



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
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Your ref :
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DEVON & SOMERSET FIRE & RESCUE AUTHORITY

Monday, 19th December, 2016

A meeting of the Devon & Somerset Fire & Rescue Authority is to be held on the above date, **commencing at 10.00 am 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 - 8)**
of the meeting held on 30 September 2016 attached.
- 3 **Authority Extraordinary Meeting held on 31 October 2016 - Summary of Proceedings during which the Meeting was not open to the Press and Public (Pages 9 - 12)**
Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/16/23) attached.
- 4 **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

5 Questions and Petitions from the Public

In accordance with Standing Orders, to consider any questions and petitions submitted by the public. Questions must relate to matters to be considered at this meeting of the Authority. Petitions must relate to 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 Wednesday 14 December 2016.**

6 Addresses by Representative Bodies

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

7 Questions from Members of the Authority

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

8 Minutes of Committees

a Appointments Panel (Pages 13 - 18)

The Chair of the Panel, Councillor Dyke, to **MOVE** the Minutes of the meetings of the Panel held on 17 August, 26 September and 4 October 2016 (attached).

RESOLVED

- (a) that the Minutes be adopted in accordance with Standing Orders; and
- (b) that, having discharged its function of appointment of an Assistant Chief Fire Officer, the Panel be formally dissolved.

b Community Safety & Corporate Planning Committee (Pages 19 - 20)

The Chair of the Committee, Councillor Eastman, to **MOVE** the Minutes of the meeting held on 28 September 2016 (attached).

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

c Resources Committee (Pages 21 - 32)

The Chair of the Committee, Councillor Dyke, to **MOVE** the Minutes of the meeting held on 16 November 2016.

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

NOTE: The Authority's approved Treasury Management Strategy (as underpinned by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in Public Services Code of Practice) provides, amongst other things, for the Authority to receive an annual Treasury Management Strategy Statement (including the Annual Investment Strategy and Minimum Revenue Provision Policy) for the year ahead, together with a mid-year review and an annual stewardship report covering activities during the previous year.

Report RC/16/13 (Treasury Management Performance 2016-17: Quarter 2), as referred to at Minute *RC/10 of the Minutes of the Resources Committee meeting held on 16 November 2016, represents the mid-year review report and is appended to the Resources Committee Minutes for information.

d **Determinations & Dispensations Committee** (Pages 33 - 38)

The Chair of the Committee, Councillor Randall Johnson, to **MOVE** the Minutes of the meeting held on 28 November 2016 (attached).

RECOMMENDATIONS

- (a) that the recommendation at Minute DDC/4 relating to a review of the Code of Conduct and subsequent provision of training for the Authority be approved; and
- (b) that, subject to (a) above, the Minutes be adopted in accordance with Standing Orders.

e **Human Resources Management & Development Committee**

The Chair of the Committee, Councillor Bown, to **MOVE** the Minutes of the meeting held on 14 December 2016 (**TO FOLLOW**).

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

9 **Policing and Crime Bill - Involvement of Police and Crime Commissioners with Fire and Rescue Authorities (Pages 39 - 40)**

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/16/24) attached.

10 **Changes to Arrangements for the Appointment of External Auditors (Pages 41 - 46)**

Report of the Treasurer (DSFRA/16/25) attached.

11 **Confirmation of Scheme of Members' Allowances 2017-18 (Pages 47 - 50)**

Report of the Director of Corporate Services (DSFRA/16/26) attached.

12 **Chairman's Announcements**

13 **Chief Fire Officer's Announcements**

14 **Exclusion of the Press and Public**

RECOMMENDATION that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following 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:

FOR ITEM 15

- Paragraph 1 (information relating to an individual);
- Paragraph 2 (information likely to reveal the identity of an individual);
- Paragraph 3 (information relating to the financial and business affairs of any particular person [including the authority holding that information]).

FOR ITEM 16

- Paragraph 1 (information relating to an individual);
- Paragraph 2 (information likely to reveal the identity of an individual).

15 Minutes of the Extraordinary Meeting of the Authority held on 31 October 2016 (Pages 51 - 56)

Attached.

RECOMMENDATION that the Minutes be signed as a correct record.

16 Staffing Matters (Pages 57 - 60)

Report of the Director of Corporate Services (DSFRA/16/27) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Healey (Chair), Ball, Bown, BurrIDGE-Clayton, Chugg, Coles, Colthorpe, Dyke, Eastman, Edmunds, Ellery, Greenslade (Vice-Chair), Hendy, Hill, Julian, Knight, Leaves, Radford, Randall 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> |

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DEVON & SOMERSET FIRE & RESCUE AUTHORITY

30 SEPTEMBER 2016

Present:-

Councillors Healey (Chair), Coles, Bown, Burridge-Clayton, Chugg, Colthorpe, Dyke, Eastman, Edmunds, Ellery, Greenslade (Vice-Chair), Hendy, Hill, Julian, Knight, Radford, Randall Johnson, Redman, Thomas, Wheeler and Woodman.

Apologies:-

Councillors Ball, Leaves, Riley, Way and Yeomans

DSFRA/24 Minutes

RESOLVED that the Minutes of the meeting held on 27 July 2016 be signed as a correct record.

DSFRA/25 Appointments to Committees

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

The Chair determined that this should be considered as a matter of urgency given:

- (a). the association with the item to be considered as part of the published agenda for the current meeting (see Minute DSFRA/28 below); and
- (b). the benefit to the Authority of it resolving at the earliest opportunity consequential Committee vacancies that may flow from appointment to the vacancy on the Audit & Performance Review Committee.

The Clerk reported:

- on the resignation, received subsequent to publication of the agenda for this meeting, of Councillor Wheeler from the Determinations and Dispensations Committee;
- on the subsequent circulation of information to the Authority to assist it in the application of political proportionality principles when considering filling Committee vacancies; and
- on expressions of interest received in relation to the vacancy on the Audit & Performance Review Committee and the potential impact of a decision on this on the membership of other Committees.

RESOLVED that the above issues be considered in conjunction with the item on the Appointment to the Vacancy on the Audit & Performance Review Committee elsewhere on the agenda for this meeting.

(SEE ALSO MINUTE DSFRA/31 BELOW)

Minutes of Committees**a Resources Committee**

The Committee Chair, Councillor Dyke, **MOVED** the Minutes of the meeting of the Committee held on 1 September 2016 which had considered, amongst other things:

- the treasury management performance of the Service for the first quarter of 2016-17 (1 April to 30 June 2016);
- the four year funding allocations and Efficiency Plan;
- the financial performance report for the first quarter of 2016-17 (1 April to 30 June 2016).

RESOLVED

- (a). that the recommendation at Minute RC/25 (Four-year Funding Allocation and Efficiency Plan) be considered in conjunction with Minute DSFRA/26 below; and
- (b). that, subject to (a) above and in accordance with Standing Orders, the Minutes be adopted.

(SEE ALSO MINUTE DSFRA/30 BELOW)

b Audit & Performance Review Committee

The Committee Chair, Councillor Radford, **MOVED** the Minutes of the meeting of the Committee held on 12 September 2016 which had considered, amongst other things:

- a document prepared by the Authority's external auditor (Grant Thornton) setting out the findings and external auditor's opinion on the Authority's financial statements for the year ended 31 March 2016;
- the 2015-16 Annual Statement of Assurance;
- a report on progress with internal audit activities during the current (2016-17) financial year;
- a report on European Foundation for Quality Management (EFQM) accreditation and the forthcoming Committed to Excellence (C2E) assessment;
- a report on the Corporate Risk Register; and
- a report on performance by the Devon Fire & Rescue Service, for the first quarter of the current (2016-17) financial year as against those measures contained in the current iteration of the Corporate Plan (Our Plan: Creating Safer Communities 2015 – 20) which, in turn, was aligned to the three organisational priorities of community safety, staff safety and organisational effectiveness and efficiency.

RESOLVED

- (a). that the recommendation at Minute APRC/15 (for the Authority to consider the scope for widening its community partnership activities and involvement to further promote community safety) be considered alongside the review of the current iteration of the Corporate Plan (incorporating the integrated risk management plan); and
- (b). that, subject to (a) above and in accordance with Standing Orders, the Minutes be adopted.

c **Human Resources Management & Development Committee**

The Committee Chair, Councillor Bown, **MOVED** the Minutes of the meeting of the Committee held on 16 September 2016 which had considered, amongst other things:

- a report on absence management;
- a monitoring report on the Service Equality Strategy “Safer Lives, Brighter Futures”;
- a report on redundancy compensation rates;
- requests for retirement and re-employment submitted to the Committee for approval in accordance with the Authority’s approved Pay Policy Statement for the current (2016-17) financial year; and
- presentations on a new approach to competence, training and assurance and “blended” learning and its links in supporting staff training.

