Workwear Savings	Changes to standards and requirements may lead to increased future costs.	Participation in national and collaborative procurement arrangements. Engagement with staff and representative bodies.
Electronic Payslips	Arrangement will require addition to contract with existing supplier – unknown cost at present	Business case to identify options and full costs/benefits analysis
Implementation of Asset Management Tracking system	Unidentified costs of new system Quality of existing data	Full procurement process Software cleansing solution or manual input of data anew

Vehicle Lease Charges	Increased demand for leased vehicles Increased lease contract charges	Current strategy to purchase vehicles reduced demand on revenue lease costs, fleet department reviews and approves all leased vehicles as part of organisation wide approach Commercial, category management approach to procurement of leased vehicles
Estates department structure and function	Staff turnover leading to loss of resilience	Use of external contractors as required
Estates Property management strategy	Insufficient investment leading to operational failure	Review and assess critical systems to ensure appropriate investment is made
Estates commercialisation	External market for rental becomes weak leading to a low return	Continual market awareness aligned to regular reviews

Capital Expenditure

As well as ensuring that the revenue budget is affordable over the medium term, the Authority also needs to ensure money is available to purchase new assets (e.g. buildings, vehicles, equipment). The planned capital programme is shown in the table below.

(iv) Capital	2015-16	2016-17	2017-18	2018-19	2019-20
Estimated Capital Expenditure (£'000)					
Capital Expenditure	6,171	4,403	6,093	4,495	4,055
Capital Expenditure Financing					
Capital Receipts					
Reserves	602	321	507	0	0
Government grants & other contributions					
Direct Revenue Contributions	572	2,090	3,673	2,656	2,172
Unsupported / Prudential Borrowing	4,997	1,992	1,913	1,839	1,883

The majority of capital expenditure planned over the next four years relates to the fleet replacement programme, including the innovative strategy to replace traditional large fire engines with a smaller Light Rescue Pump and Rapid Intervention units. This not only delivers savings in terms of capital cost but also revenue savings in terms of running costs fuel, maintenance etc. Non-cashable savings can also be attributed to this strategy in terms of improved emergency response times and lower carbon emissions. The next phase of this strategy, in line with the Tiered Response model which was previously subject to public consultation, is to introduce Rapid Intervention Vehicles following a successful pilot. It should be noted that as Devon and Somerset FRA covers the largest geographical area in England its fleet size is second only to London which means it is essential that it looks at innovative ways of reducing its fleet capital investment needs in the future.

In relation to planned capital spending on Estates the current programme includes no new major projects with only a minimal amount for minor improvements and structural maintenance. A strategic review of our Estates (see below) is being undertaken during 2016 with a view of minimising future capital demands and identifying any potential capital receipts.

As a result of historical reliance on external borrowing to fund capital spending and the recent removal of direct government grants towards capital (replaced with transformational bids) the Authority has prudently positioned itself to fund future capital spending from revenue. This

means that it will avoid placing unaffordable debt on future budgets which would only add additional revenue costs to those figures included within this plan.

Our Estate Assets

We have been successfully engaging with other partners to seek opportunities to share our Estate assets, with 13 of our 85 properties now having shared use and a further 17 under active review and this will be maximised where possible in our ongoing Estate strategy.

As part of our strategic review of our Estate we have commenced a major Estate Development Review to identify any latent value in the property portfolio presently held and to assess the capital demand both for our existing portfolio and any new operational requirements in expanding population areas and new towns (such as Cranbrook and Sherford). This is being undertaken with a view to minimising the revenue and capital demands from the required asset base and to generate capital receipts where possible to assist the forward capital investment programme. This work is advanced and will advise and support the Service Delivery strategic plan and IRMP providing a modern and efficient property portfolio that is located appropriately to meet all our corporate objectives and risks identified.

A re-arrangement of the procurement of our planned maintenance of Building Services has generated a planned annual saving of at least £100k per annum from 2016/17. A review and improvement of the structure, management and resources in our Estate Management department has identified a reduction of 15% in permanent posts from our 2014 establishment position with the completion of this reduction plan due to be complete by the end of 2016. After previous investment by the Authority in new asset management software and completion of a major condition survey of our capital assets our Estates team has commenced an investment review to assess a new programme of planned works across the property portfolio that is anticipated will achieve a saving of £100k per annum in addition to the £100k removed from the 2016/17 financial year.

Collaboration

The government has stated that it is committed to ensuring that emergency services continue to deliver for the public and believes greater collaboration across all three services is fundamental to this ambition.

In response to this DSFRS has embarked upon an ambitious transformation programme of support services that will deliver

- a) a clear strategy on how each support function is to be delivered (outsourced, collaborate with partners, in-house but with service improvement)
- b) a clear future vision (blueprint) for each of the support services
- c) improved ways of working within the support functions

d) financial savings

In addition the Service has taken the lead in establishing the South West Emergency Services Forum that has brought together Chief Fire Officers, Chief Constables, Fire Authority Chairs, Police and Crime Commissioners and Ambulance Service Chief Executives on a regular basis to discuss and implement collaborative working. Examples of this are the Fire and Rescue Services supporting demand reduction for the Police and Ambulance in the responding to concerns for the safety of persons locked in buildings and the introduction of Police Fire Community Support Officers in North Devon. A full memorandum of understanding between the regional services is currently being drafted.

