



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**M. Pearson
CLERK TO THE AUTHORITY**

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

(see below)

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

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

Date : 2 June 2017
Please ask for : Steve Yates
Email : syates@dsfire.gov.uk

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

DEVON & SOMERSET FIRE & RESCUE AUTHORITY
(Ordinary Meeting)

Monday, 12th June, 2017

A meeting of the Devon & Somerset Fire & Rescue Authority will be held on the above date, **commencing at 10.30 am in Conference Rooms, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

A G E N D A

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

1 Apologies

2 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

3 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 7 June 2017.**

4 Addresses by Representative Bodies

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

5 Questions from Members of the Authority

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

6 Authority Extraordinary Meeting 4 April 2017 - Summary of Proceedings during which the Press and Public were Excluded from the Meeting (Pages 1 - 4)

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/13) attached.

7 Minutes of Committees

a General Purposes Committee (Pages 5 - 8)

The Chair of the Committee, Councillor Greenslade, to **MOVE** the Minutes of the meetings held on 9 March and 28 April 2017 (attached).

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

b Human Resources Management & Development Committee (Pages 9 - 12)

The Chair of the Committee, Councillor Bown, to **MOVE** the Minutes of the meeting held on 24 March 2017, attached.

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

c Community Safety & Corporate Planning Committee (Pages 13 - 14)

The Chair of the Committee, Councillor Eastman, to **MOVE** the Minutes of the meeting held on 21 April 2017, attached.

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

d Audit & Performance Review Committee (Pages 15 - 18)

A Member present at the meeting to **MOVE** the Minutes of the meeting held on 24 April 2017, attached.

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

8 Provisional Financial Outturn 2016-17 (Pages 19 - 36)

Report of the Treasurer (DSFRA/17/14) attached.

9 Annual Treasury Management Report 2016-17 (Pages 37 - 48)

Report of the Treasurer (DSFRA/17/15) attached.

10 **Establishment of a Community Interest Company (CIC) - Progress Report**

Report *TO FOLLOW*

11 **Policing and Crime Act - Appointment of Police and Crime Commissioners to the Authority (Pages 49 - 54)**

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/16) attached.

12 **Appointment of Authority Treasurer (Pages 55 - 60)**

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/17) attached.

13 **Department for International Trade - Fire & Resilience "Export" Offer (Pages 61 - 100)**

Report of the Chief Fire Officer (DSFRA/17/18) attached.

14 **Emergency Services Collaboration (Pages 101 - 104)**

Report of the Chief Fire Officer (DSFRA/17/19) attached.

15 **Chairman's Announcements**

16 **Chief Fire Officer's Announcements**

17 **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 Paragraphs of Part 1 of Schedule 12A (as amended) to the Act:

- for item 18, 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) and Paragraph 5 (information in respect of which a claim to legal professional privilege could be maintained in legal proceedings); and
- for item 19, Paragraph 3 (information relating to the financial and business affairs of any particular person – including the authority holding that information).

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

18 **Minutes of the Authority Extraordinary Meeting held on 4 April 2017 (Pages 105 - 110)**

Attached.

RECOMMENDATION that the Minutes be signed as a correct record.

19 **Red One Ltd. Financial Position**

Report *TO FOLLOW*.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Best, Biederman, Bown, Burrige-Clayton, Chugg, Coles, Colthorpe, Eastman, Ellery, Greenslade, Hannaford, Healey, Hendy, Hosking, Hunt, Leaves, Peart, Prowse, Randall Johnson, Redman, Riley, Saywell, Thomas, Trail, Wallace and Wheeler

NOTES

1.	<p><u>Access to Information</u></p> <p>Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the “Please ask for” section at the top of this agenda.</p>
2.	<p><u>Reporting of Meetings</u></p> <p>Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority.</p> <p>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>Declarations of Interests (Authority Members only)</u></p>
	<p>(a). <u>Disclosable Pecuniary Interests</u></p> <p>If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must:</p> <ul style="list-style-type: none">(i). 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;(ii). 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(iii). 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 (ii) and (iii) above.</p>
	<p>(b). <u>Other (Personal) Interests</u></p> <p>Where you have a personal (i.e. other than a disclosable pecuniary) interest in any matter to be considered at this meeting then you must declare that interest no later than the commencement of the consideration of the matter in which you have that interest, or (if later) the time at which the interest becomes apparent to you. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the precise nature of the interest but merely declare that you have a personal interest of a sensitive nature.</p> <p>If the interest is such that it might reasonably be perceived as causing a conflict with discharging your duties as an Authority Member then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must not seek to improperly influence any decision on the matter and as such may wish to leave the meeting while it is being considered. In any event, you must comply with any reasonable restrictions the Authority may place on your involvement with the matter in which you have the personal interest.</p>
4.	<p><u>Part 2 Reports</u></p> <p>Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.</p>
5.	<p><u>Substitute Members (Committee Meetings only)</u></p> <p>Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.</p>

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Agenda Item 6

REPORT REFERENCE NO.	DSFRA/17/13
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	12 JUNE 2017
SUBJECT OF REPORT	AUTHORITY EXTRAORDINARY MEETING 4 APRIL 2017 – SUMMARY OF PROCEEDINGS DURING WHICH THE PRESS AND PUBLIC WERE EXCLUDED FROM THE MEETING
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>On 4 April 2017, the Authority held an extraordinary meeting to consider a number of issues relating to the operating arrangements between the Authority and its trading arm, Red One Ltd. The meeting was also convened as an Extraordinary General Meeting of Red One Ltd., with the Authority present in its capacity as sole shareholder of Red One Ltd.</p> <p>In accordance with Section 100A(4) of the Local Government Act 1972 (“the Act”), the press and public were excluded from the extraordinary Authority meeting on the basis that exempt information might be disclosed.</p> <p>This report is now produced in accordance with Section 100C(2) of the Act to provide a reasonably fair and coherent summary of the proceedings of the extraordinary Authority meeting without disclosing the exempt information.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Nil.

1. LEGISLATIVE CONTEXT

- 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 4 April 2017 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 4 April 2017, 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. REPORT OF EXTRAORDINARY MEETING HELD ON 4 APRIL 2017

- 2.1 At its budget setting meeting on 17 February 2017, the Authority had received reports from its appointed non-executive directors to the Board of Red One Ltd., (“the Company”) and the Acting Managing Director of the Company (Minute DSFRA/57 refers). The focus of these reports was an assessment undertaken by ESTP (a consultancy initially appointed by the Company to assist in identifying and progressing new business opportunities) on a range of issues relating to the operation of the company and its arrangements with the Authority.
- 2.2 The Authority had resolved on 17 February to commission a number of reports to examine further the issues raised by the initial assessment. The Extraordinary Meeting on 4 April was, as such, convened to consider the reports so commissioned.

- 2.3 Each of the documents considered at the Extraordinary Meeting on 4 April contained a number of recommendations aimed at clarifying and strengthening the operation of the Company and its arrangements with the Authority and improving knowledge, understanding and operation of relationships, management and roles both within the Company and between the Authority (as shareholder) and the Company. The recommendations as contained in the reports were duly approved by the Authority.
- 2.4 The Authority Extraordinary Meeting also considered a report of the Director of Corporate Services (DSFRA/17/9) to which was appended legal advice on the different legal incarnations for a company. This advice covered, amongst other things, the differences between companies limited by shares and by guarantee and private or community interest companies.
- 2.5 The advice had been commissioned in light of discussions held by the Board of Red One Ltd. (“the Company”) as to which model might be most appropriate to further its ambitions for growth while at the same time realising Authority aspirations to generate income from external sources that might be used to further the overall objectives of the Authority in terms of promoting community safety in its wider sense. These discussions, which had also been reflected by the Authority-appointed non-executive directors to the Company during their feedback report to the Authority budget meeting on 17 February 2017 (Minute DSFRA/57 refers), had raised the possibility of establishment of a community interest company.
- 2.6 In introducing the report, the Director of Corporate Services indicated that neither the report nor the legal advice represented a detailed options appraisal but rather were intended to provide sufficient information to enable the Authority to take, should it so wish, an “in principle” decision on establishment of a community interest company.
- 2.7 The meeting was then adjourned to enable an Extraordinary General Meeting of Red One Ltd. to take place. This meeting was attended by the Authority as sole shareholder in Red One Ltd. At the Extraordinary General Meeting of Red One Ltd. it was agreed to establish a Community Interest Company limited by guarantee.
- 2.8 On resumption of the Authority Extraordinary Meeting, it was subsequently resolved to hold a meeting of the General Purposes Committee to consider further issues raised both at the Extraordinary Authority meeting and at the Extraordinary General Meeting of Red One Ltd.
- 2.9 The above is considered to be a reasonably fair and coherent record of the proceedings of the extraordinary Authority meeting held on 4 April 2017 which the Authority is now invited to note.

MIKE PEARSON

Director of Corporate Services (Clerk to the Authority)

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GENERAL PURPOSES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

9 March 2017

Present:-

Councillors Greenslade (Chair), Bown, Dyke, Eastman and Radford.

Apologies:-

Councillor Randall Johnson

* **GPC/6** Minutes

RESOLVED that the Minutes of the meeting held on 26 January 2017 be signed as a correct record.

* **GPC/7** 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 involve the likely disclosure of exempt information as defined in the following Paragraphs 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 5 (information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).

* **GPC/8** Staffing Issue - Further Considerations

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

The Director of Corporate Services and the legal team acting on behalf of the Authority briefed the Committee on recent developments in relation to a staffing issue.

RESOLVED that, in light of the briefing, the Director of Corporate Services be authorised to instruct the legal team to progress the issue on the basis as agreed at the meeting.

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

The Meeting started at 3.00 pm and finished at 4.45 pm

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GENERAL PURPOSES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

28 April 2017

Present:-

Councillors Greenslade (Chair), Bown, Dyke, Eastman, Radford and Randall Johnson.

* **GPC/9**

Minutes

RESOLVED that the Minutes of the meeting held on 9 March 2017 be signed as a correct record.

* **GPC/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 Paragraphs 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 5 (information in respect of which a claim to legal and professional privilege could be maintained in legal proceedings).

* **GPC/11**

Staffing Issue - Further Considerations

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

The Committee received a briefing from the Director of Corporate Services and the legal team acting for the Authority on recent developments and options in relation to an identified staffing issue. The briefing addressed risks and opportunities together with indicative financial implications.

RESOLVED that the Director of Corporate Services be authorised to instruct the legal team to progress the matter on the basis as indicated at the meeting.

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

The Meeting started at 11.30 am and finished at 2.15 pm

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HUMAN RESOURCES MANAGEMENT & DEVELOPMENT COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

24 March 2017

Present:-

Councillors Bown (Chair), Burridge-Clayton, Chugg (Vice-Chair), Hill, Julian, Knight and Coles (sub Thomas)

* **HRMDC/20 Minutes**

RESOLVED that the Minutes of the meeting held on 14 December 2016 be signed as a correct record.

* **HRMDC/21 Absence Management and Health of the Organisation**

The Committee considered a report of the Assistant Chief Fire Officer - Service Improvement – (HRMDC/17/1) that set out the performance in respect of absence management within the organisation together with an update in respect of the wider initiatives being undertaken that contributed to the health of the organisation.

The key points highlighted were that sickness absence was currently 6.36 days lost (April to December 2017) as compared with 6.61 days for the same period in 2015/16 which was a slight improvement in performance. Reference was made to the new ME app that was displayed at the meeting which would enable staff to update their personal records on the system without needing to go through the HR department.

The Head of Human Resources also drew attention to the sickness absence app which indicated that there were 79 positions showing as off sick with 77 people absent as at 24 March 2017. Of these, 20 staff were absent due to long term sickness.

In terms of benchmarking information provided by the Chartered Institute of Personnel & Development (CIPD) for 2015-16, the position for the Service was 9.2 days absent as compared with 9.8 days for the public sector as a whole and 6.5 days for the private sector. For all organisations, the average number of days absent was 7.5 days. The Committee expressed concern that the Service was still not achieving the improvement in sickness absence that was required given that the National Office for Statistics – labour market statistics for 2016 showed a rate equivalent to 4.3 days per worker. The Head of Human Resources replied that the Service had implemented a range of measures aimed at reducing sickness absence, particularly for musculoskeletal injuries and mental health. Councillor Julian referred to work undertaken by Devon & Cornwall Police in this area to reduce sickness absence and he enquired as to whether the Service had instigated similar actions in terms of diffusing straight after difficult incidents had occurred. He also stated that the Service should ensure that its staff were physically fit. The Assistant Chief Fire Officer (Service Improvement) replied that the Service was already redesigning its operational training and that there would be more emphasis on physical fitness in the future which would include staff undertaking training on their drill nights.

It was noted that the Service had established a Working Group that was looking at the levels of fitness and whether there was any direct impact to gender and age profiles so that it was able to provide the right levels of support to its staff. The Service was also looking at its equipment to see if any redesign was necessary for health and wellbeing purposes.

The Committee enquired if there was comparable sickness absence data available from Devon & Cornwall Police so that it could benchmark against another emergency service that would have similar issues. Information was also requested on the cost of sickness absence to the Service and it was requested that this be included within future reports to the Committee. It was felt that an improvement needed to be made to the performance on sickness absence so that this culture did not continue to be replicated with future new recruits.

RESOLVED

- (a) That the Service continues to progress with developing a working environment that was conducive to a high performing, motivated and healthy workforce, and
- (b) That as part of the performance measures for People and Resources, this report be noted.

* **HRMDC/22 Workforce Culture, Diversity and Inclusion**

The Committee received a report of the Assistant Chief Fire Officer - Service Improvement - (HRMD/17/2) that set out the progress that had been made by the Service in respect of changing its workforce culture, diversity and inclusive working practices, together with an outline of work that was being undertaken following receipt of the report from the Local Government Association (LGA) on “an inclusive service – the twenty-first century fire and rescue service”. Attention was drawn to the point that Devon & Somerset Fire & Rescue Service was cited within this report as an example of good practice for its work undertaken in providing support for lesbian, gay, bisexual and transgender employees through the development of the Fire Pride network.

The Committee noted that there was a significantly increased political expectation for fire & rescue services nationally with regard to workforce reform and reference was made in particular to a recent speech made by Brandon Lewis MP, Minister of State for Policing & Fire setting this out. The Government was expecting real and purposeful change and recognised that the roles of culture and inclusion were key to making positive transformational change in the fire & rescue service. There was a number of questions posed at the back of the LGA document and it was intended that a report covering the points raised therein would be submitted to the next meeting of this Committee.

* **HRMDC/23 Strategic Workforce Planning**

The Committee considered a report of the Assistant Chief Fire Officer – Service Improvement – (HRMDC/17/3) that set out the current position for wholetime staff together with the Service’s forecast for potential turnover for 2017/18 to 2019/20.

It was noted that the Service was currently 9.5 wholetime firefighters down on establishment with this forecast to be 98 by 2019/20. A campaign had been undertaken recently to recruit 16 new firefighters though. Work was also being undertaken in respect of on call firefighter recruitment and retention where the turnover was higher. A number of pilots had been undertaken, the results of which would be analysed and fed into the process for the new Integrated Risk Management Plan. Additional work was also being undertaken into what the expectations of a modern on call firefighter might be.

RESOLVED

- (a) That the Service considers its Strategic Workforce Planning on a quarterly basis to facilitate the forecasting of its medium to long term staffing requirements;
- (b) That the Committee be informed and contributes to the Strategic Workforce planning process.

*NB. Minute *HRMDC/24 below also refers.*

* **HRMDC/24 Retirement & Re-employment**

The Committee considered a report of the Assistant Chief Fire Officer – Service Improvement – (HRMDC/17/4) that set out details of two applications that had been received for retirement and/or re-employment for approval in accordance with the Authority's Pay Policy Statement for 2017/18.

RESOLVED that the requests for retirement & re-employment as identified in paragraph 2.5 of this report be approved.

* **HRMDC/25 On Call Availability Pilots**

The Committee received for information a report of the Assistant Chief Fire Officer – Service Improvement – (HRMDC/17/5) that set out the position in respect of the evaluation of On Call pilots that had been running within Devon & Somerset Fire & Rescue Service.

It was noted that the full evaluation of these pilots, once completed would, along with other evidence, form the basis of a business case to be developed in line with the Integrated Risk Management Plan (IRMP).