RESOLVED

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

ON THE CONCLUSION OF THE DISCUSSION ON THE ABOVE ITEM AT 15.40HOURS, THE MEETING WAS ADJOURNED, RECONVENING AT 15.50HOURS

DSFRA/27 **Exclusion of the Press and Public**

RESOLVED that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public (with the exception of the Managing Director, Capita Digital and Software Solutions for discussion of the item at Minute DSFRA/27) 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 Paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial and business affairs of a particular person.

DSFRA/28 **Networked Fire Control Services Partnership**

(An item taken in accordance with Section 100A(4) where the press and public (with the exception of the Managing Director, Capita and Digital Solutions) were excluded from the meeting).

The Authority:

- (a). considered a report of the Chief Fire Officer (DSFRA/16/20); and
- (b). engaged in discussion with the Managing Director, Capita Digital and Software Solutions

on performance issues associated with the Networked Fire Control Services Partnership.

RESOLVED that the position be noted.

Commercial Activities Governance Review

(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).

(Councillors Healey, Thomas and Woodman each declared, in accordance with the Authority's Approved Code of Members' Conduct, personal interests in this item by virtue of being Authority-appointed non-executive directors on the Board of Red One Ltd. Additionally, given this interest, Councillor Healey vacated the Chair, with Councillor Greenslade [Authority Vice-Chair] presiding for this item).

At the outset of discussing the item and given the interests so declared, the Authority was invited to consider:

- (a). whether Councillors Healey, Thomas and Woodman should remain in the room and participate in debating the item; and
- (b). if so, whether they should be allowed to propose or second motions and vote in relation to the item.

This was put to the vote whereupon it was

RESOLVED by ten votes for to five against, that Councillors Healey, Thomas and Woodman be allowed to remain in the room and participate in the debate on the item but not to propose or second motions or vote on it.

The Authority then considered a report of the Director of Corporate Services (DSFRA/16/21) to which was appended a report detailing the outcome of a review of the current working arrangements of the Board of Directors of Red One Ltd., as commissioned by the Authority at its last meeting (Minute DSFRA/23(a) refers).

The review report addressed, amongst other things:

- the history of the Authority's commercial trading activities and associated governance structures;
- the current governance arrangements;
- roles and responsibilities of the Board (including the division of responsibilities and the role of both non-executive and officer directors);
- directors' general duties; and
- the importance of ensuring alignment between the vision of the shareholder and the Company.

In debating the matter, the Authority was cognisant, amongst other things, that any proposed changes it might wish to effect in relation to the governance of its commercial activities should not be to the detriment of those commercial activities (as far as this was practicable) and that effective and efficient performance monitoring arrangements would be key to this.

Following a lengthy debate on this issue, Councillor Ellery **MOVED** (with Councillor Knight seconding):

- “(a) That the Devon & Somerset Fire & Rescue Authority, as sole shareholder for Red One Ltd. (hereafter referred to as “the Company”), hereby resolves:

- (i) to serve notice on the Company, pursuant to sections 168 and 312 of the Companies Act 2006 (“the Act”), of the Authority’s intention to propose the following resolution as an ordinary resolution at a general meeting to be held no earlier than 28 days after the date the notice is served and by no later than 18 November 2016, to consider the following:
 - “That, pursuant to Section 168 of the Act, [the individual named at the Authority meeting held on 30 September 2016] be removed from office as a Director of the Company with [immediate] effect [from [DATE]].”
 - (ii) to pass a special resolution pursuant to Section 281 of the Act and Article 4 of the Company’s Articles of Association requiring the Company, within two months from the date of passing this special resolution, to review its current operating model (including the scope for the Company to employ, directly, its executive directors) and report back to the Authority (as sole shareholder);
 - (iii) to delegate authority to the Clerk to sign and serve, on behalf of the Authority, such notices and written resolutions on the Company and complete the necessary formalities in connection with such resolutions and notices as set out at (a) [and (b), if applicable] above; and
- (b) that a small working group comprising Councillors Dyke, Greenslade and Randall Johnson (assisted by external legal advice to be commissioned by the Clerk to the Authority) be appointed to review the employment arrangements in connection with the current officer directors of the Company and report back on this within four months from the date of this resolution.”

The motion was then put to the vote and declared **CARRIED**, unanimously, by those present and eligible to vote, whereupon it was

RESOLVED

- (a). that the Devon & Somerset Fire & Rescue Authority, as sole shareholder for Red One Ltd. (hereafter referred to as “the Company”), hereby resolves:
 - (i) to serve notice on the Company, pursuant to sections 168 and 312 of the Companies Act 2006 (“the Act”), of the Authority’s intention to propose the following resolution as an ordinary resolution at a general meeting to be held no earlier than 28 days after the date the notice is served and by no later than 18 November 2016, to consider the following:
 - “That, pursuant to Section 168 of the Act, [the individual named at the Authority meeting held on 30 September 2016] be removed from office as a Director of the Company with [immediate] effect [from [DATE]].”
 - (ii) to pass a special resolution pursuant to Section 281 of the Act and Article 4 of the Company’s Articles of Association requiring the Company, within two months from the date of passing this special resolution, to review its current operating model (including the scope for the Company to employ, directly, its executive directors) and report back to the Authority (as sole shareholder);

- (iii) to delegate authority to the Clerk to sign and serve, on behalf of the Authority, such notices and written resolutions on the Company and complete the necessary formalities in connection with such resolutions and notices as set out at (a) [and (b), if applicable] above; and
- (b). that a small working group comprising Councillors Dyke, Greenslade and Randall Johnson (assisted by external legal advice to be commissioned by the Clerk to the Authority) be appointed to review the employment arrangements in connection with the current officer directors of the Company and report back on this within four months from the date of this resolution.

ON THE CONCLUSION OF THIS ITEM AT 18.30HOURS, THE AUTHORITY MOVED BACK INTO OPEN SESSION WITH COUNCILLOR HEALEY RESUMING THE CHAIR FOR THE REMAINDER OF THE MEETING

DSFRA/30 Four-year Funding Allocation and Efficiency Plan

The Authority considered a report of the Treasurer (DSFRA/16/18) on the government offer of a four-year funding settlement covering the years 2016-17 to 2019-20. Appended to the report was the draft Efficiency Plan required to support an application to accept the four-year funding settlement offer. The deadline for submission of such applications was 14 October 2016.

This issue (including the draft Efficiency Plan) had been considered by the Resources Committee at its meeting on 1 September 2016 which, subject to incorporation of amendments to the draft Efficiency Plan to reference the Police and Fire Community Safety Officer (PFCSO) initiative and co-responding activities, had resolved to recommend that the Authority approve the draft Efficiency Plan and apply to the government to accept the four-year funding settlement offer (Minute RC/25 refers).

RESOLVED

- (a). that the Treasurer be delegated authority to incorporate, following consultation with the Chair of the Resources Committee, those amendments into the draft Efficiency Plan as indicated by the Committee at its meeting on 1 September 2016;
- (b). that, subject to (a) above:
 - (i). the Efficiency Plan be approved; and
 - (ii). the Treasurer be authorised to apply to the government, on behalf of the Authority, to accept the four-year funding settlement offer.

(SEE ALSO MINUTE DSFRA/26(a) ABOVE)

DSFRA/31 Appointment to Vacancy on Audit & Performance Review Committee

The Authority considered a report of the Clerk to the Authority (DSFRA/16/19) on a vacancy on the Audit & Performance Review Committee arising from the resignation of Councillor Riley.

Following receipt of the resignation and circulation of the report, Councillor Wheeler had indicated that he would wish to resign from the Determinations and Dispensations Committee. The Clerk had subsequently issued to the Authority information on application of political proportionality principles to assist in filling the two vacancies.

This, in turn, had generated expressions of interest which, if accepted, would result in a consequential vacancy on the Human Resources Management & Development Committee and it was felt there would be merit in seeking to fill all the vacancies at this meeting.

RESOLVED that the following appointments to the vacancies as indicated be made, the term of office to be until the Annual Meeting of the Authority in 2017:

- (a). Councillor Wheeler to fill the vacancy on the Audit & Performance Review Committee;
- (b). Councillor Hill to fill the vacancy on the Human Resources Management & Development Committee (arising from the resignation, at the meeting, of Councillor Wheeler as a consequence of his appointment to the Audit & Performance Review Committee), and
- (c). Councillor Julian to fill the vacancy on the Determinations and Dispensations Committee.