The Service is proactively engaged in the CFOA national procurement work programme and the procurement team takes a lead Authority role in the delivery of the national contracts. The service is the Lead Contracting Authority on a CFOA Fire and Rescue Emergency Response Vehicles (Pumping Appliances, Aerials and Special Vehicles) framework with a potential spend of £200-£500m and the Lead Contracting Authority in the CFOA Respiratory Protective Equipment framework with an estimated expenditure of £5-14m.

Flexible Duty Systems

The Service is seeking to provide a more flexible operational workforce in order to support the Service priorities and the identified risks in the integrated risk management plan (IRMP). We are currently piloting a number of On Call availability systems that are designed to provide value for money whilst maximising the availability of appliances across Devon and Somerset. As the largest employer of On Call staff in the country we are committed to leading on better use of this resource as identified by Sir Ken Knight in his 'Facing the Future' report.

Our wholetime staff numbers have been reduced by 28.6% over the past 3 years. We are currently negotiating a flexible duty system with the Fire Brigades Union that will enable our personnel to have more control over when and where they work whilst maintaining the correct crewing levels for appliances identified through our IRMP. This will support our drive to reduce costs incurred through pre-arranged overtime and travel.

We are also seeking to improve the arrangements of our Flexible Duty Officers by reviewing our operational and managerial requirements. This will enable a reduction in the number of officers without compromising public and staff safety.

Performance Information

The Authority commits to publication of transparent performance information. This includes but is not limited to:

- Budget monitoring reports (revenue, capital and treasury)
- Statement of Accounts
- Annual Governance Statement
- Statement of Assurance
- Information required by the prevailing Local Government Transparency Code

- Quarterly Performance Reports (corporate measures and sickness absence)

Use of Reserves

Reserves are an essential part of good financial management. They allow authorities to manage unpredictable financial pressures and plan for their future spending. The level, purpose and planned use of reserves are important factors for Members to consider in developing medium-term financial plans (MTFP) and setting annual budgets. Reserves are held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves
- a means of building up funds (often referred to as earmarked reserves) to meet known or predicted requirements e.g. Capital Investment.

Within the existing statutory and regulatory framework, it is the responsibility of the Chief Finance Officer to advise the Authority about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use. The current balance on the general reserve of £5.282m is equivalent to 7% of the revenue budget, which exceeds the Authority “in principle” decision to hold a minimum of 5%. Should there be a call on this reserve due to unforeseen circumstances, the result of which would be to take the balance below the 5% threshold, then consideration would need to be given as to how the general reserve can be replenished back to the minimum position.

The projected balance of reserves for the period is shown in the following table.

(v) Estimated Financial Reserves Levels (£'000)	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund Balance	5,282	5,282	5,282	5,282	5,282
Earmarked General Fund Reserves	24,529	23,196	20,070	20,345	21,054
Expected Use of Earmarked Reserves		-1,333	-3,126	275	709

The expected use of reserves in 2017-18 includes an expectation that an amount of £1.349m will be required from the Comprehensive Spending Review Reserve to ensure that a balanced budget position can be achieved. Other expected use of Reserves over the period relate to funding for planned investment, such as firefighting PPE and capital expenditure.

Progress of the Efficiency Plan

The Authority commits to publishing an annual report on the progress of the Efficiency Plan. This will be published alongside our annual Statement of Assurance on our website.

Agenda Item 9

REPORT REFERENCE NO.	DSFRA/16/19
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	30 SEPTEMBER 2016
SUBJECT OF REPORT	APPOINTMENT TO VACANCY ON AUDIT & PERFORMANCE REVIEW COMMITTEE
LEAD OFFICER	Clerk to the Authority
RECOMMENDATIONS	<i>That an Authority Member be appointed to fill the existing vacancy on the Audit & Performance Review Committee, the term of office to be until the Annual Meeting of the Authority in 2017.</i>
EXECUTIVE SUMMARY	<p>At its Annual Meeting in May of this year, the Authority appointed Members to serve on each of its Committees until the Annual Meeting in 2017.</p> <p>Councillor Riley was appointed to serve on the Audit & Performance Review Committee but has subsequently indicated that, owing to other commitments, he is unable to serve. Councillor Riley has, therefore, tendered his resignation from the Committee, resulting in a vacancy.</p> <p>The Authority is invited to appoint a Member to fill the vacancy on the Audit & Performance Review Committee, the term of office to be until the Annual Meeting in 2017.</p>
RESOURCE IMPLICATIONS	N/A
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are compatible with existing Human Rights and Equality and Diversity legislation.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Schedule of Appointments to Committees, Outside Bodies etc. as submitted to the Authority Annual Meeting on 26 May 2016.

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