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

The meeting started at 10.00 am and finished at 12.25 pm

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

21 April 2017

Present:-

Councillors Bown, Colthorpe, Ellery, Hill and Redman

Apologies:-

Councillors Eastman and Leaves

* **CSCPC/16** **Election of Chair for the Meeting**

In accordance with Standing Order 32(6), in the absence of both the Chair and the Vice Chair of the Committee, the election of Chair for this meeting was undertaken.

RESOLVED that Councillor Bown be elected Chair for this meeting of the Committee.

* **CSCPC/17** **Minutes**

RESOLVED that the Minutes of the meeting held on 13 February 2017 be signed as a correct record.

* **CSCPC/18** **Integrated Risk Management Plan**

The Committee received for information a report of the Assistant Chief Fire Officer – Service Improvement (CSCPC/17/3) that provided an update on the progress made with the new Integrated Risk Management Plan (IRMP) and which set out the outcomes of the risk analysis exercise that had been undertaken in order to support its development.

It was noted that 6 key risks had been identified which were:

- Risk 1 – an increasingly ageing population;
- Risk 2 – common health and wellbeing risks;
- Risk 3 – availability of on call appliances;
- Risk 4 – historic distribution of service delivery resources;
- Risk 5 – increasing demand for emergency medical response (co-responding), and;
- Risk 6 – increasing number of serious fires in commercial premises.

A workshop had been held for the Committee on 4 April 2017 to feed its views into the risk analysis stage. Members who attended the workshop had given valuable feedback including (but not limited to) the point that any proposals must be evidence based and support the Service's key priorities.

It was noted that the next steps in this process would be for a draft IRMP to be produced for consideration by the Fire & Rescue Authority at its meeting in June/July 2017.

* **CSCPC/19 Historic Buildings**

The Committee received for information a report of the Assistant Chief Fire Officer – Service Delivery (CSCPC/17/4) that set out the work that had been undertaken to raise awareness of fire safety prevention for heritage buildings following the devastating fire at Cathedral Yard in Exeter. The Business Safety Manager for Devon & Somerset Fire & Rescue Service had investigated ways in which the Service could offer suitable advice and support to owners and occupiers of heritage buildings (which would include Grade I, II* and II listed buildings) and the actions that were being taken included:

- The promotion free phone number for owners of heritage buildings to contact us;
- A review of all heritage buildings in Service area;
- An invitation to education events aimed at heritage building owners/managers;
- Additional training for Business Safety staff;
- The development of a Service guidance note for heritage buildings;
- The Development of a guidance leaflet for owners of heritage buildings, and;
- The development of partnership and collaborative working arrangements with heritage agencies.

* **CSCPC/20 Virtual Reality Headsets for Community Engagement**

The Committee received for information a report of the Assistant Chief Fire Officer – Service Delivery (CSCPC/17/5) that set out the work that had been undertaken on the introduction of Virtual Reality technology within the Service. This was being used as a tool to engage with the community to highlight the issues of road safety and water safety, amongst others.

It was noted that the Community Safety Education Department was in the process of producing a virtual reality water safety film that would focus on some of the key issues faced by Devon & Somerset Fire & Rescue Service as well as nationally, highlighting the dangers of drink drowning, cold water shock and peer pressure in particular.

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

The meeting started at 10.00 am and finished at 11.30 am

AUDIT & PERFORMANCE REVIEW COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

24 April 2017

Present:-

Councillors Radford (Chair), Coles, Healey, Randall Johnson, Wheeler and Dyke (sub Way)

In attendance:-

P Bartlett (Grant Thornton) and R Hutchings and L Sharpwood (Devon Audit Partnership)

* **APRC/24** **Minutes**

RESOLVED that the Minutes of the meeting held on 18 January 2017 be signed as a correct record.

* **APRC/25** **Grant Thornton Update**

The Committee received for information a report submitted by the Authority's external auditor, Grant Thornton, setting out the progress made in delivery of its audit responsibilities to the Devon & Somerset Fire & Rescue Authority (the Authority) up to 24 March 2016. The report also covered emerging issues and developments, including the reform of local government, innovation in public financial management and IFRS 13 "Fair Financial Measurement", amongst other matters.

The report also covered:

- (i) ISA240 Letter – Treasurer's response; and,
- (ii) ISA240 Letter – Chair's response.

* **APRC/26** **External Audit Plan 2016/17**

The Committee received for information an external audit plan for the year ending 31 March 2017 from the Authority's auditors, Grant Thornton. The Plan provided the scope and timings for the external audit process as required by the International Standard on Auditing (UK & Ireland) 260. It also identified issues of materiality and areas of significant and other risks for the Service.

The Committee noted that, for the audit, Grant Thornton would be focussing on the Service's significant risks, which included:

- The revenue cycle including fraudulent transactions;
- Management override controls;
- The expenditure cycle including fraudulent transactions;
- The valuation of property, plant and equipment; and,
- The valuation of pension fund net liability.

* **APRC/27** **2017/18 External Audit Fee Letter**

The Committee received for information from the External Auditor, Grant Thornton, details of the proposed Audit Fee in 2017/18. The Public Sector Audit Appointment (PSAA), the body responsible for overseeing the audit contracts for local government organisations until they end in 2018, had prescribed a scale fee based on the point that the auditor would be provided with completed and materially accurate financial statements within agreed timescales. For Devon & Somerset Fire & Rescue Authority in 2017/18, the proposed audit fee set by the PSAA was £33820k.

The Committee noted that, as this was the last year of the five year contract, a tendering process had been ongoing and the Authority would be notified of the new External Auditor in late 2017.

* **APRC/28** **2016/17 Year End Internal Audit Report**

The Committee received for information a report of the Area Manager – Organisational Assurance - (APRC/17/6) that set out the 2016-17 internal audit year-end report and which also provided the assurance statements needed for the audits that had been completed. The Committee noted that, at the end of March 2017 the assurance tracker showed that there were 28 open high or high/medium internal audit recommendations outstanding. In terms of the outstanding actions, it was noted that work continued to be undertaken but these were not easily solvable issues as they were cross cutting and featured within the Change & Improvement Plan as they required significant financial investment.

Reference was made at this point to the audit of the Safe South West Charity governance arrangements which had required improvements. Rob Hutchings, representing the Devon Audit Partnership, advised the Committee that there had been a blurring of the relationship between the Charity and the Authority recently and the review had been necessary in order to separate this out with clear governance in place. It was noted that further information would be submitted to the Committee on this matter at the next meeting.

The Committee was assured that the filling of the vacancy for an Audit & Review Manager was in hand and that the responsibilities of this post had been widened as a result of the efficiencies made through the self-assessment process. The Devon Audit Partnership had indicated that it would assist the Authority in the event that this post was not filled imminently.

* **APRC/29** **Internal Audit Plan 2017/18**

The Committee considered a report of the Area Manager – Organisational Assurance – (APRC/17/7) that set out the proposed 2017 -18 Internal Audit Plan, which involved a total of 345 audit days split between strategic reviews, compliance reviews and audit health checks. It was noted that, of the 345 days, the Devon Audit Partnership would be providing an element of independent scrutiny with 32 days auditing and an IT health check had also been introduced in 2017/18.

The Committee drew attention to the point that it had to ensure that a comprehensive audit process was in place for appropriate areas of work and indicated that additional days should be allocated if needed.

RESOLVED that the 2017-18 Internal Audit Plan as set out within report APRC/17/7 be approved.

* **APRC/30** **Fire and Rescue Indemnity Company (FRIC)**

The Committee received for information a report of the Risk & Insurance Manager (APRC/17/8) that set out details of the Fire & Rescue Indemnity Company (FRIC) which was set up in 2015 to provide an alternative to traditional insurance via a mutual and which had given the Authority greater control over the cover provided and the management and settlement of claims.

It was noted that in February 2017, the Board of FRIC had approved the final accounts for the first year of activity and had reported a trading surplus of £471k which was well above expectations. FRIC had also been shortlisted in the best Alternative Service Delivery Model category of the Public Finance Innovation Awards 2017 which was an excellent achievement.

* **APRC/31** **Group Accounts for Devon & Somerset Fire & Rescue Authority and Red One Ltd**

The Committee considered a report of the Treasurer (APRC/17/9) that set out the position in respect of the provision of group accounts for the Authority's trading company, Red One Limited. Under the Chartered Institute for Public Financial Accountants Code of Practice, the Authority was able to take a view on materiality when presenting group accounts. Following discussion with the external auditor, Grant Thornton, it was the Treasurer's view that the activities of Red One Limited were not material to the Authority's Statement of Accounts and therefore, it was recommended that the accounts were not consolidated.

RESOLVED that the accounts of Red One Limited be not consolidated into group accounts for the 2016/17 financial year.

NB. Councillor Healy declared an interest in this item in view of his position as a Non-Executive Director of Red One Limited.

* **APRC/32** **Devon & Somerset Fire & Rescue Service Performance Report 2016/17: Quarter 3**

The Committee received for information a report of the Chief Fire Officer (APRC/17/10) that set out the Service's performance for the period January 2016 to December 2016 (with a focus on quarter 3 of 2016/17) as measured against the indicators in the current Strategic Plan "Our Plan: 2015 to 2020).

The key measures set out within the report were given a green, amber or red rating according to whether performance was normal, needed monitoring or required investigation. A more rounded analysis of data was carried out to assess performance which included looking at the latest 3 months of the reporting period, the latest 12 months of the reporting period, trend analysis and performance against calculated thresholds. With these factors covered, the report indicated the following performance against the measures:

- Measure 1 (deaths as a result of fires where people lived) – this was currently showing as red (requiring investigation) as there had been 4 fire deaths in this quarter as a result of accidental fires as compared to 1 in the same period in 2015/16 and 8 to date this year. This was a critical measure for the Service and the Committee was asked to support the Service in encouraging all agencies to share its data to facilitate more targeted action;

- Measure 2 (injuries as a result of fires where people lived) – there had been 13 injuries this quarter in 2016/17 as compared with 15 in 2015/16 which was a positive indicator;
- Measure 3 (fires where people lived) – this indicator was being monitored as there had been 272 fires where people lived in quarter 3 of 2016/17, of which 249 were accidental fires. An in depth analysis of this had showed that the majority were due to cooking related incidents and thus, further education on this area of community safety was necessary;
- Measure 4 (fire related deaths where people worked, visited and in vehicles) – there had been 4 incidents in quarter 3 of 2016/17 but 4 in the 12 months previously, 2 of which had been vehicle fires;
- Measure 5 (fire related injuries where people worked, visited and in vehicles) – there had only been 1 injury recorded in quarter 3 of 2016/17 as compared with 8 in 2015/16 which was very positive and all of the trend analysis showed this as decreasing;
- Measure 6 (fires where people worked, visited and in vehicles) – there had been a slight increase over the 12 month period to 1339 incidents as opposed to 1225 for the same period in 2015/16 although there had been a decrease to 331 incidents in quarter 3 as opposed to 387 incidents in the same period in 2015/16;
- Measures 7 & 8 (Emergency Response Standards for attendance at fires where people lived and attendance at Road Traffic Collisions) – there had been a slight decrease in performance on the emergency response standards to 69% on attendance within 10 minutes and 74% on attendance at road traffic collisions. It was noted that this may be due to a large variety of factors including (but not limited to) the geographic area of the two counties, demographics, traffic conditions and available resources.

It was noted that the review of performance measures had been ongoing and that the outcome of this work would be reported to the next meeting of the Committee.

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

The meeting started at 10.08 am and finished at 11.37 am

REPORT REFERENCE NO.	DSFRA/17/14
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	12 JUNE 2017
SUBJECT OF REPORT	PROVISIONAL FINANCIAL OUTTURN 2016-17
LEAD OFFICER	Treasurer to the Authority.
RECOMMENDATIONS	<p>(a) That the Authority approves:</p> <p>(i) That the provisional underspend against the 2016-17 revenue budget of £2.193m be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 12.1 of this report:</p> <p style="padding-left: 40px;">A. the transfer of £1.780m to an Earmarked Reserve to be utilised to fund Essential Spending Pressures not included in the 2017-18 base budget (Para 12.1(b));</p> <p style="padding-left: 40px;">B. the transfer of the remaining £0.413m to the Capital Funding Reserve (Para 12.1(g));</p> <p>(ii) That following a review of Earmarked Reserve requirements, an amount of £0.036m be transferred from Earmarked Reserves to General Reserve (Para. 12.1(d))</p> <p>(iii) That an amount of £0.230m be transferred from existing Earmarked Reserves Change and Improvement (£0.200m) and Budget Carry Forwards (£0.030m) to a new specific Earmarked Reserve to fund a replacement of the Performance Information Management System (PIMS) (Para 12.1 (e))</p> <p>(b) That, subject to (a) above, the following be noted:</p> <p>(i) The draft position in respect of the 2016-17 Revenue and Capital Outturn position, as indicated in this report.</p> <p>(ii) That the underspend figure of £2.193m is after;</p> <p style="padding-left: 40px;">A. A transfer of £0.281m to Earmarked Reserves to fund the extension of the Home Fire Safety Pilot as agreed at the meeting of Resources Committee held on the 8th February 2017 (minute RC/16 refers)</p> <p style="padding-left: 40px;">B. A transfer of £0.904m to the Grants Unapplied Reserve (£0.884m) and the Direct Funding to Capital Reserve (£0.020m), as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised (Para.12.1(a) and 12.1(f))</p>

	<p>C. A transfer of £0.288m to Earmarked Reserves for 2016-17 Budget Carry Forwards to fund planned projects not completed by 31 March 2017 (Para. 12.1(c))</p> <p>D. A transfer of £2.641m to the Reserve for Capital funding (para 12.1(f))</p> <p>E. Additional provisions relating to pension liabilities of £0.064m. (Para. 12.1(h))</p>
EXECUTIVE SUMMARY	<p>This report sets out the draft financial outturn position for 2016-17 against agreed financial targets.</p> <p>In particular, it provides a draft outturn spending position against the 2016-17 revenue budget with explanations of the major variations. Spending will be £2.193m below budget, (net of transfers to Earmarked reserves noted in this report) equivalent to 2.96% of the total budget.</p> <p>This significant saving is largely attributable to the continued implementation of the Corporate Plan changes agreed in July 2013, together with a strategy to work with budget holders to identify in-year savings against budget heads. Members will recall that in setting a revenue budget for 2017-18, at the February budget meeting, an amount of £2.4m was taken from the base budget to reflect further on-going budget.</p> <p>The figures included in this report are provisional at this stage, subject to external audit of the Accounts during July 2017.</p>
RESOURCE IMPLICATIONS	As indicated in the report
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	<p>A. Provisional Revenue Outturn Position 2016-2017.</p> <p>B. Summary of Reserve and Provision Balances at 31 March 2017</p>
LIST OF BACKGROUND PAPERS	None

1. INTRODUCTION

- 1.1 This report provides the Authority with the final outturn position (subject to audit) for revenue and capital spending for the financial year 2016-17, and makes recommendations as to how the underspend against the revenue budget is to be utilised. The report is in two parts. Section 1 deals with the revenue outturn position while Section 2 deals with the position in relation to capital spending.
- 1.2 The Authority is well aware of the difficult financial climate that local authorities are currently operating under as a result of cuts in government funding. In setting the 2016-17 revenue budget for the Authority in February 2016, consideration of the Medium Term Financial Plan (MTFP), recognised that further recurring savings will be required over the next three years to 2019-20, over above the savings already agreed by the Corporate Plan proposals in July 2013. Further details of savings requirements, forecast within the MTFP targets, are included in paragraph 14 of this report.
- 1.3 Mindful of this difficult outlook the strategy adopted during the last financial year 2016-17 was to secure as much in-year savings as possible with a view to adding to Authority Reserve balances. Budget monitoring reports submitted to meetings of the Resources Committee during the financial year have identified that adoption of this strategy was anticipated to deliver savings against the 2016-17 budget (previous forecast at Quarter 3 was for a saving of £1.957m). The provisional outturn figure for 2016-17, now included in this report, is for an under spend of £2.193m, equivalent to 2.96% of the total budget
- 1.4 This is, of course, a welcome result and provides the opportunity to transfer this amount into Reserve balances to be utilised in the best possible way to assist future budget setting. This is, however, a one-off saving and can therefore be used only once. It is not a sustainable solution to our forecast budget shortfalls. Members will recall that in setting a balanced budget for the current financial year, 2017-18, in February 2017, an amount of £2.4m has already been taken from the base budget to reflect on-going revenue savings.