(SEE ALSO MINUTE DSFRA/25 ABOVE)

DSFRA/32 Chairman's Announcements

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

The Meeting started at 2.00 pm and finished at 6.45 pm

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Agenda Item 3

REPORT REFERENCE NO.	DSFRA/16/23
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	19 DECEMBER 2016
SUBJECT OF REPORT	AUTHORITY EXTRAORDINARY MEETING 31 OCTOBER 2016 – SUMMARY OF PROCEEDINGS DURING WHICH THE MEETING WAS NOT OPEN TO THE PRESS AND PUBLIC
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<i>That the summary of the Extraordinary Meeting of the Authority held on 31 October 2016, produced in accordance with Section 100C(2) of the Local Government Act 1972 and as set out in Section 2 this report, be noted.</i>
EXECUTIVE SUMMARY	In accordance with the requirements of Section 100(C)(2) of the Local Government Act 1972, this report provides a written summary of the extraordinary meeting of the Authority held on 31 October 2016 for which the press and public were excluded from the meeting in accordance with the provisions of Section 100(A)(4) of the Act.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and diversity legislation.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Nil.

1. LEGISLATIVE CONTEXT AND BACKGROUND

- 1.1 Section 100A(4) of the Local Government Act 1972 (“the Act”) provides for the exclusion of the press and public from meetings during consideration of items when exempt information, as defined in Schedule 12A (as amended) of the Act, may be disclosed.
- 1.2 Section 100C of the Act requires:
- (a) minutes of meetings ***excluding so much of the minutes of proceedings during which the meeting was not open to the press and public which disclose exempt information*** to be available for public inspection for a minimum period of six years following the date of the meeting (Section 100(C)(a)); and
 - (b) the “proper officer” to produce a written summary of any part of a meeting where the press and public were excluded as exempt information might be disclosed setting out a reasonably fair and coherent record of that part of the meeting without disclosing the exempt information (Section 100(C)(2)).
- 1.3 The Authority’s approved Scheme of Delegations provides that the Clerk is the “proper officer” for the above section of the Act.
- 1.4 The Extraordinary Meeting of the Authority held on 31 October 2016 was conducted in accordance with Section 100A(4) of the Act with the press and public excluded as exempt information could be disclosed.
- 1.5 Part VI of Schedule 12 of the Act set out provisions relating to local authorities generally and apply to this Authority. This provides, amongst other things, for Minutes of meetings to be drafted and signed as a correct record at the next suitable meeting.
- 1.6 The Minutes of the Extraordinary Meeting held on 31 October 2016, produced for the purposes of Part VI of Schedule 12 of the Act contain exempt information and hence are included elsewhere on the agenda for this meeting, for signing as a correct record.
- 1.7 This report now sets out the written summary of the Extraordinary Meeting produced in accordance with Section 100(C)(2) of the Act.

2. WRITTEN SUMMARY OF EXTRAORDINARY MEETING OF THE AUTHORITY HELD ON 31 OCTOBER 2016

- 2.1 The meeting was called by the Monitoring Officer in accordance with Standing Order 8(1)(c) following receipt of the following Motion submitted in accordance Standing Order 15 and signed by Councillors Bown, Dyke, Eastman, Edmunds and Greenslade:
- “that, pursuant to Article 19 of the Articles of Association of Red One Ltd, [Director A] be removed as a director of the Company by notice in writing to the Company and such removal shall take effect immediately on deposit of the notice”.
- 2.2 At its meeting on 30 September 2016, the Authority had considered a report on the outcome of a review of the governance arrangements for its commercial activities and as a result of this had made a number of decisions at that meeting (Minute DSFRA/29 refers). The Motion and extraordinary meeting at which it was to be considered had been prompted by clarification, obtained since the Authority meeting held on 30 September, on the Articles of Association for Red One Ltd. (the Company) and the process for removal of directors of the Company.

- 2.3 At the extraordinary meeting on 31 October 2016, the Authority considered both the clarification referred to at paragraph 2.2 above along with other issues relating to the composition of the Company. In doing so, the Authority took account of additional legal advice (as circulated at the meeting) sought by the Director of Corporate Services on behalf of the Authority and which covered a number of aspects of company law relating to removal of directors and potential associated employment issues.
- 2.4 The Authority was also cognisant of the contents of the governance review (as considered at its meeting on 30 September 2016) particularly in relation to the need to ensure both that Shareholder and Company aspirations and expectations were aligned and that any decisions taken in relation to the governance arrangements for Red One Ltd. should not be to the detriment of the operation of the company.
- 2.5 Following lengthy debate (the meeting commenced at 2.00pm and concluded at 3.20pm) encompassing all of the issues before it, the Authority resolved to confirm its earlier decision in relation to removal of Director A, but with immediate effect (given the clarification received on the ability, via the Articles of Association of the Company to do so). The Authority also resolved to implement a number of other structural changes to Red One Ltd. aimed at promoting closer alignment between the aspirations of the Shareholder and the Company and to promote its commercial effectiveness.
- 2.6 The above is considered to be a reasonably fair and coherent record of the proceedings of the extraordinary meeting of the Authority meeting held on 31 October 2016 which the Authority is now invited to note.

MIKE PEARSON

Director of Corporate Services (Clerk to the Authority)

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APPOINTMENTS PANEL

(Devon and Somerset Fire and Rescue Authority)

17 August 2016

Present:-

Councillors Bown, Dyke, Greenslade, Healey, Julian and Johnson

* **AP/1** **Election of Chair**

RESOLVED that Councillor John Dyke be elected as Chair of the Appointment Panel for the post of Assistant Chief Fire Officer.

* **AP/2** **Election of Vice-Chair**

RESOLVED that Councillor Sara Randall Johnson be elected as Vice Chair of the Appointment Panel for the post of Assistant Chief Fire Officer.

* **AP/3** **Terms of Reference**

NOTED that the Panel was established by the Devon & Somerset Fire & Rescue Authority at its meeting held on 27 July 2016 to consider the process for and approve the appointment to the post of Assistant Chief Fire Officer (Director of Operations).

* **AP/4** **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 during consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 2 of Part 1 of Schedule 12A (as amended) to the Act, namely information likely to reveal the identity of individuals.

* **AP/5** **Process for Appointment of Assistant Chief Fire Officer (Director of Operations)**

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

The Panel considered the process for the appointment of a new Assistant Chief Fire Officer (Director of Operations).

The Chief Fire Officer drew attention to a number of points that should be considered as part of this process, namely:

- the operational requirements of the Service;
- the Service requirements;
- costs;
- whether there should be an internal or external appointment process;
- a suggested process with associated timescales.

The Committee expressed the view that it would prefer to instigate an internal appointment process in the first instance. However, arrangements should be put in place for an external process to be undertaken should the internal process fail to identify a suitable candidate.

It was noted that an indicative date of 19 September 2016 had been considered for the interviews for this post but the Human Resources Manager advised that it would not be possible to meet this timescale now. He indicated that further dates would need to be considered depending on the process set by the Appointments Panel.

RESOLVED

- (a) that an internal process for the appointment of a new Assistant Chief Fire Officer be undertaken, the detailed timescales for which to be drawn up by the Human Resources Manager in consultation with the Chief Fire Officer and Chair of the Panel;
- (b) that the internal process be based around shortlisting of applicants and an interview process over two days and to include a Stakeholder Panel, presentation on an unknown subject and formal interview.

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

The Meeting started at 2.00 pm and finished at 3.40 pm

APPOINTMENTS PANEL

(Devon and Somerset Fire and Rescue Authority)

26 September 2016

Present:

Councillors Dyke (Chair), Bown, Greenslade, Julian and Randall Johnson

Apologies:

Councillors Healey

* **AP/6** **Minutes**

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

* **AP/7** **Exclusion of the Press and Public**

RESOLVED that in accordance with 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 the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 1 (information relating to an individual); and
- Paragraph 2 (information likely to reveal the identity of an individual).

* **AP/8** **Appointment of Assistant Chief Fire Officer - Short-listing Process**

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

The Panel considered applications submitted for the post of Assistant Chief Fire Officer together with the officer recommendations as to a shortlist of applicants to be interviewed and suggested questions that might be used as part of the selection process.

RESOLVED

- (a). that all candidates who initially submitted applications be invited to attend the final selection process on 4 October 2016;
- (b). that the process feature the questions as agreed at the meeting;
- (c). that the weightings and scoring system to be applied at the final selection process, as discussed at the meeting, be approved.

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

The Meeting started at 10.00 am and finished at 12.35 pm

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APPOINTMENTS PANEL
(Devon & Somerset Fire & Rescue Authority)

4 October 2016

Present:-

Councillors Dyke, Bown, Greenslade, Healey, Julian and Randall Johnson

* **AP/9** **Minutes**

RESOLVED that the Minutes of the meeting held on 29 September 2016 be signed as a correct record.

* **AP/10** **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 the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 1 (information relating to an individual); and
- Paragraph 2 (information likely to reveal the identity of an individual).

* **AP/11** **Appointment of Assistant Chief Fire Officer - Selection Process**

(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 Panel interviewed candidates short-listed for the position of Assistant Chief Fire Officer.

RESOLVED that, following the selection process, Area Manager Glenn Askew be appointed to the post of Assistant Chief Fire Officer.

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

The Meeting started at 9.00 am and finished at 5.30 pm

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COMMUNITY SAFETY & CORPORATE PLANNING COMMITTEE (Devon & Somerset Fire & Rescue Authority)

28 September 2016

Present:-

Councillors Eastman (Chair), Ellery, Hill, Leaves (Vice-Chair), Burrige-Clayton and Coles

* CSCP/9

Minutes

RESOLVED that the Minutes of the meeting held on 4 July 2016 be signed as a correct record.

* CSCPC/10

Corporate Planning Framework Review

The Committee considered a report of the Area Manager – Community Safety (CSCPC/16/5) that set out the position in respect of the review of the corporate performance measures which it was intended should be better aligned with strategic priorities and expected outcomes.

The Committee noted that the review had been extended to include a revisit of the corporate planning framework, including department plans and local community plans. There would also be an opportunity to look at the national picture to ensure that the performance measures to be adopted would align with Government expectations. It was intended that the proposals for new corporate measures would come back to this Committee for approval early in 2017.

* CSCP/11

Business Safety

The Committee received for information a report of the Area Manager - Community Safety – (CSCPC/16/6) that set out the proposed change in title for the Community Safety Fire Protection team to Business Safety. This aligned with the approach taken by other fire and rescue services nationally to promote consistency and clarity in the role of Business Safety teams and was also aimed at encouraging businesses to be compliant with the provisions in the Regulatory reform (Fire Safety) Order 2005 (RRO). The report set out the proposed new job titles within the business safety department.

Reference was made in particular to Operation Trojan which had been really effective in the Torbay area as a means of encouraging business to be more compliant with the RRO. There were 15 court cases pending as a result of the work that had been undertaken which had sent out a strong message to the business community.

* CSCP/12

Road Traffic Collisions

The Committee received for information a presentation given at the meeting by the Road Safety Manager.

The presentation covered the following points:

- Statistics for 2015 – it was noted that it took time for statistics to be prepared and thus the Service was usually working with data that was a year behind. The figures for road traffic collision in 2015 showed the lowest fatality figures involving both young drivers and motorcyclists since 2010. More people were surviving road traffic collisions now due to preventative measures such as wearing seatbelts and not using mobile phones etc.
- Education – getting the message across to students through the Honest Truth campaign and a consistent package was now in place to deliver this across both counties; use this as a basis to deliver the road safety message to schools
- Methods of engagement included an age approach – learning through repetition and singing and encouraging children to feel empowered to ask their parents to stop when they thought behaviour was inappropriate. Also used publications and activity at Paignton Zoo in four enclosures which was very successful. Reference to National Red Thumb Day in addition.
- Reference was made to the collaborative approach being taken by the Service including PFCSO engagement and the Learn to Live programme.

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

The Meeting started at 10.00 am and finished at 11.35 am

RESOURCES COMMITTEE (Devon & Somerset Fire & Rescue Authority)

16 November 2016

Present:-

Councillors Dyke (Chair), Burridge-Clayton, Coles (sub Greenslade), Hendy, Thomas and Yeomans.

Apologies:-

Councillors Chugg.

* **RC/9** **Minutes**

RESOLVED that the Minutes of the meeting held on 1 September 2016 be signed as a correct record.

* **RC/10** **Treasury Management Performance 2016/17: Quarter 2**

The Committee received for information a report of the Treasurer (RC/16/13) that set out details of the treasury management performance for the second quarter of 2016 (to September 2016) as compared to the agreed financial targets for 2016/17.

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. He made reference to the following points:

- Post Brexit, the interest rate forecast had been reviewed and the bank rate had been reduced to 0.25% with interest rates expected to remain low until at least June 2019;
- The Authority was outperforming the 3 month LIBID benchmark return of 0.308% with investment interest at £60,696k (0.46%) in quarter 2;
- There had been no additional external borrowing undertaken with the debt reducing slightly to £25.790m. The Authority was maintaining its prudential approach to investment decisions with priority being given to liquidity and security over yield and no prudential indicators had been breached.

It was noted that the concern for the UK economy was that post Brexit, the cost of imported goods was starting to rise due to the drop in the value of sterling and the forecast for the Consumer Price Index was an increase to 3%, possible going to as high as 4%. With wage rises not increasing at the same rate, this may result in an earlier increase in interest rates in order to curb inflation.

Reference was made to the position in respect of the impending Government cuts to the Revenue Support Grant (RSG) to local authorities and the need for this Authority to continue to be ultra cautious in future. The Treasurer reported that the Government had issued a consultation document recently that made reference to the move towards self-sufficiency for local authorities and the question had been asked as to whether fire authorities should remain within this system.

* **RC/11** **Financial Performance Report 2016-17: Quarter 2**

The Committee received for information a report of the Treasurer (RC/16/14) that set out the financial performance for the second quarter of 2016/17 (to 30 September 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.

The Treasurer reported that it was forecast that spending would be £1.612 less than the approved revenue budget at this stage in the year, equivalent to 2.18% of the total budget. This continued to be attributable largely to the ongoing crewing changes as a result of the 2013-14 Corporate Plan together with a strategy to hold vacancies when staff left the organisation. There was no recommendation in terms of how this underspend should be utilised at the moment. However, there were some emerging budgetary issues which may require consideration in due course, such as the Emergency Services Mobile Communications Project (ESMCP), which may require some funding in the event that the government grant was insufficient to cover all of the costs of implementation, and there may also be a requirement to enhance the Change and Improvement reserve to support transformational projects and collaborative work in 2017/18 and beyond.

Attention was drawn to the position in respect of the costs associated with the recent fire in Cathedral Yard, Exeter which had required extensive resources. Whilst the full impact of this incident had not been assessed as yet, it was anticipated that costs may be in the region of £300k.

Reference was made to the position in respect of the Capital Budget which was anticipated to have a year-end spend of £4.2m against a budget of £6.417m. This was partly due to slippage and some timing issues and as a result, some projects had been removed from the Programme.

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 be noted.

* **RC/12** **Exclusion of the Press and Public**

RESOLVED that, in accordance with Section 100(A) 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/13** **Estate Development Review Options**

(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 considered a report of the Director of Corporate Services (RC/16/15) that provided an update in respect of the progress made with the Estates Development Review.

RESOLVED that the principle of pursuing the potential options listed in paragraph 3.10 of report RC/16/15 be endorsed, subject to the detailed information in respect of each scheme being submitted to the Committee for approval.

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

The meeting started at 10:00hours and finished at 11:55hours

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REPORT REFERENCE NO.	RC/16/13
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 NOVEMBER 2016
SUBJECT OF REPORT	TREASURY MANAGEMENT PERFORMANCE 2016-2017 – QUARTER 2
LEAD OFFICER	TREASURER
RECOMMENDATIONS	<i>That the performance in relation to the treasury management activities of the Authority for 2016-17 (to September 2016) be noted.</i>
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of Practice for Treasury Management. The Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's Code of Practice.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Investments held as at 30 September 2016.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) Report DSFRA/16/3 – as approved at the meeting of the DSFRA meeting held on the 19 February 2016.

1. **INTRODUCTION**

- 1.1 The Treasury Management Strategy for Devon and Somerset FRA has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in Public Services Code of Practice (the Code) and the CIPFA Prudential Code. The Code recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Authority is implementing best practice in accordance with the Code and includes:
- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Authority's treasury management activities.
 - The creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives.
 - The receipt by the full Authority of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
 - The delegation by the authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- 1.2 Treasury management in this context is defined as:
- “The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”
- 1.3 The preparation of this report demonstrates that the Authority is implementing best practice in accordance with the code.

2. **ECONOMIC BACKGROUND**

- 2.1 UK Growth Domestic Product (GDP) growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme.
- 2.2 The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

- 2.3 The Bank of England meeting on August 4th 2016 addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The August Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Philip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23 2016.
- 2.4 The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. The Consumer Price Index (CPI) has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year. In addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years.
- 2.5 The Monetary Policy Committee (MPC), however, is expected to look through a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.
- 2.6 The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Federal Reserve embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.
- 2.7 In the Eurozone, the European Central Bank commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings, it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn.
- 2.8 These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

2.9 Japan is still bogged down in anaemic growth and making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.

Interest Rate Forecasts

2.10 The Authority’s treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

2.11 Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% by the end of December and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

3. TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY

3.1 The Authority’s Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement (TMSS) was approved by the Authority on the 19th February 2016. It outlines the Authority’s investment priorities as follows:

- Security of Capital
- Liquidity
- Yield

- 3.2 The Authority will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep a significant proportion of investments short term to cover short term cash flow needs but also to seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions using the Capita suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Capita.
- 3.3 A full list of investments held as at 30 September 2016 are shown in Appendix A.
- 3.4 The average level of funds available for investment purposes during the quarter was £37.998m (£29.533m in previous quarter). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Benchmark	Benchmark Return	Authority Performance	Investment interest to quarter 2
3 Month LIBID	0.308%	0.46%	£60,696.