2. SECTION 1 – REVENUE OUTTURN 2016-17

- 2.1 Total revenue spending in 2016-17 was £71.784m, compared to an agreed budget of £73.977m, resulting in an underspend of £2.193m, equivalent to 2.96% of total budget. A summary of spending is shown in Table 1 overleaf, and Appendix A provides a more detailed analysis of spending against individual budget heads.

TABLE 1 – SUMMARY OF REVENUE SPENDING 2016-17

	£m	£m	£m
Approved Budget			73.977
Gross Spending (Appendix A Line 28)	72.093		
Gross Income (Appendix A Line 33)	(5.027)		
Net Spending		67.066	
<u>PLUS Transfers to Earmarked Reserves</u>			
- Transfers to Reserves included in budget (Appendix A Line 35)	0.906		
- Capital Funding (Appendix A Line 36)	2.641		
- Grants Unapplied (Appendix A Line 37)	0.884		
- 2016/17 Carry Forwards (Appendix A Line 38)	0.288		
Total Transfer to Earmarked Reserves (Appendix A Line 38)		4.718	
TOTAL NET SPENDING			71.784
NET UNDERSPEND			(2.193)

2.2 These figures are based upon the spending position at the end of March 2017 and whilst they provide a provisional financial performance for the year, are subject to final accounting adjustments and audit scrutiny for the year end.

2.3 The significant underspend is largely as a result of the continued implementation of the Corporate Plan changes agreed in July 2013, including a reduction of 149 in the number of firefighter posts, which when fully implemented will have delivered on-going savings of £6.8m. It was recognised, however, that this full saving would take a number of years to deliver dependent on the natural turnover of staff through retirements. This was completed in 2016-17 with the required number of retirements to deliver those full savings being achieved.

2.4 Savings against other budget heads e.g. Uniformed staffing costs, Training Expenses and Capital Financing Costs are also reported. Explanations of the more significant variations from budget (over £50k variance) are explained below in paragraphs 3 to 10.

3. EMPLOYEE COSTS

Wholetime Staff

3.1. This year end position of £27.570m is £0.892m below the budget of £28.462m. This includes a provision of £0.064m for future pension liabilities which may arise on allowances following legislation and is intended to supplement the provision first made in the 2013/14 accounts detailed in paragraph 12.1(h) of the report. The reduction in spend is the result of the reduction in firefighting posts reported in para 2.3 above.

Control Room Staff

3.2. Spend for the 2016-17 year is £0.060m below budget due a mid-year change in the management of the facility now being covered by a Wholetime member of staff so is shown in the Wholetime Staff budget line. The amount of overtime was also lower than had been budgeted for.

Non Uniformed Staff

- 3.3. Savings of £0.292m have been achieved against non-uniformed pay costs primarily as a result of staffing vacancies and management action to challenge whether vacancies are filled. The non-uniformed budget has been reduced by an amount of £0.202m in 2017-18 to reflect this strategy. The underspend figure also includes a saving of £0.059m as a result of a reduction in the number of courses run in 2016-17 in relation to the Job Centre Plus initiative. Members are reminded that this initiative is delivering courses on behalf of the Department of Work and Pensions to young adults having trouble securing themselves jobs. This has had a compensatory effect on the Grants & Reimbursements budget line.

Training Expenses

- 3.4. Training expenses are £0.465m against budget of £0.955m, resulting in a saving of £0.490m. Of this figure, £0.279m is as a result of year-end accounting adjustments in relation to the Public Finance Initiative (PFI) at the Severn Park Training Centre in Avonmouth, which is wholly offset by a reduction in Capital Financing Costs. In previous years the adjustment had been made whilst compiling the Statement of Accounts, however for 2016-17 it is included now to ensure that the information presented aligns to what is shown in the Statement of Accounts (per audit requirement). During 2017/18 an in year virement will be recommended to align the budget with PFI accounting requirements. The remainder of the savings in training costs are as a result of delays in planned training for Station 60 (Urban Search & Rescue) of £0.057m and a reduced training requirement, as compared against the original plan, for Organisational Development in 2016-17 of £0.053m. The Academy were also underspent by £0.100m – the majority of which relates to Non-uniform staff training.

Fire Service Pensions Recharge

- 3.5. The outturn position of £0.122m over budget is as a result of two further Ill Health and Injury retirements in year beyond what was anticipated when the budget was set.

4. PREMISES RELATED COSTS

Repair & Maintenance

- 4.1 Budget savings against this line of £0.182m result from delays in projects commencing within 2016-17 which are planned to go ahead in 2017-18. Of this figure, £0.160m is requested as a budget carry forward as included in paragraph 12.1 (c) of this report.

Energy Costs

- 4.2 Energy costs savings of £0.093m are due to weather variations and savings as a result of new energy contracts which started shortly after the commencement of the financial year.

Rent & Rates

- 4.3 Budget savings of £0.126m have been made on rent & rates. Following appeals to the Valuation Office, a number of rates rebates have been received for sites throughout the Service area.

5. TRANSPORT RELATED COSTS

Repair and Maintenance

- 5.1 Fleet maintenance costs were £0.120m under budget as a result of a reduction in the volume of repairs and the continued positive impact of the introduction of Light Response Pump (LRP) on maintenance costs.

Running costs and Insurances

- 5.2 Savings of £0.128m have been made against this budget line, the majority as a result of lower fuel prices than anticipated throughout the year (£0.081m) and reduced insurance premiums resulting from the Authority's participation in the fire insurance mutual FRIC (0.048m).

SUPPLIES AND SERVICES

Equipment and Furniture

- 6.1 Spend on Equipment and Furniture was £2.098m, which is £0.233 below the budget of £2.331m. Of this figure, £0.113m relates to maintenance of the Breathing Apparatus (BA) sets which will be carried out in the new financial year, and £0.138m is due to a reduced requirement for items of operational equipment.

Communications

- 6.2 The outturn position for Communication spend is £1.819m against budget of £2.019m resulting in savings of £0.200m. Of this figure, £0.050m relates to Network Enhancements that were delayed in 2016-17 and are subject to a carry forward as included at paragraph 12.1 (c) of this report and £0.105m relates to the Airwave contract for Emergency Services communications and navigation equipment in vehicles – the costs being confirmed in February 2017 as less than originally budgeted for.

Catering

- 6.3 As a result of the Service decision to close both of the canteens at Service Headquarters and at our Plympton site, the expenditure associated with catering purchases has reduced. There has been a saving of £0.105m which is partially off-set by a reduction in meals income.

ESTABLISHMENT COSTS

Printing, Stationery and Office Expenses

- 7.1 Expenditure on Printing, Stationery and Office Expenses is £0.106m lower than budgeted as a result of savings on publications, postage, photocopying and consultation fees.

PAYMENTS TO OTHER AUTHORITIES

Support Services Contracts

- 8.1 The outturn position for Support Services Contracts is £0.883m against budget of £0.716m - an overspend of £0.167m. Of this figure, £0.117m is as a result of unanticipated expenditure on legal costs and a further £0.043m for external HR professional support.

CAPITAL FINANCING COSTS

Capital Charges

- 9.1 Capital charges are £0.057m above budget. As a result of changes to the way in which the Service now present the costs associated with the Severn Park PFI (as outlined in paragraph 3.4 of this report) £0.202m of unbudgeted PFI costs are shown in Appendix A row 26 Capital charges. This has been largely offset by a reduction in Lease Costs as a result of vehicles being bought out from their contracted leases.

Revenue contribution to Capital Spending

- 9.2 This budget line reports an under-utilisation of contribution to reserves of £2.453m. As a result of overall timing differences to the capital programme in 2016-17 this amount is required to be transferred in to the Direct Funding to Capital Reserve to be used against ongoing projects.

10. INCOME

Investment Income

- 10.1 There is a surplus for Investment income which is primarily due to strong yields on higher cash balances producing £0.052m more income than budgeted.

Grants and Re-imbursements

- 10.2 Grants and re-imbursements received in 2016-17 were £3.937m against a budget of £3.150m. The increase of £0.787m is largely due to £0.840m of unexpected grant receipts from the Home Office in March 2017 which are budgeted to be received in 2017-18. Accounting standards dictate that these grants are recognised as income at the point of cash receipt and are therefore subject to a request to carry them forward as Earmarked Reserves. Paragraph 12.1 (a) of this report identifies those grants that need to be carried forward.

Other Income

- 10.3 Other income was £0.252m above budget which is due to a variety of factors including increased contribution from Red One Ltd (£0.167m) and additional income generated by Procurement (£0.064m) – the majority of which relates to the use by other fire and rescue authorities of the framework agreements put in place associated with Breathing Apparatus (BA) and the Light Rescue Pumps (LRP's).

11. DIRECT REVENUE CONTRIBUTIONS TO CAPITAL

- 11.1 Appendix A reflects that savings of £2.453m on Revenue Contribution to Capital arising in year is transferred directly to the Earmarked reserve for Capital funding. The total contribution to this Reserve will £2.641m to include two additional items:

- 11.2 ***Commercial Income*** – As outlined in paragraph 10.3 of this report income from commercial activities is £0.167m more than budgeted. The Authority has previously made an “in principle” decision that any income from commercial activities in excess of that budgeted be ring fenced to provide direct revenue funding toward capital spending. Appendix A reflects a further transfer of £0.167m to the Earmarked Reserve for Direct Revenue Contributions to Capital at the year-end.

- 11.3 ***Grant Income*** – that an amount of £0.021 Capital Grant received from the Home Office as a response to new risks is transferred in to the reserve to fund the future capital programme.

12. CONTRIBUTION TO EARMARKED RESERVES

- 12.1 A summary of predicted balances on Reserves and Provisions is shown in Appendix B to this report. These figures include those proposed transfers to Earmarked Reserves and provision outlined in this report and referenced in Appendix B which are recommended for approval:

a. **Grants Unapplied (£0.884m)** - under International Financial Reporting Standards (IFRS) accounting arrangements, any unused grants at the year-end, which are not subject to repayment, are to be identified and carried forward to 2017-18 via and Earmarked reserve. An analysis of such grants is shown in the table below.

Grant Received From	£m	Purpose of Grant
Insure the Box	0.027	Learn 2 Live programme of events
Home Office	0.019	Responding to Marauding Terrorists Firearms Attack (MFTA) risks – revenue
Home Office	0.037	To fund Urban Search & Rescue (USAR) Activities
Home Office	0.714	Firelink (Airwave) grant for April – January 2017/18
Home Office	0.056	To fund ESMCP Network requirements
Department of Communities and Local Government (CLG)	0.030	Business Rates smoothing grant
NET TRANSFER	0.884	

b. **2017-18 Earmarked Reserves for Change and Improvement (£1.780m)** - A number of new opportunities for Change & Improvement initiatives have arisen since the 2017-18 budget was set and therefore it is recommended that the Authority approve a total transfer of £1.780m to Earmarked Reserves, either to the existing Change and Improvement reserve or the creation of new reserves to fund these projects. The delivery of each project will be subject to consideration of a full business case.

These are identified as follows:

Description	£m
Change & Improvement Programme	0.045
Digital Transformation Strategy	0.430
Risk Critical Operational Equipment	0.037
Firefighter fitness monitoring & support	0.176
Operational Safety – new training model	0.404
Emergency Services Mobile Communications Programme	0.688
TOTAL TRANSFER	1.780

c. **Budget Carry Forwards (£0.288m)** - Budget carry forwards for revenue items are requested for items where budget was provided in 2016-17 but the purchase or procurement was delayed beyond 31 March 2017. These are identified as follows:

Description	£m
Estate works including Dartmouth roof replacement, Crownhill roof replacement, Crownhill heating system, various drill tower repairs, Plympton electrical works and SHQ Hub area remodel.	0.208
Scoping the replacement of the Service performance information system (PIMS)	0.030
ICT Network Enhancements	0.050
TOTAL TRANSFER	0.288

d. **Transfers to the General Fund**

In addition to these transfers, a recent review of historic Reserve balances has meant remaining balances for North Devon Domestic Violence (£0.003m) and Level 4 Boat Training (£0.033m) are no longer required because these projects have been delivered under budget and can therefore be returned to the General Fund. The net effect of these changes is for a transfer of £0.036m.

e. **Move from Change & Improvement into specific Earmarked Reserve for Performance Information Management System (PIMS)**

To monitor expenditure associated with the project, it is proposed to create a separate Reserve for PIMS replacement of which we are proposing to add £0.030m from this year's underspend (Paragraph 12.1c) in addition to a transfer of £0.200m from the Change & Improvement Reserve into the PIMS replacement reserve.

f. **Direct funding to Capital (£2.641m)** - As reported in paragraphs 11.1 to 11.3 of this report, a budget carry forward of £2.453m to fund capital commitments in 2017-18 is required in addition to Red One income being utilised for Capital Funding. Within the amounts is a capital grant received from the Home Office relating to MTFA, it is requested to carry this grant forward in-line with the recommendations in para 12.1 (a) above.

Description	£m
Revenue Contribution to Capital from 2016-17	2.453
Red One Contribution	0.167
Capital Grant	0.021
TOTAL TRANSFER	2.641

g. **Direct funding to Capital (£0.413m)** - It is recommended that the Authority approve that the remaining underspend of £0.413m be transferred to the Capital Funding Reserve to be utilised to fund future capital investment therefore in order to further prevent the need to borrow in future financial years. By utilising under spends

in this way the revenue budget will be protected from future Capital Charges and ensure that debt charges are kept within the prudential indicator of affordability, set at 5% of total revenue budget.

h. **Provision for Firefighters pension schemes** - As detailed in paragraph 3.1 of this report, a further enhancement to the Provision for Firefighters pension scheme is recommended for the Pensionable Allowances 2016-17 element of £0.064m.

13. PROPOSALS FOR UTILISATION OF THE UNDERSPEND

13.1 The Authority is asked to approve the recommendations that the underspend figure of £2.193m be used to fund two further transfers into Earmarked Reserves, as detailed in Paragraph 12:

(a) **Essential Spending Pressures 2016-17 (£1.780m)**

(b) **Transfer to Capital Funding Reserve (£0.413m)**

13.2 A summary position of Reserves and Provisions as at 31 March 2017, including the recommendations included in this report, is included as Appendix B to this report.

Provisions

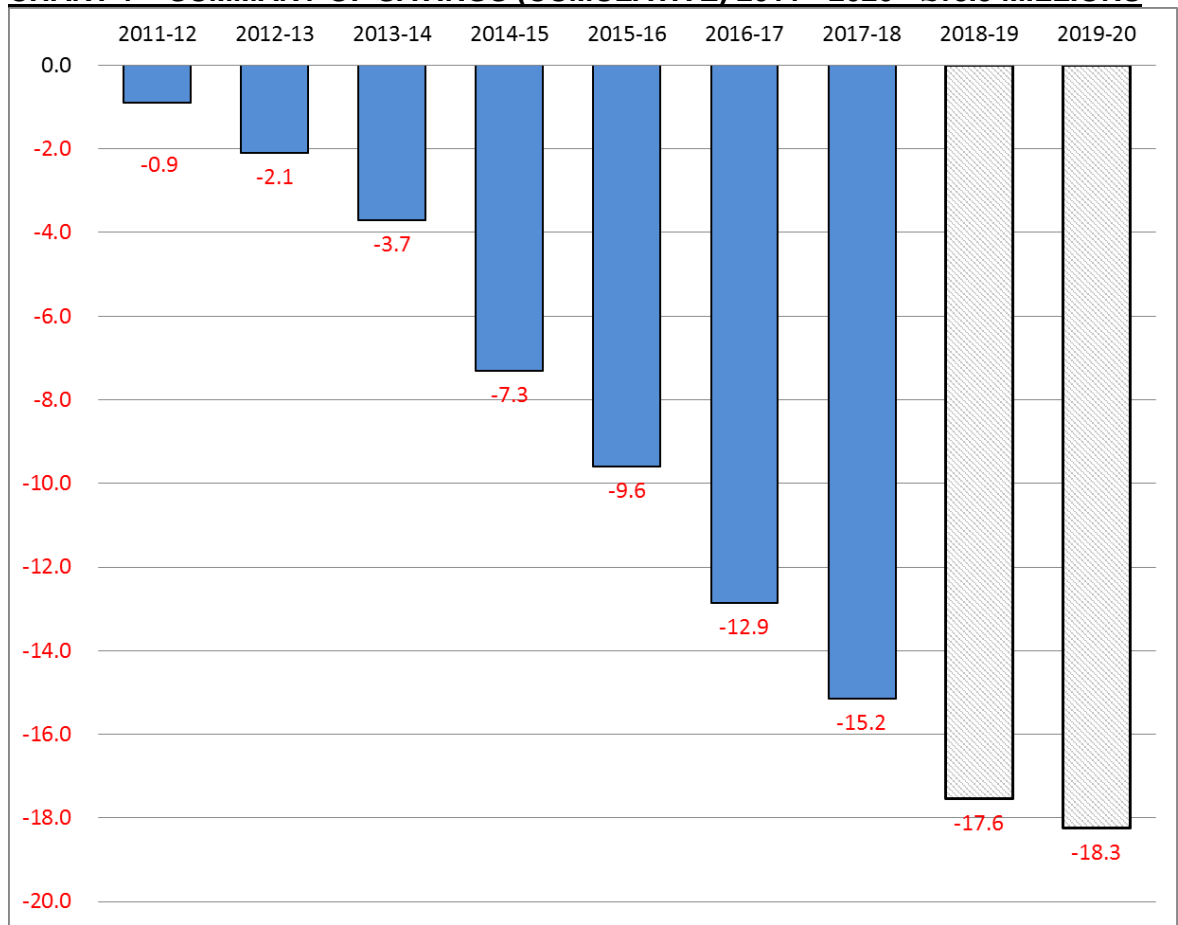
13.3 Included in Appendix B is a summary of the Provision balances as at 31 March 2017. As part of the year-end process the Authority is required to review the adequacy of Provision balances and consider whether any changes during the year require additional amounts to be set aside. As a result of the most recent review it has been assessed that an additional charge of £0.064m should be set aside in Provisions.