- 3.5 As illustrated, the Authority outperformed the 3 month LIBID benchmark by 0.152bp. Whilst investment future returns will inevitably be adversely impacted by the reduction in the bank base rate to 0.25% during Q2, it is currently forecast that the Authority's budgeted investment target for 2016-2017 of £0.154m will still be achieved.

BORROWING STRATEGY

Prudential Indicators:

- 3.6 It is a statutory duty for the Authority to determine and keep under review the "Affordable Borrowing Limits". The Authority's approved Prudential Indicators (affordability limits) are outlined in the approved TMSS.
- 3.7 A full list of the approved limits (as amended) are included in the Financial Performance Report 2016-2017, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to September 2016 and that there are no concerns that they will be breached during the financial year.

Current external borrowing

- 3.8 External borrowing as at 30 September 2016 was £25.790m, a small reduction from the figure of £25.817m as at 30 June 2016. All of this debt was at fixed rate with the remaining principal having an average rate/life of 4.231%/30.09 years.

Loan Rescheduling

- 3.9 No debt rescheduling was undertaken during the quarter. The Authority will continue to work closely with our treasury advisors to explore any opportunities to repay existing loans, however current Public Works Loan Board (PWLB) early repayment rates mean there is no financial benefit in undertaking premature loan repayment at this time.

New Borrowing

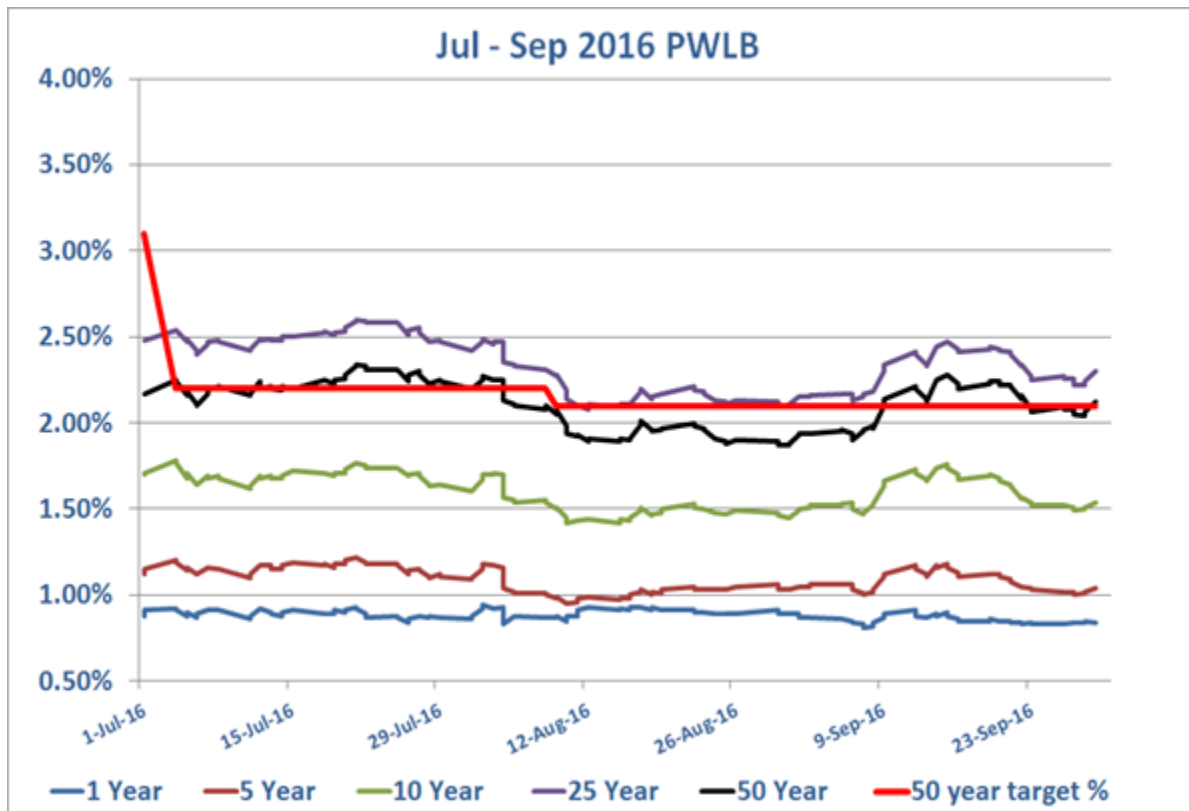
3.10 As depicted in the graph(s) below there has been some volatility in PWLB rates during the quarter. The 50 year PWLB target (certainty) rate for new long term borrowing started at 3% and ended at 2.10%.

3.11 No new borrowing was undertaken during the quarter and none is planned during 2016-17. It is anticipated that use of internal borrowing will avoid the need to borrow from the PWLB in year.

PWLB rates quarter ended 30 September 2016

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.81%	0.95%	1.42%	2.08%	1.87%
Date	07/09/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	0.94%	1.22%	1.78%	2.60%	2.34%
Date	02/08/2016	21/07/2016	04/07/2016	21/07/2016	21/07/2016
Average	0.88%	1.09%	1.60%	2.34%	2.11%

3.12 Borrowing rates for this quarter are shown below.



Borrowing in Advance of Need

3.13 The Authority has not borrowed in advance of need during this quarter.

4. SUMMARY AND RECOMMENDATION

4.1 In compliance with the requirements of the CIPFA Code of Practice of Treasury Management, this report provides members with the second quarter report of the treasury management activities for 2016-2017 to September 2016. As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns are still low as a consequence of the fall in interest rates, the Authority is still anticipating that investment returns will meet the budgeted target.

KEVIN WOODWARD
Treasurer

APPENDIX A TO REPORT RC/16/13

Investments as at 30 September 2016					
Counterparty	Maximum to be invested	Total amount invested	Call or Term	Period invested	Interest rate(s)
	£m	£m			
Bank of Scotland	5.000	2.100	T	1 yr	1.050%
		1.400	T	3 mths	0.650%
		1.500	T	1 yr	1.020%
Qatar National Bank	2.000	1.000	T	1 yr	1.000%
		1.000	T	1 yr	0.750%
Santander UK PLC	5.000	1.000	T	6 mths	0.660%
		2.000	T	6 mths	0.460%
		2.000	T	6 mths	0.460%
Leeds Building Society	2.000	1.000	T	6 mths	0.670%
Coventry Building Society	2.000	2.000	T	6 mths	0.600%
Nationwide Building Society	2.000	2.000	T	6 mths	0.400%
Goldman Sachs	5.000	5.000	T	6 mths	0.595%
Sumitomo Mitsui	5.000	3.200	T	6 mths	0.420%
Svenska Handelsbanken	5.000	5.000	C	Instant Access	Variable
Federated Liquidity Fund	5.000	1.600	C	Instant Access	Variable
Black Rock Money Market Fund	5.000	4.660	C	Instant Access	Variable
Ignis Sterling Liquidity Money Market Fund	6.000	4.316	C	Instant Access	Variable
Total invested as at 30 September 2016		£40.776M			

DETERMINATIONS AND DISPENSATIONS COMMITTEE (Devon & Somerset Fire & Rescue Authority)

28 November 2016

Present:-

Councillors Bown, Coles, Edmunds, Julian and Randall Johnson

* **DDC/1** **Election of Chair**

RESOLVED that Councillor Randall Johnson be elected Chair for the meeting.

* **DDC/2** **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 the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 1 (information relating to an individual);
- Paragraph 2 (information likely to reveal the identity of an individual); and
- Paragraph 3 (information relating to the financial and business affairs of any particular person [including the authority holding that information]).

* **DDC/3** **Allegation of Breach of Member Code of Conduct - Councillor Mark Healey**

(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 conducted a hearing into allegations that Councillor Mark Healey had failed to comply with the Authority's approved Members' Code of Conduct ("the Code"). The Committee conducted the hearing in two stages, the first to determine "findings of fact" as to whether or not, on the balance of probabilities, the alleged breaches of the Code had been established. The second stage dealt with the imposition of sanctions – including hearing submissions in mitigation - in the event that breaches of the Code were found to have been established.