14. IMPACT TO MEDIUM TERM FINANCIAL PLANNING

14.1 The Authority is well aware of the difficult financial climate currently being faced by local authorities as a result of significant reductions in government funding. Following acceptance by the government, of an Efficiency Plan the Authority has received a four-year settlement to 2019-20. The grant has reduced by £2.9m in 2017-18, and will decrease further by £1.7m by 2019-20. This means that the Medium Term Financial Plan (MTFP) needs to be planning for the significant reductions beyond 2017-18.

14.2 So far, the Authority has responded well, since 2011 a total of £13.5m of recurring efficiency savings have been identified and used to enable balanced budgets to have been set, including an amount of £2.3m in setting the budget for 2017-18. However the MTFP forecasts that a further £3.1m of on-going savings will be required over the next two years to 2019-20 (if Council Tax is increased). Chart 1 overleaf provides a summary of savings delivered to date (2017-18) and forecast savings required over the next two years 2018-19 to 2019-20.

CHART 1 – SUMMARY OF SAVINGS (CUMULATIVE) 2011 - 2020 - £18.3 MILLIONS



14.3 As reported earlier the budget proposals included in the Corporate Plan agreed by the Authority in have now been fully implemented delivering total on-going savings of £6.8m.

14.4 The recommendation in this report, to provide a one-off contribution to the Capital Funding reserve of £0.413m, will enable the Authority to better respond to future austerity measures by reducing the revenue burden of Capital Charges and preventing borrowing.

15. SUMMARY OF REVENUE SPENDING

15.1 Budget monitoring reports considered during the financial year have highlighted the strategy to seek in-year savings wherever possible which can be transferred at year end to the Authority Reserve balances. It is pleasing therefore that this strategy has resulted in a final underspend position of £2.193m along with in year transfers to the Capital funding reserve. This report makes proposals as to how this underspend can best be utilised and the Authority is invited to consider these with a view to approving the proposals.

16. SECTION 2 – CAPITAL OUTTURN 2016-17

16.1 The 2016-17 capital programme was originally set at £5.1m at the budget setting meeting held on the 19 February 2016. This programme figure has increased during the financial year to £6.423m, as a result of timing differences in spending from the previous year being offset by a previous decision made by members to transfer £1.1m of Capital budget in to 2016-17. There have also been some minor changes to the programme in year due to new capital spending items to be funded from revenue contributions. As has been reported to the Resources Committee during the year, whilst these changes represent a change in the 2016-17 programme they do not represent any increase to the previously agreed borrowing requirement.

16.2 Table 2 below provides a summary of the provisional outturn position against the agreed 2016-2017 capital programme. Against a final capital programme of £6.423m, capital spending in year was £2.758m, resulting in unspent programme of £3,665m, of which £2.556m relates to timing delays to be carried forward to 2017-18, and £1.109m of savings.

TABLE 2 – SUMMARY OF CAPITAL SPENDING IN 2016-17

	2016/17 £000	2016/17 £000	2016/17 £000	2016/17 £000
PROJECT	Revised Budget	Outturn	Timing Differences	Re- scheduling/ Savings
Estate Development				
Minor improvements & structural maintenance	2,095	652	(1,409)	(34)
Estates Sub Total	2,095	652	(1,409)	(34)
Fleet & Equipment				
Appliance replacement	1,854	1,550	(117)	(187)
Community Fire Safety	6	5	0	(1)
Specialist Operational Vehicles	265	79	(186)	0
Equipment	1,377	458	(31)	(888)
ICT Department	800	0	(800)	0
Water Rescue Boats	26	14	(12)	0
Fleet & Equipment Sub Total	4,328	2,106	(1,147)	(1,075)
Overall Capital Totals	6,423	2,758	(2,556)	(1,109)
Programme funding				
Earmarked Reserves:	1,266	47	(1,219)	0
Revenue funds:	3,165	719	(1,337)	(1,109)
Application of existing borrowing	1,992	1,992	0	0
Grant - Responding to new risks	0	0		0
Total Funding	6,423	2,758	(2,556)	(1,109)

Capital Spending 2016-17

- 16.3 This Authority has a three year rolling capital programme, reviewed annually. This reflects changes in circumstances within individual projects and slippage that will occur from time to time. This has particularly been the case in relation to the appliance replacement programme and several Estates projects being paused awaiting strategic review of the property portfolio. Those projects that have moved into 2017-18 will be reassessed and any potential savings identified.
- 16.4 Slippage has occurred across several Estates projects which, amongst other smaller projects include: Station security (£0.205m), Station improvements/refurbishments (£0.491m), Fire Control works (£0.130m) and compliance with water regulatory requirements (£0.396m).
- 16.5 Slippage In Fleet and Equipment projects has been largely due to: delayed replacement of Mobile Data Terminals in Appliances of £0.800m, the confined space training vehicle of £0.140m, along with a Prime Mover (£0.046m), Incident Support Units (£0.090m) and an amount of £0.077m relating to the L4P pilot plus some other smaller value equipment

17. FINANCING THE 2016-17 CAPITAL PROGRAMME

- 17.1 Table 3 below provides an analysis of how the 2016-17 capital spending of £2.758m is to be financed.

TABLE 3 – SUMMARY OF CAPITAL FINANCING IN 2016-17

	Actual Financing Required £m
<u>Application of existing borrowing</u>	1.992
<u>Other Financing Sources</u>	
<u>Revenue Contribution to Capital Spending per programme</u>	0.589
Purchase of leased Appliances	0.111
Contribution from Earmarked Reserves	0.047
Capital Receipt	0.014
Revenue Underspend contribution	0.005
Sub Total – Direct Revenue Funding/Earmarked Reserve	0.766
Total Financing	2.758

Borrowing

- 17.2 The amount of external borrowing at the beginning of the financial year stood at £25.817m. No new borrowing was taken out during the year and an amount of £0.093m has been repaid, resulting in an overall reduction of external borrowing to £25.724m as at 31 March 2017. This level of borrowing is well below the agreed (revised) maximum borrowing figure of £26.824m allowed under the Prudential Code.

DRAFT PRUDENTIAL INDICATORS

- 18.1 The prudential indicators at this time can only be regarded as provisional subject to the completion of the Statement of Accounts and resultant audit scrutiny.

Capital Expenditure

- 18.2 This prudential indicator reports actual capital spending for the year against the approved programme. Spending has proved to be £3.665m less than anticipated predominantly as a consequence of delays on progressing capital projects.

Approved Indicator	£6.423m
Actual Expenditure	£2.758m
Variance	(£3.665)m

Capital Financing Requirement (CFR) – External Borrowing

- 18.3 The CFR reflects the underlying need to borrow for capital purposes. Given that existing borrowing has been applied to the spending in 2016-17 the need to borrow to fund capital spending has remained static.

Approved CFR	£25.724m
Revised CFR	
(Based on actual spending)	£25.723m
Variance	(£0.001)m

Capital Financing Requirement (CFR) – Other Long Term Liabilities

- 18.4 This CFR reports long term financing liabilities other than external borrowing, e.g. Private Finance Initiative (PFI) and Finance Leases, which under accounting rules are required to be reported alongside traditional borrowing liabilities.

Approved CFR	£1.374m
Actual CFR	£1.374
Variance	(£0.000) m

Authorised Limit and the Operational Boundary for External Debt

- 18.5 Actual external debt as at 31 March 2017 was £25.724m. This is within the revised authorised limit (absolute maximum borrowing approval) of £26.824m however, the operational boundary of £25.537m was slightly breached at year end by £0.186m.
- 18.6 There may be occasions when the operational boundary for borrowing is temporarily breached - for example, forecasting future debt repayments. Such breaches must be monitored to identify trends, but do not need to be reported. This issue will be rectified by the end of 2017-18 financial year.

Ratio of Financing Cost to Net Revenue Stream

18.7 This ratio aims to show the percentage of revenue resources which are applied to financing debt. The Authority's estimate was that 4.18% would be applied, that estimate has proven to be slightly high.

Capital Financing Costs	£3.247m
Interest on investments	(£0.205)m
Net Financing Costs	£3.042m
Net Revenue Stream	£73.977m
Percentage	4.11%
Estimated	4.18%
Variance	(0.07) bp

19. DETERMINATION OF CAPITAL FINANCE

19.1 The Authority is required to determine its use of capital finance as defined by capital control legislation. The following use of capital finance resources is proposed;

- That an amount of £1.992m of external borrowing from previous years be utilised to fund the Capital programme.
- That an amount of £0.752m is capitalised and funded from revenue contributions to capital spending, either directly from the 2016-17 revenue budget or from balances in Earmarked Reserves.
- That £0.014m of capital receipt received in year be used to contribute towards funding the 2016-17 capital programme.

KEVIN WOODWARD
Treasurer

SUBJECTIVE ANALYSIS OF REVENUE SPENDING

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY		2016/17 Budget £000	Projected Outturn £000	Projected Variance over/ (under) £000
Line No	SPENDING			
	EMPLOYEE COSTS			
1	Wholetime uniform staff	28,462	27,570	(892)
2	Retained firefighters	12,340	12,306	(34)
3	Control room staff	1,564	1,503	(60)
4	Non uniformed staff	10,141	9,849	(292)
5	Training expenses	955	465	(490)
6	Fire Service Pensions recharge	2,786	2,908	122
		56,247	54,602	(1,646)
	PREMISES RELATED COSTS			
7	Repair and maintenance	1,205	1,023	(182)
8	Energy costs	611	517	(93)
9	Cleaning costs	449	404	(45)
10	Rent and rates	1,685	1,559	(126)
		3,949	3,502	(447)
	TRANSPORT RELATED COSTS			
11	Repair and maintenance	628	509	(120)
12	Running costs and insurances	1,372	1,244	(128)
13	Travel and subsistence	1,394	1,353	(41)
		3,395	3,105	(289)
	SUPPLIES AND SERVICES			
14	Equipment and furniture	2,331	2,098	(233)
15	Supplies Internal Recharges	0	26	26
16	Hydrants-installation and maintenance	175	169	(7)
17	Communications	2,019	1,819	(199)
18	Uniforms	590	622	32
19	Catering	171	66	(105)
20	External Fees and Services	52	67	15
21	Partnerships & regional collaborative projects	139	186	47
		5,476	5,052	(424)
	ESTABLISHMENT COSTS			
22	Printing, stationery and office expenses	350	244	(106)
23	Advertising	34	22	(12)
24	Insurances	329	299	(30)
		713	566	(147)
	PAYMENTS TO OTHER AUTHORITIES			
25	Support service contracts	716	883	167
		716	883	167
	CAPITAL FINANCING COSTS			
26	Capital charges	3,615	3,671	57
27	Revenue Contribution to Capital spending	3,165	712	(2,453)
		6,779	4,383	(2,396)
28	TOTAL SPENDING	77,275	72,093	(5,182)
	INCOME			
29	Treasury management investment income	(154)	(205)	(52)
30	Grants and Reimbursements	(3,150)	(3,937)	(787)
31	Other income	(590)	(842)	(252)
32	Internal Recharges	(30)	(43)	(13)
33	TOTAL INCOME	(3,923)	(5,027)	(1,104)
34	NET SPENDING	73,352	67,066	(6,286)
	TRANSFERS TO EARMARKED RESERVES			
35	Transfers to reserves	625	906	281
36	Transfer to Capital funding	0	2,641	2,641
37	Grants Unapplied	0	884	884
38	Budget Carry forwards	0	288	288
		625	4,718	4,093
36	NET SPENDING	73,977	71,784	(2,193)

SUMMARY OF RESERVES AND BALANCES AS AT 31 MARCH 2017

	Note	Balance as at 1 April 2016 £000	Approved Transfers £000	Proposed Transfers £000	Spending to P12 £000	Proposed Balance as at 31 March 2017 £000
RESERVES						
Earmarked reserves						
Grants unapplied from previous years	a	(983)	-	(821)	275	(1,529)
Change & improvement programme	b/e	(1,112)	-	155	493	(464)
Budget Carry Forwards	c/d	(696)	-	(255)	191	(760)
Commercial Services		(192)	-	-	19	(172)
Direct Funding to Capital	a/f/g	(12,911)	(625)	(3,054)	14	(16,576)
Comprehensive Spending Review*		(4,957)	-	-	-	(4,957)
Community Safety Investment		(173)	(281)	-	84	(370)
PPE & Uniform Refresh		(996)	-	-	369	(628)
Pension Liability reserve		(1,525)	-	-	-	(1,525)
PIMS Replacement	c/e	-	-	(230)	-	(230)
National Procurement Project		(372)	-	-	(27)	(399)
NNDR Smoothing Reserve	a	(612)	-	(30)	-	(642)
Digital Transformation Strategy	b	-	-	(430)	-	(430)
Risk Critical Operational Equipment	b	-	-	(38)	-	(38)
Firefighter fitness monitoring & support	b	-	-	(176)	1	(175)
Operational Safety - new training model	b	-	-	(404)	-	(404)
Emergency Services Mobile Communications Programme	b	-	-	(688)	-	(688)
Total earmarked reserves		(24,529)	(906)	(5,969)	1,419	(29,985)
General reserve						
General fund balance	d	(5,282)		(36)	-	(5,318)
Percentage of general reserve compared to net budget						7.19%
TOTAL RESERVE BALANCES		(29,812)				(35,304)
PROVISIONS						
Fire fighters pension schemes	h	(694)		(64)	2	(755)
PFI Equalisation		(295)		-	-	(295)
TOTAL PROVISIONS		(989)		(64)	2	(1,050)

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Agenda Item 9

REPORT REFERENCE NO.	DSFRA/17/15
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (Ordinary Meeting)
DATE OF MEETING	12 JUNE 2017
SUBJECT OF REPORT	ANNUAL TREASURY MANAGEMENT REPORT 2016-17
LEAD OFFICER	Treasurer
RECOMMENDATIONS	<i>That the performance in relation to the treasury management activities of the Authority for 2016-17, as set out in this report, be noted.</i>
EXECUTIVE SUMMARY	<p>The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, requires that the Authority receives a report in respect of borrowing and investment activities during the year, and compares this performance against the treasury management strategy adopted.</p> <p>The report includes a performance report relating to the 2016-17 financial year.</p> <p>A representative (Adam Burleton) from Capita Asset Services, the Authority external treasury management advisors, will be in attendance at the meeting to present the performance report.</p>
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY RISK AND BENEFIT ASSESSMENT (ERBA)	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Prudential indicators 2016-17.
LIST OF BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) Report to budget meeting held on the 19 th February 2016 DSFRA/16/3

1. **INTRODUCTION**

1.1 The Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016-17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.2 The Authority fully complies with the primary requirements of the Code, which 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 Authority of an annual strategy report for the year ahead, a mid-year treasury update report and an annual review report of 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.
- Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Authority is the Resources Committee.