STAGE 1 – FINDINGS AS TO FACT

During this stage the Committee:

- considered a report of the Director of Corporate Services (Monitoring Officer) (DDC/16/1) to which was appended:
 - a report of the external Investigating Officer summarising the investigation findings into the alleged breaches of the Code;
 - a copy of the Committee's Terms of Reference (which featured, amongst other things, sanctions available to the Committee in the event of a breach of the Code being established);
 - the Authority's approved Members' Code of Conduct; and
 - Guidance on Making a Complaint
- considered a written submission of Councillor Healey circulated with the agenda for the meeting together with a supplementary submission circulated subsequently;

- received presentations from both the Investigating Officer and Councillor Healey; and
- received evidence from two witnesses - Witness A and Witness B - as to fact.

The Investigating Officer, Councillor Healey and Witnesses A and B were also questioned in some depth on their submissions by each of the Committee Members and the Independent Person.

The report of the Investigating Officer detailed that relevant legislation to the investigation included Chapter 7 of Part 1 of the Localism Act and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. The investigation itself had been conducted in accordance with guidance previously prepared by Standards for England and which had been judicially tested. The Investigating Officer had concluded at the outset of the investigation that, at all relevant times outlined in the complaint, Councillor Healey was acting in his official capacity as a Member of the Authority and as such was bound by the Code.

The alleged breaches of the Code focussed on the following specific aspects:

Point 1(a) - has there been a failure on behalf of Councillor Healey to register and declare a disclosable pecuniary interest in Firemark Education Community Interest Company (CIC)?

The Investigating Officer's report on this aspect detailed that Councillor Healey took no remuneration for his work with Firemark Education CIC and received nothing other than actual expenses. On this basis, the Investigating Officer did not consider that a disclosable pecuniary interest existed and flowing from this there could be no breach of the Code in terms of failure to register or declare any such disclosable pecuniary interest. This was accepted by the Committee.

Point 1(b) – has there been a further failure to register an interest other than a disclosable pecuniary interest?

Paragraphs 1.3(f) and 2.2 of the Code required the registration and declaration of any private interests which might create a conflict of interest, contrary to the public interest, in carrying out duties as an Authority Member.

The report of the Investigating Officer detailed that, while Councillor Healey did not have a disclosable pecuniary interest relating to his involvement with Firemark Education CIC, the sponsorship received by the CIC from several organisations had the potential to create conflicts of interest contrary to the Code and as such should have been, but had not been at the time of the investigation, included in Councillor Healey's Register of Interests.

As part of his submissions, Councillor Healey acknowledged that his involvement with Firemark Education CIC, together with details of companies sponsoring the CIC, should have been included in his Register of Interests from the outset and apologised for not having done so. Councillor Healey indicated that his failure to include this in his Register of Interests was not deliberate but a genuine oversight, that he had never sought to conceal his involvement and that he considered this to be common knowledge both locally and nationally. Since the investigation, and prior to this hearing, however, Councillor Healey had amended his published Register of Interests to include details of his involvement with Firemark Education CIC and the companies sponsoring Firemark.

Point 2 – has there been a failure on the part of Councillor Healey to have acted in accordance with the Code with regards to matters that may have benefitted a person with whom Councillor Healey has a close association?

The Code required, at paragraph 1.3(a) and 4.2(a), that a Member should not use their position in such a way as to confer an advantage or disadvantage on a person. This particular allegation was that Councillor Healey had a close association with an individual (Witness A) and that this relationship would benefit Witness B in their associated business interests.

The Committee considered the submissions of both the Investigating Officer and Councillor Healey in this respect and also had the opportunity to hear from and question Witness A.

It was acknowledged by both Councillor Healey and Witness A that they had an association. This had developed over time as a result of involvement by both in various aspects, both locally and nationally, of the fire and rescue sector. Witness A did not consider, however, that this association had benefitted them in terms of their business interests and refuted strongly any allegation that this might be the case and that questioning the personal and professional integrity of both Witness A and Councillor Healey in this respect was both unwarranted and illogical.

The Committee considered that the evidence as presented, while it confirmed the close association between Councillor Healey and Witness A, did not indicate in any sense that Witness A, either personally or through any business interests, had benefitted from this close association – particularly given the relative sizes of the businesses with which Councillor Healey and Witness A were associated.

Point 3 – has Councillor Healey disclosed information given to him in confidence?

The allegation here was that Councillor Healey, contrary to paragraph 4.2(f) of the Code, disclosed information to a third party on an initiative which Red One Ltd. was seeking to progress when he knew or should reasonably have believed the information was of a confidential nature and when he did not have the consent of Red One Ltd. to so disclose the information.

The evidence as presented to the Committee referred to a number of e-mails and to minutes of a Red One Board meeting which detailed, amongst other things, that Councillor Healey should not raise the matter with the third party. The Investigating Officer's report and presentation to the Committee also indicated that Councillor Healey had other avenues available to him on this particular issue that would not have required any form of communication with the third party.

For his part, Councillor Healey stated that the Board of Red One Ltd. had been informed at a meeting that the third party was seeking to "block" an initiative currently being pursued by Red One Ltd. Councillor Healey asserted that he was acting in the best interests of Red One Ltd. in seeking to obtain confirmation from the third party as to whether or not this was the case and that – if it were the case – what the reasons might be and whether any way forward might exist. Further, Councillor Healey made the point that – if the third party was indeed blocking the initiative as he had been led to believe at a Red One Ltd. Board meeting – then the third party must already have been aware of the Red One Ltd. initiative meaning that Councillor Healey could not possibly have disclosed "confidential" information or information that had not already been obtained by the third party but from another source.

In giving evidence to the Committee, Witness B confirmed that they had been present at the same Red One Ltd. Board Meeting when the allegation of the third party blocking the initiative had been raised. Witness A had also commented that the nature of the information – relating to accreditation – was of itself not confidential.

Notwithstanding this, the Committee noted that:

- the minutes of the Red One Board meeting clearly indicated that Councillor Healey should not raise this matter directly with the third party;
- the report of the Investigating Officer and his presentation to the meeting indicated that other avenues existed to Councillor Healey to ascertain the accuracy of the allegation made at the Red One Ltd. Board meeting;
- Councillor Healey had not denied that he had raised the matter with the third party and when doing so had been accompanied by Witness B.

The Committee concluded that, on the balance of probabilities, Councillor Healey had divulged certain information to the third party in circumstances when he was not so authorised to do so.

Having considered the findings of fact in relation to each of the allegations, the Committee:

RESOLVED that, in light of the evidence as considered at the hearing and on the balance of probabilities, Councillor Healey:

- had breached paragraph 1.3(f) of the Code by not included on his published Register of Interests, at the time of the investigation, a personal (albeit non-pecuniary) interest that might be perceived as giving rise to conflicts contrary to the public interest;
- had not breached the Code with regard to matters which may have benefitted a person with whom he had a close association and which would have been contrary to paragraphs 1.3(a) and 4.2(a) of the Code; and
- had breached paragraph 4.2(f) of the Code by having disclosed to a third party information which he believed or ought reasonably to have been aware of was confidential and where he was not authorised to so disclose such information.

STAGE 2 - MITIGATION

Having established breaches of the Code (see (a) and (c) above) as findings of fact on the balance of probabilities, the Committee then went on to consider submissions in mitigation in relation to the imposition of any potential sanctions to the breaches.

The Committee had previously heard from Councillor Healey that he had now included personal interests relating to Firemark Education CIC and sponsors of that company in his published Register of Interests.

The Committee also noted the comments of Councillor Healey and Witness A as to the nature of the information disclosed to a third party without the consent of the Board of Red One Ltd.

The Committee also received a submission as to the character of Councillor Healey from Witness C. Witness C considered Councillor Healey to be a person of utmost integrity who espoused the principles of public life and worked tirelessly both locally and nationally to promote fire safety generally and specifically the best interests of both the Devon & Somerset Fire & Rescue Authority and Red One Ltd. (the commercial trading arm of the Authority). Councillor Healey had recently been awarded the Member of the Order of the British Empire in recognition of his endeavours.

Witness C felt that Councillor Healey's general business acumen and connections with the fire and rescue service both locally and nationally added considerable benefit and value to the Authority and Red One Ltd. and contributed positively to the ability of both the Authority and Red One Ltd. to realise their goals and ambitions. As a corollary to this, Witness B considered that – were Councillor Healey not to be involved with either the Authority or Red One Ltd. – this would be detrimental to both organisations.