1.3 During 2016-17 the minimum reporting requirements were that the full Authority should receive the following reports:

- an annual treasury strategy in advance of the year (Authority meeting (9th February 2016).
- a mid-year (minimum) treasury update report (Authority meeting 19th December 2016).
- an annual review following the end of the year describing the activity compared to the strategy (this report).

1.4 In addition, the Resources Committee has received quarterly treasury management update reports on 1st September 2016, 02/09/2015, 16th November 2016 and 8th February 2017.

1.5 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by members.

1.6 The Treasury Management Strategy for the Authority has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) 2011 Treasury Management in Public Services Code of Practice (the Code) and the CIPFA Prudential Code.

1.7 Treasury management in this context is defined as:

“The management of the local Authority’s investments and 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. ”

2. THE ECONOMY AND INTEREST RATES

2.1 The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019.

2.2 At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England’s Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

2.3 In the second half of 2016, the UK economy confounded the Bank’s pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum.

2.4 By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC’s inflation target of 2%. However, the MPC’s view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling’s devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

2.5 **USA.** Quarterly growth in the US has been very volatile during 2016 but a strong performance since mid-2016, and strongly rising inflation, prompted the Fed into raising rates in December 2016 and March 2017. The US is the first major western country to start on a progressive upswing in interest rates. Overall growth in 2016 was 1.6%.

2.6 **EU.** The EU is furthest away from an increase in short term interest rates; the European Central Bank (ECB) has cut rates into negative territory, provided huge tranches of cheap financing and been doing major quantitative easing purchases of debt during 2016-17 in order to boost growth from consistently weak levels, and to get inflation up from near zero towards its target of 2%. The action taken by the ECB has resulted in economic growth improving significantly in the Eurozone to an overall figure of 1.7% for 2016, with Germany achieving a rate of 1.9% as the fastest growing G7 country.

- 2.7 **Japan** struggled to stimulate consistent significant growth with GDP averaging only 1.0% in 2016 with current indications pointing to a similar figure for 2017. It is also struggling to get inflation up to its target of 2%, only achieving an average of -0.1% in 2016, despite huge monetary and fiscal stimulus, though this is currently expected to increase to around 1% in 2017. It is also making little progress on fundamental reform of the economy.
- 2.8 **China** and emerging market countries. At the start of 2016, there were considerable fears that China's economic growth could be heading towards a hard landing, which could then destabilise some emerging market countries particularly exposed to a Chinese economic slowdown and / or to the effects of a major reduction in revenue from low oil prices. These fears have largely subsided and oil prices have partially recovered so, overall, world growth prospects have improved during the year.
- 2.9 **Gilt Markets** – The bond purchases undertaken by the ECB as part of the quantitative easing programme have resulted in depressed bond yields in the EU, but, towards the end of 2016, yields rose, probably due at least in part to rising political concerns around the positive prospects for populist parties and impending general elections in 2017 in the Netherlands, France and Germany. On the other hand, President Trump's election and promise of fiscal stimulus, which are likely to increase growth and inflationary pressures in the US, have resulted in Treasury yields rising sharply since his election. Gilt yields in the UK have been caught between these two influences and the result is that the gap in yield between US treasuries and UK gilts has widened sharply during 2016/17 due to market perceptions that the UK is still likely to be two years behind the US in starting on an upswing in rates despite a track record of four years of strong growth. UK gilt yields are used to price the borrowing rates available from the Public Works Loans Board, so are important when any new external loans are being considered.
- 2.10 **Equity markets.** The result of the referendum, and the consequent devaluation of sterling, boosted the shares of many FTSE 100 companies which had major earnings which were not denominated in sterling. The overall trend since then has been steeply upwards and received further momentum after Donald Trump was elected President as he had promised a major fiscal stimulus to boost the US economy and growth rate.

3. OVERALL TREASURY POSITION AS AT 31 MARCH 2017

- 3.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Authority's Treasury Management Practices.
- 3.2 At the end of 2016-17 the Authority's treasury, position was as shown overleaf:

SUMMARY	31st March 2016 Principal	Rate/ Return	31st March 2017 Principal	Rate/ Return
Total Debt				
- PWLB (All fixed rate funding)	£25.817m	4.231%	£25.723m	4.233%
-Other Long Term Liabilities	£1.444m		£1.374m	
Total	£27.261m		£27.097m	
CFR	£27.262m		£27.098m	
Over/(under) borrowing	(0.001)m		(£0.001)m	
Total Investments	£27.325m	0.56%	£34.662m	0.51%
NET DEBT	£(0.064)m		£(7.565)m	

3.3 The maturity structure of the debt portfolio was as follows:

	31 March 2016 actual	2016/17 original limits	31 March 2017 actual
Under 12 months	£0.094m	£0.094m	£0.094m
12 months and within 24 months	£0.094m	£0.094m	£0.094m
24 months and within 5 years	£0.780m	£0.780m	£0.780m
5 years and within 10 years	£1.631m	£4.131m	£4.131m
Over 10 years	£23.219m	£20.625m	£20.625m

4. **STRATEGY FOR 2016-17**

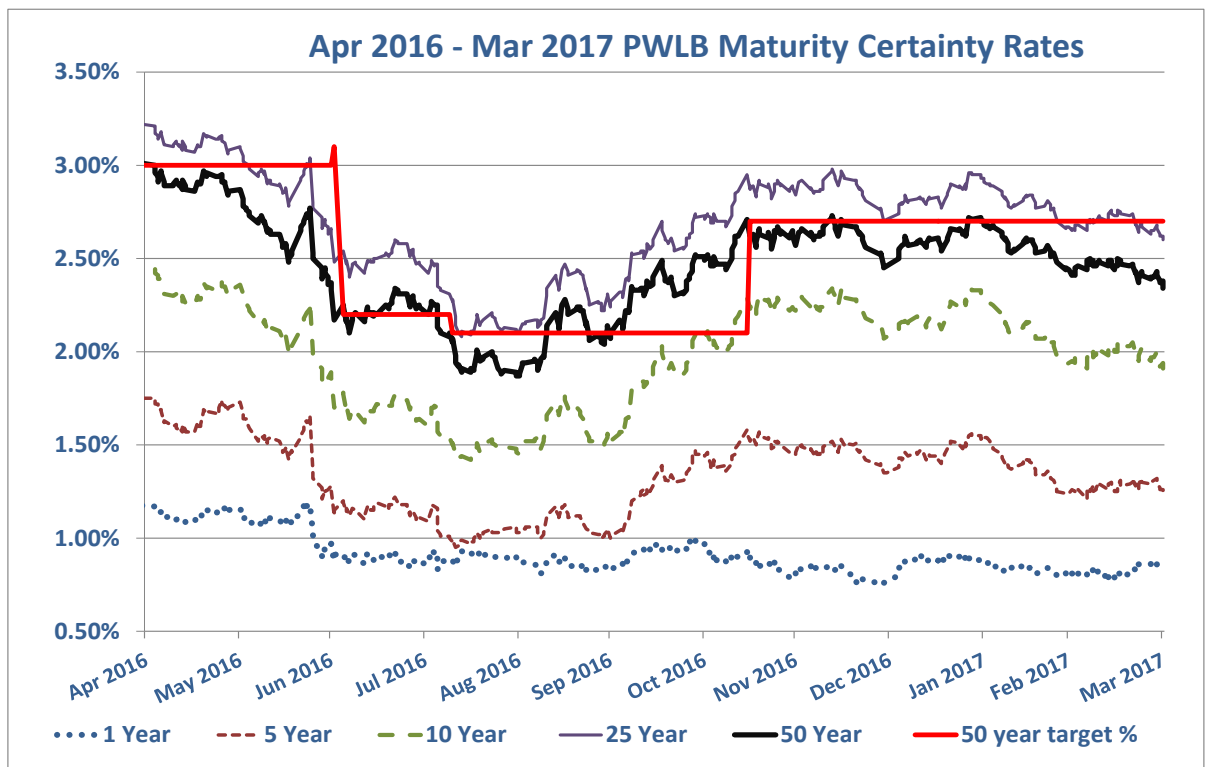
4.1 The expectation for interest rates within the strategy for 2016-17 anticipated low but rising Bank Rate (starting in quarter 1 of 2017), and gradual rises in medium and longer term fixed borrowing rates during 2016-17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

4.2 In this scenario the strategy was to postpone new borrowing and bring the level of external loans in line with the Capital Financing Requirement as at 31st March 2016. If short term interest rates remain low, the Authority will borrow internally to avoid the cost of holding higher levels of investment and to reduce counterparty risk.

5. **BORROWING**

Public Works Loan Board (PWLB) borrowing rates 2016-17

5.1 During 2016-17, PWLB rates fell from April to June and then gaining fresh downward impetus after the referendum and Bank Rate cut, before staging a partial recovery through to December and then falling slightly through to the end of March. The graph and table below, show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/16	1.13%	1.62%	2.31%	3.14%	2.95%
31/3/17	0.83%	1.24%	1.60%	1.80%	2.07%
Low	0.76%	0.95%	1.42%	2.08%	1.87%
Date	20/12/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.93%	1.36%	2.01%	2.72%	2.49%

DSFRA Borrowing Strategy

Prudential Indicators

5.2 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 Treasury Management Strategy.

5.3 During the financial year the Authority operated within the treasury limits and Prudential Indicators set out in its annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in Appendix A.

Authority borrowing during and at the end of 2016-2017

5.4 No new borrowing was taken out in 2016-17 to support capital spending and therefore, because repayments of £0.094m loan principal have been made in year, the value of loans outstanding has decreased to £25.723m during the year. A summary of the loan (debt) position of the Authority is given in the table below. All existing borrowing has been taken out at Fixed Interest Rates.

5.5 It is noted that the external borrowing figure of £25.723m as 31 March 2017 is within the Capital Financing Requirement (CFR) which means that there is no over-borrowing position at the year-end.

5.6 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

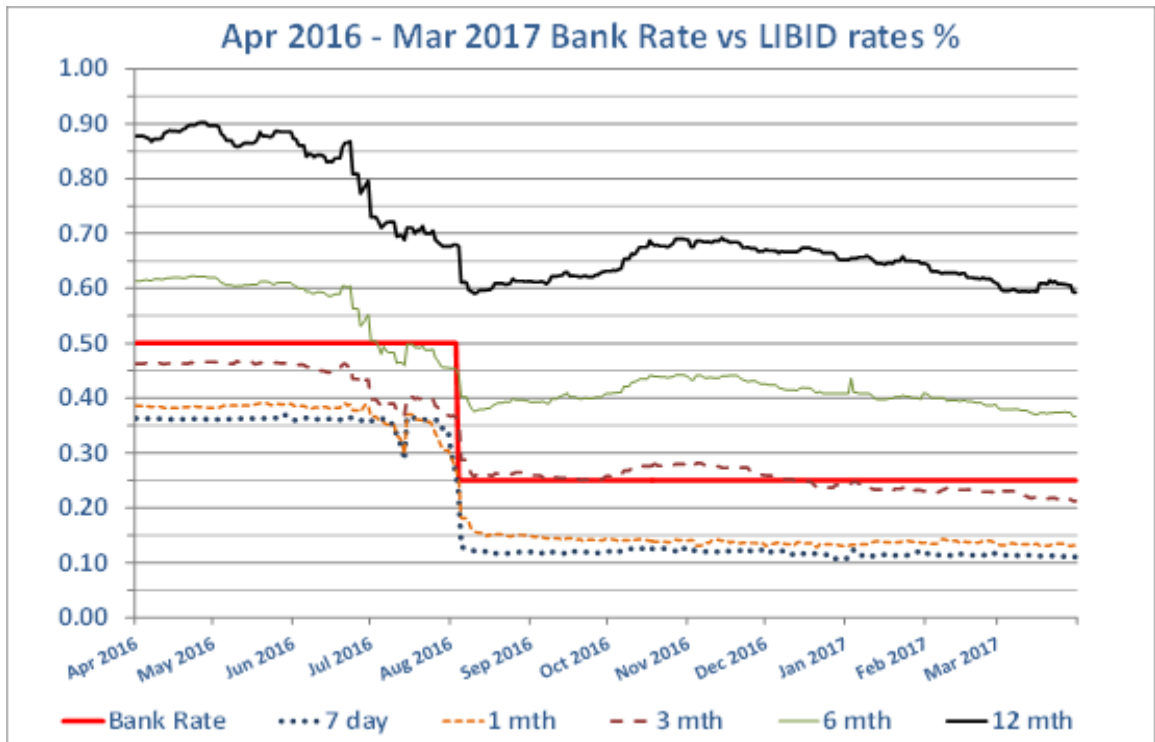
	Summary of loan movements during 2016-17		
		Amount £m	
	Value of loans outstanding as at 1/4/2016	25.817	
	Loans taken during 2016-17	0.00	
	Loans repaid upon maturity during year	(0.094)	
	Loans rescheduled during year	0.00	
	Total value of loans outstanding as at 31/3/2017	25.723	

6. INVESTMENTS

Investment rates in 2016-17

6.1. After the EU referendum, the Monetary Policy Committee (MPC) cut the Bank Rate from 0.5% to 0.25% at their meeting on 4 August. It remained at that level for the rest of the financial year. Market expectations as to the timing of the start of monetary tightening (Bank Rate increases) started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the financial year back at quarter 3 2018.

6.2. At the start of 2016-17 the deposit rates available in the money markets continued at the previous depressed levels. These rates fell during the first two quarters and reduced even further after the 4 August MPC meeting when an additional large tranche of cheap financing was made available to the banking sector by the Bank of England. The deposit rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.



Authority Investment Strategy

6.3. 6.3 The Authority’s Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement, outlines the Authority’s investment priorities as follows:

- Security of Capital
- Liquidity

6.4. The Authority will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions using our Treasury Management Advisors (Capita) suggested creditworthiness matrices, including Credit Default Swap overlay information provided by Sector. In addition to this approach the Authority has the ability to use building societies under specified and non-specified investments.

Authority Investments during and at the end of 2016-17

6.5. No institutions in which investments were made during 2016-17 had any difficulty in repaying investments and interest in full during the year and the Authority had no liquidity difficulties.

6.6. A full list of investments held as at 31 March 2017 are shown in the table below:

Investments as at 31 March 2017					
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	6 mths	0.600%
		1.500	T	6 mths	0.650%
		1.400	T	6 mths	0.650%
Goldman Sachs	5.000	5.000	T	6 mths	0.680%
Leeds Building Society	2.000	1.000	T	6 mths	0.430%
Santander UK PLC	5.000	1.000	T	6 mths	0.510%
		2.000	T	6 mths	0.420%
Sumitomo Mitsui	5.000	3.200	T	6 mths	0.430%
		1.800	T	6 mths	0.460%
Coventry Building Society	2.000	2.000	T	6 mths	0.370%
Nationwide Building Society	2.000	2.000	T	6 mths	0.370%
Black Rock Money Market Fund	5.000	0.532	C	Instant Access	Variable
Ignis Sterling Liquidity Money Market Fund	5.000	1.800	C	Instant Access	Variable
Federated	5.000	0.330	C	Instant Access	Variable
Qatar National Bank	5.000	1.000	T	1 yr	0.820%
		1.000	T	1 Yr	0.750%
		3.000	T	1 Yr	0.820%
Local Authority	5.000	4.000	T	63 Days	0.450%
Total invested as at 31 March 2017		£34.662M			

6.7. Funds available for investment are on a temporary basis, the level of which are dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Benchmark	Average level of funds available for investment	Benchmark Return	Authority Performance	Investment Interest Earned
3 month	£35.552m	0.31%	0.51%	£0.205m

- 6.8. The amount of investment income earned of £0.205m has exceeded the target by £0.052m as a result of levels of fund available for investment during the year being higher than anticipated.

7. SUMMARY

- 7.1 In compliance with the requirements of the CIPFA Code of Practice of Treasury Management, this report provides Members with a summary report of the treasury management activities during 2016-17. 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 during the year, with priority being given to liquidity and security over yield.
- 7.2 Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments continued to be dominated by risk considerations resulting in relatively low returns compared to borrowing rates. Even so, the Authority is able to report that its returns are above the London Inter-Bank Bid Rate 3 month rate, the benchmark return for this type of short term investments.

KEVIN WOODWARD
Treasurer

APPENDIX A TO REPORT DSFRA/17/15

PRUDENTIAL INDICATOR	2015-16 £m actual	2016-17 £m approved	2016-17 £m Actual
Capital Expenditure			
Non – HRA	6.171	6.423	2.758
HRA (applies only to housing authorities)	0	0	0
TOTAL	6.171	6.423	2.758
Ratio of financing costs to net revenue stream			
Non – HRA	3.64%	4.18%	4.11%
HRA (applies only to housing authorities)	0%	0%	0%
Capital Financing Requirement as at 31 March (borrowing only)			
Non – HRA	25.817	25.724	25.723
HRA (applies only to housing authorities)	0	0	0
TOTAL	25.817	25.724	25.723
Annual change in Cap. Financing Requirement			
Non – HRA	3.235	(0.163)	(0.094)
HRA (applies only to housing authorities)	0	0	0
TOTAL	3.235	(0.163)	(0.094)
Incremental impact of capital investment decisions	£ p	£ p	£ p
Increase/(decrease) in council tax (Band D) per annum	(£0.10)	£0.04	£0.04
TREASURY MANAGEMENT PRUDENTIAL INDICATORS			
Authorised Limit for external debt -	£m	£m	£m
Borrowing	29.477	26.824	26.824
other long term liabilities	1.516	1.278	1.278
TOTAL	30.993	28.102	28.102
Operational Boundary for external debt -			
Borrowing	28.186	25.537	25.537
other long term liabilities	1.444	1.209	1.209
TOTAL	29.630	26.746	26.746

	Actual 31 st March 2017	upper limit %	lower limit %
Limits on borrowing at fixed interest rates	100%	100%	70%
Limits on borrowing at variable interest rates	0%	30%	0%
Maturity structure of fixed rate borrowing during 2016-17			
Under 12 months	0.36%	30%	0%
12 months and within 24 months	0.36%	30%	0%
24 months and within 5 years	3.03%	50%	0%
5 years and within 10 years	16.06%	75%	0%
10 years and above	80.18%	100%	50%

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REPORT REFERENCE NO.	DSFRA/17/16
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	12 JUNE 2017
SUBJECT OF REPORT	POLICING & CRIME ACT – APPOINTMENT OF POLICE & CRIME COMMISSIONERS TO THE AUTHORITY
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<i>That the Authority approves appointment to the Authority of the Police & Crime Commissioners for both Devon & Cornwall and Avon & Somerset, with full speaking and voting rights, to take effect immediately upon the relevant amending Regulations coming into force.</i>
EXECUTIVE SUMMARY	<p>At its meeting in December 2016, the Authority was advised of the contents of the [then] Policing and Crime Bill – specifically the provision for a Police and Crime Commissioner to request appointment to a fire and rescue authority with full speaking and voting rights. The Authority resolved at that time to extend an invitation to both Police & Crime Commissioners to attend future meetings on a speaking, but not voting, basis.</p> <p>The Bill received the Royal Assent on 31 January 2017 and by virtue of commencement regulations the above provisions came into force on 3 April 2017. To give effect to this, however, amendments are required to the Combination Scheme Orders establishing combined fire and rescue authorities such as this Authority. The government had initially intended to consult on the required Regulations in May but the consultation was subsequently deferred pending the outcome of the General Election announced for 8 June 2017.</p> <p>In the meantime, the Police and Crime Commissioners for both Devon & Cornwall and Avon & Somerset have requested, formally, representation on this Authority.</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	A. Letter received from Police & Crime Commissioners
LIST OF BACKGROUND PAPERS	The Policing and Crime Bill

1. BACKGROUND

- 1.1. At its meeting on 19 December 2016, the Authority considered a report advising of the content and implications for this Authority of the [then] Policing and Crime Bill. In particular, the Authority was advised that the Bill contained provisions to:
- a. introduce a new statutory duty for collaboration by the emergency services (Sections 1 – 5);
 - b. enable 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. enable a Police and Crime Commissioner did not wish to assume responsibility for fire and rescue functions in an area to nonetheless request appointment to the fire and rescue authority concerned. On receipt of such a request, the authority was required either to approve or reject it, giving and publishing reasons for doing so. Where the request was approved, then the Police and Crime Commissioner would be duly appointed to the authority with speaking and voting rights (Section 7).
- 1.2. The Authority has already been instrumental in establishing the South West Emergency Services Collaboration Forum, bringing together leaders and senior officers of the emergency services in the South West to identify and progress collaborative opportunities to enhance public safety and deliver efficiencies in service provision.
- 1.3. Being mindful of the provisions in the Bill, however, and in the spirit of further promoting closer working relationships the Authority resolved to extend an invitation for the Police and Crime Commissioners for both Devon & Cornwall and Avon & Somerset to attend and speak at future Authority meetings (Minute DSFRA/38 refers).

2. CURRENT POSITION

- 2.1 The Bill received the Royal Assent on 31 January 2017, with Sections 1 to 7 (the duty to collaborate and provisions relating to Police and Crime Commissioner and fire and rescue authorities) coming into force, by virtue of commencement Regulations, on 3 April 2017.
- 2.2 In response to its invitation to attend meetings on speaking but not voting basis, the Authority has received a letter signed by both Police & Crime indicating that, in their experience, membership of this Authority in a speaking and voting capacity would be most beneficial. A copy of this letter is attached at Appendix A.
- 2.3 Clarification has also been received (by way of a letter from the Minister of State for Policing and the Fire Service [the Rt Hon Brandon Lewis MP], dated 7 April 2017) that, while the relevant provisions of the Act are now in force, amendments are required to the combination scheme orders for combined fire and rescue authorities such as this one to enable them to appoint, on approval of a request, a Police and Crime Commissioner. The government had anticipated commencing consultation in May on Regulations to so amend the combination scheme orders. This consultation has now been deferred, however, pending the outcome of the general election called for 8 June 2017.

- 2.4 Given these circumstances Authority is invited to consider the requests received from the Police & Crime Commissioners for representation on the Authority with a view to approving them in principle at this stage, to take full effect once the relevant amending Regulations come into force.
- 2.5 In the meantime, in line with the decision taken in December of last year, both Police & Crime Commissioners can attend, should they wish, Authority meetings in a speaking but not voting capacity.

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

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AH/nl

5 April 2017

Steve Yates
Democratic Services and Corporate Support Manager
c/o M Pearson
Service Headquarters
The Knowle, Clyst St George
Exeter Devon
EX3 0NW

Dear Steve

Thank you for your letter of 20 January 2017 inviting the Avon and Somerset and Devon and Cornwall PCCs to join the Devon and Somerset Fire Authority in a non-voting capacity. We are very keen to work with you and to continue to develop the collaborative initiatives which have been begun as part of the South West Emergency Services Forum and also to build on the excellent cooperation we have had around Estates matters.

My experience, in Avon Fire Authority, is that a PCC attending Fire Authority meetings in a non-voting capacity is not helpful for expectations of the parties involved and expectations of stakeholders and the public. As you know, from April PCCs are able to be invited to join Fire Authorities in a voting capacity. We are also aware that with the upcoming elections this May, the Devon and Somerset Fire Authority will be looking at its membership as part of that election process. We would therefore suggest that it would be more helpful if you want the PCCs to participate in the Fire Authority for Devon and Somerset Fire Authority to ask the two PCCs to join the Fire Authority in a voting capacity. This would give clarity to all involved including stakeholders and the public that the PCCs are formally part of the Fire Authority rather than merely attending or observing parts of meetings and/or not voting on key matters.

We are of course happy to discuss this.

Best regards

Yours sincerely

Alison Hernandez
Police and Crime Commissioner
Devon and Cornwall

Sue Mountstevens
Police and Crime Commissioner
Avon and Somerset

cc. Mark Healey

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REPORT REFERENCE NO.	DSFRA/17/17
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	12 JUNE 2017
SUBJECT OF REPORT	APPOINTMENT OF AUTHORITY TREASURER
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<p><i>That the Authority considers the content of this report with a view to:</i></p> <ul style="list-style-type: none"> <i>a. Approving Option C, as set out in Section 3, for the appointment of a “proper financial officer” (i.e. Treasurer) on as a temporary promotion, 0.8FTE basis for twelve month period; and</i> <i>b. Delegating to the Chief Fire Officer authority to effect the appointment as outlined at (a) above.</i>
EXECUTIVE SUMMARY	<p>In 2013, the Service Senior Management Structure was reorganised in the interests of efficiency for the organisation. This restructure saw, amongst other things, deletion of the Director of Finance Post from the structure. This post also undertook, however, the statutory role of “proper financial officer” and it was acknowledged that, going forwards, arrangements would need to exist to enable this role to be discharged.</p> <p>The Authority resolved to establish a small Committee to determine the most appropriate, cost-effective, arrangement. Following several meetings and having undertaken an appropriate procurement exercise, a contract was awarded to the former Treasurer to undertake the “proper financial officer” role for an initial two year period. As included in the associated terms, the Authority endorsed extension of this contract for a further two years (until 3 November 2017) at its meeting on 14 December 2015 (Minute DSFRA/39 refers).</p> <p>Most recently, changes in taxation legislation (IR35 – “the intermediaries legislation”) impact on the financial viability of the “contracting” model currently in post. Additionally, the existing Treasurer has indicated that he does not wish to continue in the “proper financial officer” role once after the end of the current contract period.</p> <p>Legislation still requires, however, the Authority to have a “proper financial officer” and this report now examines options for the Authority to secure this while still realising efficiency savings.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.

APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Report DSFRA/13/18 (Arrangements for Appointment of Authority Treasurer) submitted to the Authority meeting on 10 July 2013 Report DSFRA/15/27 (Treasurer to the Authority – Extension of Contract) submitted to the Authority meeting on 14 December 2015

1. BACKGROUND

- 1.1 In 2013, the Service Senior Management Structure was reorganised in the interests of efficiency. This restructure saw, amongst other things, deletion of the Director of Finance Post from the structure. This post also undertook, however, the statutory role of “proper financial officer” and it was acknowledged that, going forwards, arrangements would need to exist to enable this role to be discharged.
- 1.2 The Authority resolved to establish a small Committee to determine the most appropriate, cost-effective, arrangement. Following several meetings and having undertaken an appropriate procurement exercise, a contract was awarded to the former Treasurer to undertake the “proper financial officer” role for an initial two year period. As included in the associated terms, the Authority endorsed extension of this contract for a further two years (until 3 November 2017) at its meeting on 14 December 2015 (Minute DSFRA/39 refers).

2. CURRENT POSITION

- 2.1 Most recently, there have been changes in taxation legislation (IR35 – “the intermediaries legislation”). These came into effect from April 2017 and have two significant impacts, from an Authority perspective:
- Under the Regulations, individuals who supply services to their clients via their own company (referred to as a “personal service company”) are not classified as “self-employed” from a taxation perspective. The Regulations apply automatically to individuals who hold a statutory office (as is the case here). The effect of this is that the employer – in this case, the Authority – is required to make payments to the individual via its payroll system to ensure that the relevant tax and National Insurance Contributions (including Employer National Insurance Contributions) are paid;
 - In any event, there is an expectation that statutory roles (which this is) will be undertaken by an employee of the Authority concerned and operate at the most senior management level.
- 2.2 Additionally, the existing Treasurer has indicated that he does not wish to continue in the role on expiry of the current contract.

3. OPTIONS AVAILABLE TO THE AUTHORITY

- 3.1 As previously indicated, it is a statutory requirement for the Authority to have a “proper financial officer”. In the circumstances outlined above and following an assessment of the associated workloads and Service requirements, the following options are suggested to the Authority:
- a. employ an in-house Treasurer on a 0.4FTE basis This would require a recruitment exercise; or
 - b. employ an in-house Treasurer on a full-time basis. This would involve a recruitment exercise); or
 - c. effect a temporary promotion for a period of twelve months on a 0.8FTE basis (4 days per week).
- 3.2 Costs associated with each of these options are set out in Section 4 below. The advantages and disadvantages of each option are now explored.

Option A

- 3.3 While this Option would undoubtedly represent the cheapest financial option for the Authority, it does carry the following potential disadvantages:
- There is risk associated with attracting an individual with the relevant skills set and experience to fulfil the role;
 - This risk is compounded by the fact that a 0.4FTE position may not be considered attractive to individuals who might possess the relevant skill set and experience;
 - The associated recruitment process would in all likelihood be lengthy and costly for a position of this seniority.

Option B

- 3.4 While this should secure an individual with the relevant skill set and experience to undertake the role, it would represent the most expensive option for the Authority, increasing the overall establishment. There would also be the costs associated with a lengthy recruitment process and may result in over-resourcing at the senior level.

Option C

- 3.5 While this option is more expensive than Option A, it does offer the following advantages:
- There is no increase in overall establishment;
 - There is no associated recruitment cost
- 3.6 The model offers flexibility by being a temporary twelve-month promotion. This would provide sufficient opportunity to evaluate the model. It would also allow sufficient time to undertake an external recruitment exercise if, in due course, this was felt necessary. This Option also offers another, significant, advantage in that the current Service Head of Finance has indicated a willingness to take on the role. The Service Head of Finance has worked closely with the Treasurer over a number of years in Authority budget setting, budget monitoring and production of the Annual Statement of Accounts. The Service Head of Finance has, therefore, full knowledge of Service and Authority financial issues and is appropriately qualified (being a Fellow Member of the Association of Certified Chartered Accountants). The Service Head of Finance also possesses considerable sector-specific experience and is respected by colleagues on the Service Leadership Team and at Executive Board level.
- 3.7 This option would also provide continuity in quality of service provided.
- 3.8 For further clarity, the expectation would be that – in light of IR35 expectations – the individual so appointed will serve as a member of the Executive Board.

4. FINANCIAL CONSIDERATIONS

- 4.1 Prior to Service reorganisation, costs associated with the [then] Finance Department structure, were £433,100 (uplifted to 2017-18 salary costs) with an establishment of 9.0 Full time equivalents.
- 4.2 The costs (at 2017-18 levels) associated with the current Finance Department structure (including Option A for an employed Treasurer), as implemented from the 2013-14 financial year, are shown in the Table overleaf and compared to Options B and C.

	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>
Finance department costs	£380,200	£439,500	£388,600
Full Time Equivalent	8.26	8.86	8.26

5. CONCLUSIONS

- 5.1 As previously indicated, it is a statutory requirement for the Authority to have a “proper financial officer”. IR35 means that there is now a clear expectation that this role will be discharged by an employee of the Authority.
- 5.2 Given these circumstances, the Authority is invited to consider this report – in particular, the Options and associated costs as set out in Sections 3 and 4 above – with a view to approving Option C which it is felt will secure a continuity of quality service while still delivering efficiency savings when compared to the costs associated with the structure of the Finance Department prior to 2013-14 (i.e. the contracting-out of the Treasurer role).
- 5.3 Appointment of the “proper financial officer” is a matter reserved to the Authority. If the Authority is minded to approve Option C then – given the interest expressed by the current Service Head of Finance – it is further recommended that the actual appointment be delegated to the Chief Fire Officer.

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

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REPORT REFERENCE NO.	DSFRA/17/18
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	12 JUNE 2017
SUBJECT OF REPORT	DEPARTMENT FOR INTERNATIONAL TRADE – FIRE AND RESILIENCE “EXPORT” OFFER
LEAD OFFICER	Chief Fire Officer
RECOMMENDATIONS	<i>That the report be noted</i>
EXECUTIVE SUMMARY	This report updates the Authority on the work the CFO has been undertaking, with the support of the Authority and on behalf of the National Fire Chiefs Council, with the Department for International Trade to develop a fire and resilience “export” offer.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	A. Presentation. B. Fire & Resilience Export Offer C. Joint International Fire Board Terms of Reference
LIST OF BACKGROUND PAPERS	Nil.

1. INTRODUCTION

- 1.1 At previous meetings the CFO has advised the Authority on work he has been leading, on behalf of the National Fire Chiefs Council (formerly the Chief Fire Officers Association) and working to the Department for International Trade (DIT), on the development of the Fire and Resilience "Export Offer". This paper provides an update on progress to date and outlines the operating principles that have been agreed.