The Committee was also cognisant of the views of the Investigating Officer on the potential number of conflicts faced by Councillor Healey and – given these – the ability of Councillor Healey to manage these appropriately. The Committee accepted the mitigation offered by Witness C as to the significant integrity of Councillor Healey (as evidenced by his willingness to co-operate both with the investigation, this hearing and in relation to addressing - prior to the hearing - the first Code breach) and light of this considered that – with appropriate training - there was no reason to assume that Councillor Healey would not be equipped to manage potential conflicts at both Authority and Board level. Also, the Committee considered the contributions Councillor Healey afforded to Red One Ltd. by virtue of his national contacts far outweighed the arrangements that would need to be put in place to assist Councillor Healey in managing any conflicts of interest. Consequently, the Committee felt there was no reason for the Authority to consider imposing any further sanctions other than the requirement for Councillor Healey to receive training on the handling of confidential information and the implications and limitations associated with Non-Disclosure Agreements.

The Committee found these submissions to be both credible and persuasive and consequently, in determining appropriate sanctions in consultation with the Independent Person,

RESOLVED

- (a). that, in relation to the breach of the Code on failure to register a personal interest, given Councillor Healey had, following the investigation but prior to the hearing:
 - (i). amended his published Register of Interests to include those interests that were the subject of the complaint;
 - (ii). held several discussions with the Authority's Monitoring Officer on the requirement to and importance of declaring all relevant interests; and
 - (iii). voluntarily entered onto his Register, in accordance with the required timescales, further interests that had arisen post- the investigation but prior to the hearing;no further action was required; and
- (b). that, in relation to the breach of the on disclosure of information in circumstances where Councillor Healey was not authorised to do so, Councillor Healey should receive training (to be arranged by the Monitoring Officer) both in the appropriate handling of confidential information and in Non-Disclosure Agreements (NDAs).

DDC/4 General Recommendations to the Authority

(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).

Having dealt specifically with the allegations into breaches of the Code of Conduct by Councillor Healey, the Committee then went on to consider whether – arising from the investigation and hearing – any general recommendations should be made to the Authority. The Committee

RESOLVED that the Authority be recommended to approve:

- (a). the undertaking of a review of the Code of Conduct by this Committee, in consultation with the Independent Person, to ensure compliance with current best practice; and
- (b). that, upon adoption of any revised Code, the provision of training to all Authority Members on the revised Code in general and on the registration and declaration of interests in particular.

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

The Meeting started at 12.30 pm and finished at 5.45 pm

Agenda Item 9

REPORT REFERENCE NO.	DSFRA/16/24
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	19 DECEMBER 2016
SUBJECT OF REPORT	POLICING AND CRIME BILL – INVOLVEMENT OF POLICE AND CRIME COMMISSIONERS WITH FIRE AND RESCUE AUTHORITIES
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<i>That the Authority extends a formal invitation to the Police and Crime Commissioners for Devon & Cornwall and Avon & Somerset to attend and speak at future Authority meetings.</i>
EXECUTIVE SUMMARY	<p>The Policing and Crime Bill provides, amongst other things, for a new statutory duty for the emergency services to collaborate and for Police and Crime Commissioners to assume responsibility for fire and rescue authorities (subject to approval of an appropriate business case).</p> <p>The Bill also provides for the Commissioner, where they do not wish to assume full responsibility for a fire and rescue authority, to request appointment to the authority. On receipt of such a request, the authority has to either reject or approve the request, giving and publishing reasons for its decision, but if it is minded to approve the request then the Commissioner is duly appointed to the authority, with speaking and voting rights.</p> <p>The Authority has previously been informed of endeavours, in advance of enactment of the Bill, to promote further collaboration between the emergency services. These include establishment of the Emergency Services Forum chaired by this Authority's Chair.</p> <p>In this spirit of enhanced co-operation and given the provisions of the Bill relating to involvement of Police and Crime Commissioners with fire and rescue authorities, it is now suggested that this Authority may wish at this stage to extend a formal invitation to the Police and Crime Commissioners of Devon & Cornwall and Avon & Somerset to attend and speak at future Authority meetings.</p>
RESOURCE IMPLICATIONS	Nil
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and diversity legislation.
APPENDICES	None.
LIST OF BACKGROUND PAPERS	The Policing and Crime Bill

1. BACKGROUND

- 1.1. Following a consultation in the Autumn of 2015, the government published (in February of this year) the Policing and Crime Bill. The Bill, once enacted, will amongst other things:
- a. introduce a new statutory duty for collaboration by the emergency services (Sections 1 – 5);
 - b. provide for a Police and Crime Commissioner to assume responsibility for fire and rescue functions where, in the view of the Secretary of State and following submission of an appropriate business case, it is considered to be in the interests of economy, efficiency and effectiveness and public safety (Section 6 and Schedule 1);
 - c. provides that, where a Police and Crime Commissioner does not wish to assume responsibility for fire and rescue functions in an area, they may nonetheless request appointment to the fire and rescue authority concerned. The authority must either approve or reject this request (giving and publishing reasons for doing so) and where the request is approved the Police and Crime Commissioner will be duly appointed to the authority with speaking and voting rights (Section 7).

2. CURRENT POSITION

- 2.1 Prompted by the consultation exercise and ahead of publication of the Bill, this Authority has already taken positive steps to further collaborative effort amongst the emergency services across the region including establishment of the Emergency Services Forum chaired by this Authority's Chairman. Membership of the Forum includes senior political and officer representation from each of the emergency services in the region.
- 2.2 As referenced in paragraph 1.1 above, the Policing and Crime Bill envisages much closer working between the emergency services – particularly fire and police. With this in mind and in the spirit of promoting closer working relationships, it is therefore suggested that this Authority may wish to consider extending an invitation to the Police and Crime Commissioners for Devon & Cornwall and Avon & Somerset to attend and speak at future Authority meetings albeit that the legislative governance arrangements for the Authority do not currently allow for Police and Crime Commissioners to otherwise actively participate in the decision making process.
- 2.3 This proposal has been discussed with the Authority and Committee Chairs who are supportive of the approach. It is, therefore, commended for approval.

MIKE PEARSON
Director of Corporate Services
(Clerk to the Authority)

REPORT REFERENCE NO.	DSFRA/16/25
MEETING	DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY
DATE OF MEETING	19 DECEMBER 2016
SUBJECT OF REPORT	CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS
LEAD OFFICER	Treasurer to the Authority
RECOMMENDATIONS	<i>That the Authority agrees to “opt-in” to Public Sector Audit Appointments Ltd (PSAA) for the procurement of future external audit provision (Option 3).</i>
EXECUTIVE SUMMARY	<p>The contract relating to the appointment of our current external auditors, Grant Thornton, covers up to and including the completion of the 2017-18 audit. The auditors are currently working under a contract originally let by the Audit Commission with the contract being novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission. When the current transitional arrangements come to an end on 31 March 2018, the Authority will be able to move to the local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities.</p> <p>This report outlines three potential options available to the Authority one of which is to “opt-in” to a sector-wide procurement conducted by PSAA.</p> <p>If the Authority is to take advantage of the national scheme for appointing auditors to be operated by PSAA for the subsequent years, it needs a decision to be taken by a meeting of the Fire Authority to enable it to accept the invitation by early March 2017.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	None.
LIST OF BACKGROUND PAPERS	None.

1. **INTRODUCTION**

- 1.1. The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors, and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year, to also include the audit of the accounts for 2017-18.
- 1.2. The Authority's current external auditor is Grant Thornton, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission, the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the Local Government Association (LGA) with delegated authority from the Secretary of State. Over recent years the Authority has benefited from a reduction in fees of around 50%. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants, and savings from closure of the Audit Commission. The Authority's current external audit fees are £33,820 per annum.
- 1.3. When the current transitional arrangements come to an end on 31 March 2018, the Authority will be able to move to the local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities.
- 1.4. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.
- 1.5. The scope of the audit will still be specified nationally. The National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out authorities' audits must follow. Not all accounting firms will be eligible to compete for the work; they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has not yet commenced and so the number of firms is not known, but it is reasonable to expect that the list of eligible firms may include the top ten or twelve firms in the country, including the Authority's current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

2. **OPTIONS FOR LOCAL APPOINTMENT OF EXTERNAL AUDITORS**

- 2.1 There are three broad options open to the Authority under the Local Audit and Accountability Act 2014 (the Act):
Option 1 - To make a stand-alone appointment
- 2.2 In order to make a stand-alone appointment the Authority will need to set up an Auditor Panel. The members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former Authority Members (or officers) and their close families and friends. This means that Authority Members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Authority's external audit. A new independent auditor panel established by the Authority will be responsible for selecting the auditor.

Advantages/benefits

- 2.3 Setting up an auditor panel allows the Authority to take maximum advantage of the new local appointment regime and have local input to the decision.

Disadvantages/risks

- 2.4 There will be costs associated with the recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract; in addition, on-going expenses and allowances will be incurred.
- 2.5 The Authority will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- 2.6 The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by Authority Members.