2. BACKGROUND

- 2.1 This initiative arose from a scheduled visit to Devon & Somerset Fire & Rescue Service Headquarters by Hugo Swire MP in December 2015, the [then] Foreign Office Minister. The main aim of the visit was to enable the Minister to gain an appreciation of the work of the modern fire and Rescue service and during the visit the opportunity was taken to outline this Authority's commercial trading model. As a result of this discussion, Mr. Swire MP proposed a meeting with [then] department for United Kingdom Trade and Investment (UKTI) [now the Department for International Trade - DIT].
- 2.2 A meeting was subsequently arranged, attended by the Authority Chair, the Managing Director/CEO of Red One Ltd and the Chief Fire Officer in February 2016. At the meeting it was suggested by UKTI that there was need for greater coordination of the UK fire sector as it was characterised by a fragmented and disparate approach, underpinned by a competitive nature that was restricting potential overseas opportunities.
- 2.3 Following a series of meetings between the Chief Fire Officers Association (CFOA) (now the National Fire Chiefs Council) and UKTI to attempt to provide greater consistency of effort, UKTI suggested that a lead officer might be able to provide the focal point for this work. CFOA subsequently asked that I undertake this lead officer role.
- 2.4 Whilst this work started before Brexit, its importance has increased since the vote to leave the European Union given the need to strengthen our export offer and in doing so strengthen UK businesses.
- 2.5 At its ordinary meeting on 26 May 2016, the Authority confirmed, unanimously, its support for the CFO in undertaking this role (and any other, appropriate external roles) given the importance of this work to both local and national efforts to play a leading role on behalf of the profession (Minute DSFRA/15 refers). It is noted that the Chief Fire Officer undertakes much of this work in his own time.

3. CURRENT POSITION

- 3.1 The initial focus for the work was to identify the scale of the export opportunity, engender widespread support for a more coordinated approach and to examine barriers to success. A presentation used to gain support from key stakeholders is reproduced at Appendix A.
- 3.2 The two main achievements to date are:
- the development and approval of a Fire and Resilience Export Offer, outlining the range of goods and services available from the UK fire sector (reproduced at Appendix B); and
 - the establishment of the Joint International Fire Board (JIFB) which coordinates activity and shares potential opportunities across the fire and resilience sector (terms of reference reproduced at Appendix C).

- 3.3 The Fire and Resilience Export Offer and includes a foreword from the Policing and Fire Minister Brandon Lewis MP. It aims to provide an overview of the type of goods and services that the UK can offer and will be supported by a suppliers' directory currently under development. The Export Offer was led by the CFO, working with key stakeholders to inform the model.
- 3.4 A key element in developing a UK wide offer has been the need to develop a more coherent 'supply side' and to ensure that UK businesses are able to scale up to meet the demand of some major external contracts. One of the main advantages of this coordinated approach is the ability to scale up to meet significant commercial opportunities that simply would not be able to be accessed by working alone at a smaller scale. It is worth mentioning that meetings have also been held with a number of prime contractors who may be willing to take a level of foreign currency and contractual risk that smaller suppliers may not be willing to take on.
- 3.5 To give a sense of scale, through his work, the Chief Fire Officer has had access to details of 84 High Value Opportunities, all of which are a minimum of £500m in contract value and which generally can be characterised as major infrastructure and development opportunities. With access to this information comes a responsibility to manage opportunities in an even handed manner to avoid perception that any one individual or organisation gains an unfair advantage over a competitor. This is vitally important as there remains a need to ensure the trust and confidence gained in bringing the disparate aspects together is retained. The separation therefore of the Chief Fire Officer from any trading activities undertaken on behalf of this Authority and UKTI (DIT) activities was essential. As a result of this separation, confidence that information and access to overseas opportunities is being shared in an even handed manner has been maintained and further enhanced. It should be noted that the Authority's arms-length trading company (Red One Ltd.) has its own Board of Directors and Executive Management team.
- 3.6 The Chief Fire Officer's role is to support Government in building supply-side capacity and bringing opportunities to the market. The role is not in any way responsible for responding to any opportunities that may be presented, this is a matter for individual businesses to consider whether to respond or not as the case may be.
- 3.7 The mechanism that has been developed to share these opportunities with those with an interest in or experience of exporting is the Joint International Fire Board (JIFB) which the Chief Fire Officer also chairs. It meets for three hours every three months in London.
- 3.8 An electronic communication mechanism is used to share the opportunity with all registered parties with an interest in or experience of exporting. It is an open forum where opportunities are shared simultaneously ensuring no one organisation has any advantage over another.
- 3.9 The JIFB aims to improve the UK supply side, it does not get involved in any way in putting deals together or discussing commercial matters that remain for the market to respond to (or not as the case may be).
- 3.10 A Strategic Steering Group comprising representatives of the Fire Industry Association, Fire Sector Federation, Fire and Rescue Service Trading Companies as well as DIT senior officials supports the Joint International Fire Board and plans are underway to co-ordinating a trade mission to Brazil, planned for September (outbound trade mission), as well as a number of inbound trade missions with delegates attending UK trade conferences.

3.11 Further updates will be provided to the Authority in due course but in the meantime the Authority is asked to note this report.

LEE HOWELL
Chief Fire Officer

UK Trade & Investment (HMG) & Fire Sector

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Developing a Fire, Rescue and Resilience Offer

Developing the “Offer”

The problem we are trying to solve

Page 66

Disparate and variable engagement across the fire sector. Opportunity for export lost as a result and credibility damaged as a result of a fragmented approach. The issue is recognised by UKTI, Fire and Rescue Services and the Fire Industry.

Developing the “Offer”

The intended outcome

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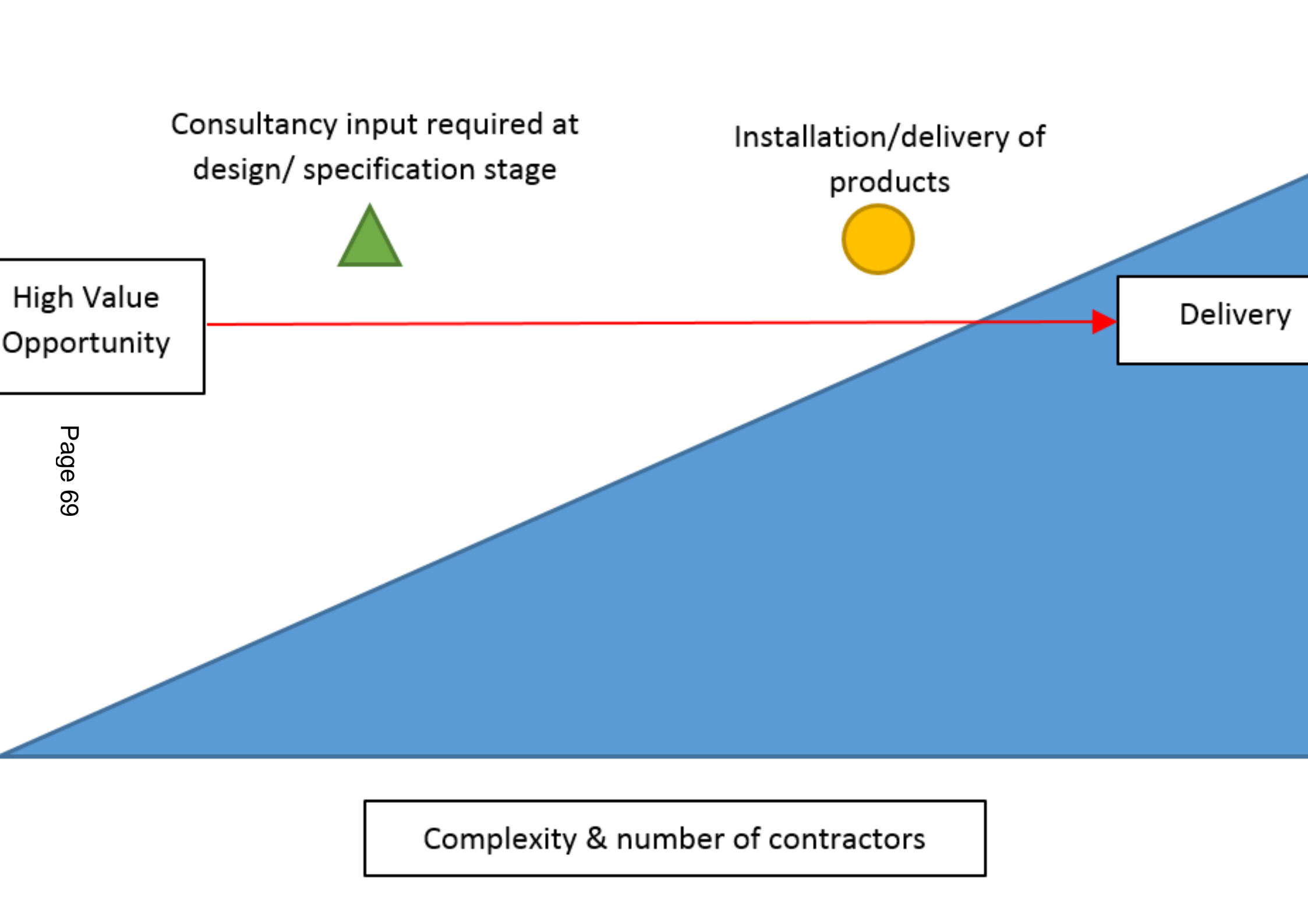
Achieve greater business opportunities by improving coordination, visibility and cooperation by the UK fire sector.

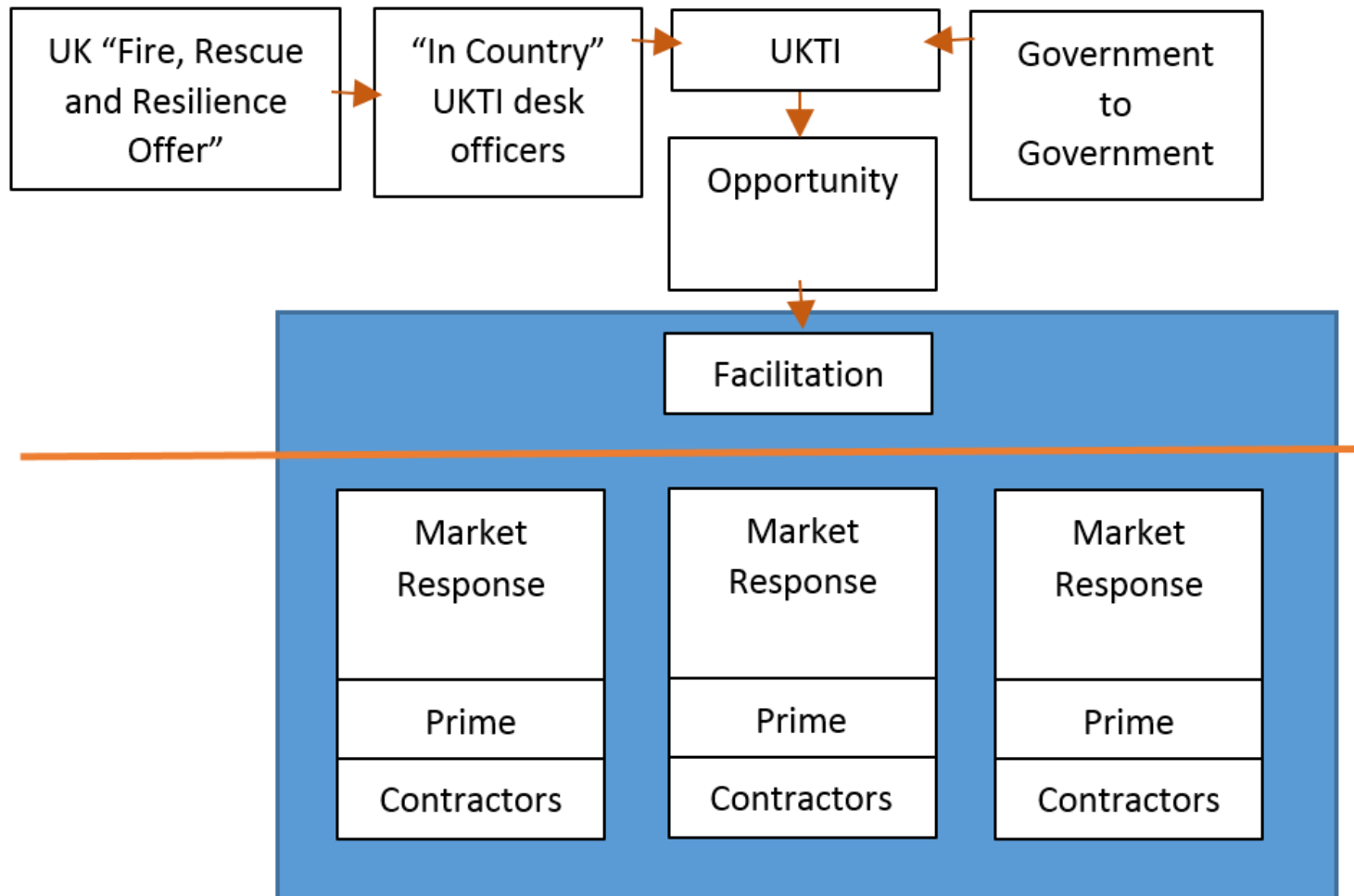
Developing the “Offer”

The context

Page 68

UK wants to increase its exports and UKTI exist to support export growth. “Whole of Government Effort”. Value of up to £500m may be possible for the UK Fire export offer (figure to be validated).





Developing the “Offer”

Operating principles (UKTI/HMG)

Page 27

UKTI will bring opportunities to the market and will support the wider fire sectors response but will not back one bid over others, an even handed approach to support all interested parties will consistently be applied.

Developing the “Offer”

Sectors. We have experience in:

- Utilities infrastructure projects (including nuclear and industrial/chemical)
- Major construction (engineering design and services provision and installation)
- Transportation projects Major event planning (2012 Olympics, 2014 Rugby World Cup, Glastonbury Festival)

Developing the “Offer”

Our Offer. We can provide:

- Fire related products, equipment and fire safety services
- Firefighting staff, equipment and fire service management
- Firefighting training and assurance
- Planning for resilience

Developing the “Offer”

Our Strengths

- We are world leaders in fire safety
- We have a proud history of fire risk management in both heritage and modern buildings
- We provide high quality products and use new technology to drive innovation
- We conform to recognised quality standards
- We have high levels of integrity and professional standards
- We have capable, professional and experienced firefighters and Senior Officers

Developing the “Offer”

Fire related products, equipment and fire safety services

- Fire Detection and Alarm Systems
- ^P ~~Fire~~ Risk Assessment and Fire Engineering
- ^F ~~Fire~~ Extinguishing Systems and Portable Fire Extinguishers

Developing the “Offer”

Firefighting staff, equipment and fire service management

- Provision of firefighters to mitigate fire and rescue risks on site
- Provision of personal protective equipment
- Provision of firefighting equipment and supplies
- Provision of command and control management

Developing the “Offer”

Firefighting training and assurance

- Delivery of Training
- Provision of Training Support
- Assurance of training

Developing the “Offer”

Planning for Resilience






- National Disaster Management (Capability Development and Mitigation Support)
- International Search and Rescue and Civil Protection Support
- Major event contingency planning

	Advisory	Design & Build	Engineering, Safety & Design	Cross Border	Infrastructure & Equipment	Operations	PMC	Training	Vehicle Provision
d	✓		✓		✓	✓	✓		✓
t	✓		✓	✓			✓	✓	
	✓	✓	✓	✓	✓			✓	
	✓	✓	✓	✓	✓	✓	✓	✓	
	Page 79								
a		✓							
Kong			✓						
sia		✓	✓						✓
ore		✓	✓						✓
bia	✓	✓						✓	

How are HVOs structured?



▶ A HVO is an overseas project or programme of work where targeted HMG support, over a sustained period, is expected to lead to UK business wins. HVOs are characterised as:

- ▶  Large scale overseas projects
- ▶  Projects that would benefit from UK Government support and direction
- ▶  Projects which the UK industry has an appetite to engage with
- ▶  Projects that attract / highlight UK capability
- ▶  Projects with a total value greater than £500m (usually capex) and an accessible project value greater than £250m for UK businesses ([Appendix E.1](#))

Joint International Fire Board

The Joint International Fire Board (JIFB) has been created to provide a mechanism to match overseas opportunities with associations and organisations who have an interest in export or working overseas. Specifically, it facilitates UK Trade Investment overseas opportunities to be brought to the wider fire sector and at the same time, allows the fire sector to maximise the UK Government's contribution overseas, not just in terms of trade and export through world class goods and services but also in terms of providing a mechanism for humanitarian or disaster management response to be generated in a scalable manner, bringing the UK fire and rescue expertise to the wider world.

The Joint International Fire Board has been established to support the "whole of Government effort" to increase our exports and the balance of trade and to remedy the disparate and disjointed approach previously in place from within the fire sector. It is focused on supporting the full supply chain from inception through consultancy/advice, the direct provision of training/staff as well as providing goods and services.