Option 2 - Set up a Joint Auditor Panel/local joint procurement arrangements

- 2.7 The Act enables the Authority to join with others to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice will be required on the exact constitution of such a panel, having regard to the obligations of each authority under the Act, and the Authority's requirement to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits

- 2.8 The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- 2.9 There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

Disadvantages/risks

- 2.10 The decision making body will be further removed from local input. There will be potentially no input from Authority Members where a wholly independent auditor panel is used or limited input where only one Authority Member is appointed to the joint panel to represent the Authority.
- 2.11 The choice of auditor could be complicated where individual authorities have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Authority. Where this occurs, some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Authority, then a separate appointment, with all the attendant costs and loss of economies possible through joint procurement, may still be required.
- 2.12 It also requires a willing partner or partners of sufficient size to give the exercise a chance of being financially favourable. Indications are that most of our potential partners are opting for 3 below.

Option 3 - Opt-in to a Sector Led Body

- 2.13 In response to the consultation on the new arrangement, the LGA successfully lobbied for authorities to be able to 'opt-in' to a Sector Led Body, appointed by the Secretary of State under the Act. A Sector Led Body would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

- 2.14 2.5 On 22 July 2016, the LGA confirmed that Public Service Appointments Ltd (PSAA) had been approved by the Government to become the body which is authorised to make future audit appointments on behalf of principal local authorities. The first appointments will commence in relation to the financial year 2018-19.

Advantages/benefits

- 2.15 The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.
- 2.16 By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- 2.17 Any conflicts at individual authorities would be managed by the Sector Led Body who would have a number of contracted firms to call upon.
- 2.18 The Authority would not need to set up an Auditor Panel and therefore locally appointed independent members would not be required. Instead, a separate body would be set up to act in the collective interests of the 'opt-in' authorities.

Disadvantages/risks

- 2.19 Individual Authority Members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- 2.20 In order for the Sector Led Body to be viable and to be placed in the strongest possible negotiating position, authorities would be required to indicate their intention to opt-in before final contract prices are known.

3. FINANCIAL IMPLICATIONS

- 3.1. Current external fee levels are likely to increase when the current contracts end in 2018.
- 3.2. The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 above would need to be estimated and included in the Authority's budget from 2017-18. This would include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and any agreed payments to Panel members.
- 3.3. Opting-in to a national Sector Led Body provides maximum opportunity to limit the extent of any increases by entering into a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel. There will be no fee to join the sector led arrangements.
- 3.4. The audit fees that opted-in bodies will be charged by the sector led body will cover the costs of appointing auditors. The LGA believes that audit fees achieved through block contracts will be lower than the costs that individual authorities will be able to negotiate.

4. SUMMARY AND RECOMMENDATION

- 4.1. The Authority has until 31 December 2017 to make an audit appointment, (Section 7 Local Government and Accountability Act 2014). In practical terms this means that one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.

- 4.2. 4.2 Authorities that wish to “opt in” to the PSAA arrangements have been asked to confirm this to PSAA by early March 2017, and this decision has to be made by a meeting of the Full Authority.
- 4.3. 4.3 In practice it would appear that Option 2 is not feasible as there are unlikely to be many partners, therefore it is a choice between Option 1 and Option 3. On balance the benefits of Option 3 outweigh Option 1, and in adopting that approach the Authority would be consistent with most other bodies in Devon and Somerset and most other Fire and Rescue Authorities.
- 4.4. The Authority is asked to approve option 3 and therefore to “opt-in” to the PSAA arrangements.

KEVIN WOODWARD
Treasurer to the Authority

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REPORT REFERENCE NO.	DSFRA/16/26
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	19 DECEMBER 2016
SUBJECT OF REPORT	CONFIRMATION OF SCHEME OF MEMBERS ALLOWANCES 2017-18
LEAD OFFICER	Director of Corporate Services
RECOMMENDATIONS	<p><i>that, as required by the relevant Regulations, the Authority:</i></p> <p><i>(a) considers the content of this report with a view to confirming the Scheme of Allowances (as set out in paragraphs 2.2 and 2.3) to operate for the 2017-18 financial year; and</i></p> <p><i>(b) authorises the Clerk to the Authority to publicise details of the Scheme so confirmed in one or more local newspapers circulating in the area served by the Authority.</i></p>
EXECUTIVE SUMMARY	<p>Regulations require the Authority to have in place its own Scheme for the payment of a basic allowance to each of its Members. The Authority may also provide for the payment of Special Responsibility Allowances and reimbursement of travel and subsistence expenditure. The Regulations also require the details of any such Schemes to be confirmed and published by the Authority for each financial year in question.</p> <p>This report details allowances currently payable and invites the Authority to confirm the Scheme to operate for the 2017-18 financial year.</p>
RESOURCE IMPLICATIONS	Provision has been made within the draft Revenue Budget 2017-18 for the payment of allowances at the rates as indicated in this report.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The content this report is considered compatible with equality and human rights legislation.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	The Local Authority (Members' Allowances)(England) Regulations 2003 Report DSFRA/15/29 ("Devon & Somerset Fire & Rescue Authority Approved Scheme of Members' Allowances 2016-17), together with report of Independent Consultant, as submitted to the Authority meeting on 14 December 2015).

1. **BACKGROUND**

1.1 The Local Authority (Members' Allowances)(England) Regulations 2003 require the Authority to make a Scheme of Members Allowances that:

- MUST provide for payment of a basic allowance to every Member of the Authority (to recognise the time commitment of all Members and cover incidental costs such as postage, telephone calls etc in connection with Authority duties); and
- MAY provide:
 - for payment of a Special Responsibility Allowance for those Members undertaking additional roles (e.g. Authority and Committee Chairs); AND
 - payment of travel and subsistence expenses in relation to Authority duties.

1.2 The Regulations also require the Authority to confirm its Scheme of Allowances for each financial year in question and for this information to be published in one or more local newspapers circulating in the area served by the Authority.

2. **AUTHORITY APPROVED SCHEME**

2.1 At its meeting on 15 December 2015 the Authority considered a review of its Allowances Scheme as conducted by an independent consultant and determined – in accordance with the review recommendations - rates payable for basic and special responsibility allowances in the 2016-17 financial year together with an automatic annual uprating mechanism to apply (Minute DSFRA/41 refers). The Regulations constrain application of any automatic uprating mechanism to a maximum period of four years after which a further, major review should be undertaken.

2.2 The annual uprating so approved was by reference to any pay award made by the National Joint Council for Local Government Services (“the Green Book”) but the Authority approved that this should only apply from 1 April 2017 onwards. Consequently, the rates currently payable for Basic and Special Allowances are shown in the table below. These rates have applied from 1 April 2016 apart from the Special Responsibility Allowance attracting to Non-Executive Directors on the Board of Red One Ltd. (the Authority’s arms-length trading company), which applied from the date of appointment of the Non-Executive Directors (19 February 2016 – Minute DSFRA/53 refers).

Rates Payable for Basic and Special Responsibility Allowances

Type of Allowance	Amount per annum £
Basic	2,600
Special Responsibility	
• Chairman of Authority (5 x basic)	13,000
• Vice Chairman of Authority (2.5 x basic)	6,500
• Committee Chairs (1.5 x basic)	3,900
• Non-Executive Directors appointed by the Authority to the Board of Red One Ltd.	6,000

- 2.3 The Allowances Scheme also provides for the reimbursement of travel and subsistence expenses as shown below:

Rates Payable for Reimbursement of Travel Expenses

	<i>Rate per mile</i>	
	<i>First 10,000 miles</i>	<i>Above 10,000 miles</i>
Cars	45p	25p
Motorcycles	24p	24p

- 5p per passenger per mile (up to 4 passengers);
- 20p per mile bicycle allowance

Annual uprating mechanism: rates published by Her Majesty's Revenue and Customs.

Rates Payable for Reimbursement of Subsistence Expenses

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

Annual uprating mechanism: rates payable to Devon & Somerset Fire & Rescue Service employees.

- 2.4 There was no increase in the travel or subsistence rates during the last financial year so they remain unchanged.

3. CONCLUSION

- 3.1. The Authority Scheme was last subject to a major review in 2015 and the existing automatic uprating mechanism can only remain in place for a maximum period of four years after which a further, major review should be undertaken. The next major review is scheduled to inform the 2020-21 budget setting process.

- 3.2. The Authority is invited to consider this report and, in accordance with the relevant Regulations, to:

- (a). confirm the Scheme to operate for the 2017-18 financial year; and
- (b). authorise the Clerk to publish the rates so confirmed in one or more local newspapers circulating in the area served by the Authority.

MIKE PEARSON
Director of Corporate Services

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By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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