The vision for the Joint International Fire Board (JIFB) is to establish a cohesive, world class supply chain for an export project's entire life cycle.

UK Trade & Investment (HMG) & Fire Sector

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Developing a Fire, Rescue and Resilience Offer

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The UK Fire & Resilience Offer



INNOVATION
IS
GREAT

BRITAIN & NORTHERN IRELAND

Foreword

The UK Fire & Resilience Offer



Rt Hon Brandon Lewis MP
Minister of State for Policing
and the Fire Service

The UK has a proud history as well as a strong track record of innovation. In recent years we have significantly reduced the number of people who die or are injured in fires, and this is a record of which we are very proud. We have also faced some significant environmental challenges, including flooding, major transport accidents, as well as major fires. Our focus on improving resilience and ensuring safety is designed into both our heritage as well as innovative buildings at the earliest stage and has directly contributed to our success.

The UK is now able to offer, for the first time, a complete “end-to-end” support process to meet all fire and safety related needs from initial design consultation through

to implementation of world class fire protection and alarm systems. This is supported by first class training and, if required, direct provision of UK firefighters working overseas.

This UK “fire offer” comprises the complete range of fire related goods and services that are required for buildings to be designed in a safe and cost effective manner, through to support for Government and local communities to plan for and respond to any emergency. We stand ready to meet your needs and aspirations and become your partner of choice.

If you would like to do business with UK fire companies, or indeed would like assistance, support or advice, please get in touch.



Introduction

UK Fire Sector

The UK Fire Sector, which includes the Fire and Rescue Service, is highly experienced in creating a safe environment and planning for, and responding to, major emergencies as and when they happen. It operates across all sectors including infrastructure, construction and transport, as well as at all major events, to provide safety and resilience. The UK Fire Sector has a first class reputation for reliability and quality and its Fire and Rescue Service is recognised as being second to none.

The sector employs world class staff who are skilled

in mitigating risk from fires, major transport incidents, flooding, rescues at height or from confined spaces, dealing with chemical, biological, radiological and nuclear (CBRN) threats, as well as providing emergency medical service responses for heart attack and major trauma victims. It also has some of the best training in the world and this, supported with effective pre-planning, supports local and national scale civil protection and disaster relief.

At the same time, the UK Fire Sector protective industries are also recognised globally

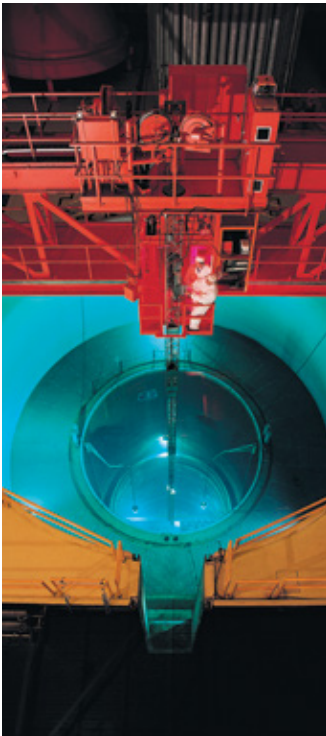
for delivering quality products and engineering expertise. Their experience in controlling fire risks dates back from the Industrial Revolution to a modern day focus on risk assessment and control with many large global building projects being managed by UK engineering specialists.

As an industry providing fire detection, fire suppression, consultancy, design and testing services, UK Fire Sector companies support every facet of building infrastructure, equipment and safety related clothing and services.



Our experience

Fire and Resilience Sectors



Infrastructure

Extensive engagement in utilities and manufacturing infrastructure projects, including the nuclear and chemical industries.



Construction

Offering a full range of fire engineering design, provision, installation services, computational fire modelling, testing and development of standards of construction materials.



Services

Front line emergency and medical services to high risk industrial sites including planning, training and the provision of emergency responders.



Aviation

Emergency service provision, including planning, training, emergency response and equipment for military and domestic aircraft.



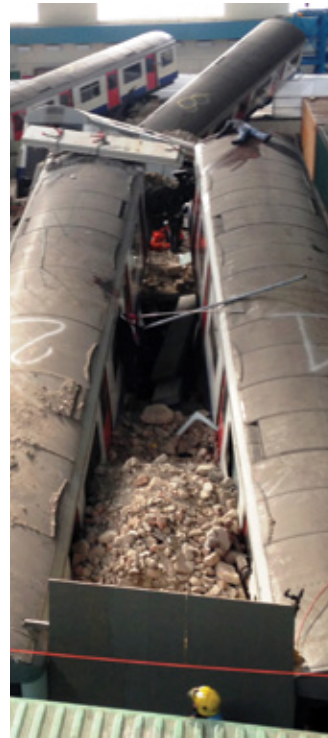
Transportation

Major land based projects in road, rail, marine and air transport, including subsurface tunnel rescue services and emergency response.



Major events

Operational planning for global level sporting events such as the Olympics and Rugby World Cup, national pageants and world class entertainment venues, including Glastonbury Festival.



Safety and resilience

Extensive background experience of concept to delivery planning for a range of services that secure, protect and deliver world class first response and sustain resilient communities.



Onshore and offshore energy

Experience in supporting safety related services in the oil, gas and renewable sectors, including environmental protection and pollution response.



Our services

Consultancy

Strength in fire safety based upon experience.

Wider health and safety services

Including planning, training and support for emergency responders and others.

Fire related products

Full range of firefighting and fire protection equipment including fire safety services.

Front line response services

Including the provision of fire, emergency and medical service staff.

Equipment, staff assurance and fire service management

Equipment and fire service management and staff assurance.

Design and risk management services

Advanced risk and business continuity management expertise as well as offering sophisticated communications technology to enable improved resilience and effectiveness.

Employment services

Pre-employment assessments and psychometric profiling for high risk roles.

Standards, certification and accreditation

The British Standards Institution (BSI) is the national certification and accreditation body that helps organisations all over the world make excellence a habit. Standards aim to help organisations improve their performance, reduce risk and achieve sustainable growth.

BSI's fire safety standards provide important information ranging from fire protection to fire detection and alarm systems.

The UK has the expertise and integrity to independently evaluate a manufacturer's product development, credentials and brand.



World leaders



Developing fire safety culture through intelligent design, management, regulation and involving communities



Internationally renowned integrity and professional standards



Proven history of fire risk management in both heritage and modern buildings



Competent and capable professional staff that are matched with experience



Highest quality products and use of new technology to drive innovation



Leading edge practice and solutions for personal protection and employee safety



Compliance to recognised quality standards



World class leaders in risk management



Fire equipment and safety services

This capability enables contractors to provide the very best equipment to protect people using buildings. At the same time, fire engineers can be employed at the earliest stage of building design or transport infrastructure to ensure that it is produced in a cost effective manner without compromising structural integrity or safety.

- ▶ Leading innovation in early warning and fire detection systems, as well as fire prevention and mitigation.
- ▶ Fire risk assessment and fire engineering including computational modelling.
- ▶ Fire extinguishing systems and portable fire extinguishers.
- ▶ Structural fire protection and controls to contain and prevent fire spread.



Firefighting training, assurance and community engagement

This capability ensures that firefighters are prepared, skilled and assessed as competent to deliver the safety service expected to ensure the risk is mitigated. By providing high quality training, employers can discharge moral and legal obligations as well as reducing the cost and consequences of damage to life and property.

The UK is unparalleled in its success at reducing fires, injuries and deaths through engagement with communities. The fire services also contribute to regional achievements to reduce obesity, social isolation and to increase youth engagement.



Firefighting staff, equipment and fire service management

This capability ensures that clients can secure the finest firefighting staff in order to protect critical infrastructure, buildings or other risks. Provision of the highest quality personal protective equipment and firefighting equipment will ensure that firefighters are safe and have the tools needed to effectively mitigate risk. This can be managed by highly experienced officers who can train others or deliver an effective governance and management platform for an extended period.

- ▶ Provision of firefighters to mitigate fire and rescue risks on site.
- ▶ Provision of personal protective equipment.
- ▶ Provision of firefighting equipment and supplies.
- ▶ Provision of command and control management including mobile systems.



Employment services

This capability ensures that employers can carry out pre-employment assessments of staff who may be employed in high risk occupations, or work in high risk environments, to ensure that the people selected for those roles are best suited to them. This will reduce risk to the employing

organisation as well as reducing costs relating to high turnover rates. Accidents will be reduced as a result of having employees with the right personal attributes, including behavioural attitudes to safety, and an aptitude for working at height or in confined spaces.

National disaster management

This capability can assist national, regional and local governments in pre-planning arrangements, as well as those non-government organisations responsible for mitigation support post event in ensuring resilient communities, cities and countries. The ability to withstand 'shocks' and bounce back quickly is related to the degree of preparedness.

Given the ever increasing threats to economies and society as a whole, ensuring that countries and key organisations are as prepared as they can be is the key to future sustainability. Major events often require specific pre-planning and the UK Fire and Rescue Service is perfectly placed to share its experience of planning for and the effective management of major

sporting or public events.

- ▶ National disaster management (capability development and mitigation support).
- ▶ International search and rescue and civil protection support.
- ▶ Major event contingency planning.



Wider medical health and safety services

This capability ensures that large scale projects or high risk industries can be managed in a safe manner across all aspects of safety. Employers and project managers can ensure their work is undertaken in as safe a way as possible, by using the skills of managers who are used to leading and managing staff in risk critical environments, with the resultant reductions in accidents and lost time ultimately reducing costs for the client.

- ▶ Delivery of safety and medical planning services.
- ▶ Provision and assurance of safety and medical training.
- ▶ Provision of rescue from confined spaces and water, identification of hazardous materials, as well as providing medical response teams.





Case study
Major oil tank fire

Officers from 31 UK Fire and Rescue Services were called to attend a major incident in Hertfordshire Oil Storage Terminal following a number of explosions. The effects of the incident were catastrophic; not only were

homes and businesses wrecked in the local area, damage to landscape and properties were reported up to 18.6 km away. High Volume Pump units, using 7,000 litres per minute over a distance of 3 km were used and were pivotal to supply the

sustained foam attack required to deal with the incident. At the height of the fire 15 High Volume Pump units were used, 6 of which were used to deliver water through 12 lines of hose over a distance of 1.8 km.

Case study
Major flooding - Somerset

During 2013-2014, the Atlantic winter storms in Europe, together with the winter floods, affected significant parts of the UK, in particular the Somerset Levels, a coastal plain and wetland area. 7,000 homes in Somerset were affected during this time. In a rescue operation involving 24 other Fire and Rescue Services, over 1,000 personnel from the Fire Rescue Service and the deployment of over 400 vehicles, the emergency services ensured that medical supplies and life saving responses were delivered, and homes and livestock were protected.





Next steps

If you would like to build capability around the safety of people or buildings please contact your local DIT office within the UK Embassy in your area who will be able to present your opportunity to the whole UK Fire market. They will be delighted to see how they can meet your needs and aspirations.

Any enquiries should be directed to:
info@ukfireexport.co.uk



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Not all of the equipment listed in this brochure is necessarily in UK operational service. The inclusion in this brochure should not in any way be considered as HMG approval or endorsement of the products concerned.

Interested parties should note that in all cases it is advisable for them to undertake their own research to ensure that any UK equipment being displayed meets their particular operational requirements.

Joint International Fire Board

Terms of Reference

Purpose

The Joint International Fire Board (JIFB) has been created to provide a mechanism to match overseas opportunities with associations and organisations who have an interest in export or working overseas. Specifically, it facilitates UK Trade Investment overseas opportunities to be brought to the wider fire sector and at the same time, allows the fire sector to maximise the UK Government's contribution overseas, not just in terms of trade and export through world class goods and services but also in terms of providing a mechanism for humanitarian or disaster management response to be generated in a scalable manner, bringing the UK fire and rescue expertise to the wider world.

The Joint International Fire Board has been established to support the "whole of Government effort" to increase our exports and the balance of trade and to remedy the disparate and disjointed approach previously in place from within the fire sector. It is focused on supporting the full supply chain from inception through consultancy/advice, the direct provision of training/staff as well as providing goods and services.

The vision for the Joint International Fire Board (JIFB) is to establish a cohesive, world class supply chain for an export projects entire life cycle.

Membership

The membership of the JIFB includes the Fire Industry Association, Association for Specialist Fire Protection and Fire Sector Federation. It also has the Chief Fire Officers Association, London Fire Brigade, Capita Fire Service College and individual Fire and Rescue Service Trading Companies as members. Representatives from Government Departments also attend as appropriate.

The Joint International Fire Board is chaired by a Chief Fire Officer representative from the Chief Officers Association who also acts as a conduit from the Joint International Fire Board (JIFB) to UK Trade and Investment, the Home Office Security Engagement Team and DFID (FCO) Stabilisation Unit. Liaison with the NPCC Joint International Policing Board will be increasingly important.

Process

High Value Opportunities will be shared with the Joint International Fire Board (JIFB) which will signpost overseas contracts available for UK businesses. These will be identified by UKTI desk officers "in Country" or through Government to Government (G2G) discussions.

At the same time, discussions with the Department for International Development (DfID)/ Foreign and Commonwealth Office (FCO) may present other opportunities to support Nation Building or post conflict support. These will be coordinated and shared through the Joint International Fire Board where appropriate.

Note: On no occasion will discussions take place within the Joint International Fire Board (JIFB) as to pricing or specific commercial responses, this being a matter for the market to respond as it sees fit. A declaration regarding competition law will be included on all Joint International Fire Board (JIFB) meeting minutes.

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REPORT REFERENCE NO.	DSFRA/17/19
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (ORDINARY MEETING)
DATE OF MEETING	12 JUNE 2017
SUBJECT OF REPORT	EMERGENCY SERVICES COLLABORATION
LEAD OFFICER	Chief Fire Officer
RECOMMENDATIONS	<i>That the work being undertaken on emergency services collaboration, as outlined in this report, be noted and that continued political and professional support be given to making even greater progress in terms of collaboration in the months and years ahead.</i>
EXECUTIVE SUMMARY	This report updates the Fire Authority on Emergency Services Collaboration within the South West Region.
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	None
LIST OF BACKGROUND PAPERS	Nil.

1. INTRODUCTION

- 1.1. Fire Authority Members may be aware of the work that the Service has been leading in the last year with respect to collaboration between Emergency Services. However, given the number of new Fire Authority members, it is felt timely to recap on achievements to date but also articulate a future that will increasingly be characterised by closer working across all public services and Emergency Services in particular.

2. BACKGROUND

- 2.1 In a desire to improve working arrangements between the Devon & Somerset Fire & Rescue Service (“the Service”) and the other emergency services worked with (namely Devon & Cornwall Police, Avon & Somerset Police and the South West Ambulance Service Foundation Trust [SWAST]), the Chief Fire Officer called a meeting of Chief Officers to explore how working arrangements might be improved, with a specific focus on improving public safety and also reducing duplication (and costs). During these discussions, it was suggested that other emergency services be invited to participate and this naturally formed into a regional grouping across the South West.
- 2.2 Recognising the varied governance arrangements as well as a distinct lack of co-terminus borders which are present within the Region (including three stand-alone fire and rescue authority’s; two County Councils; five Police and Crime Commissioners and a Foundation Trust) it was vitally important that political oversight, leadership and support for this work be explored.
- 2.2 As such, an Emergency Service Forum was established. This brings together the five Police and Crime Commissioners for the region, three fire and rescue authority chairs, two County Council portfolio holders with responsibility for fire and the Chairman of SWAST. In addition, the Regional Director of Public Health and an NHS representative also attend. This Authority’s Chair currently chairs this Forum and Chief Officers from each of the 11 Emergency Services also attend. The Forum receives an update on the work being undertaken and sets the strategic direction and pace for this work. The Forum meets twice a year.
- 2.3 The Forum is supported by a South West Emergency Service Collaboration Programme Board which delivers the strategic intent through a number of work streams (outlined in more detail below). The Chief Fire Officer chairs this Programme Board and Chief Officers from each of the 11 Emergency Services also attend. In turn, the Programme Board is supported by an Officers Working Group. The Programme Board meets monthly/every six weeks.
- 2.4 Whilst this work started before the recent duty to collaborate was enacted under the Policing and Crime Act 2017, it nonetheless fully supports this new duty. This is significant given that the Minister for Policing and Fire has been clear that he would expect to assess, via Her Majesty Inspectorate of Constabulary (HMIC) inspections, the extent to which collaboration is being implemented at a local level. Discussions with Police colleagues has confirmed that HMIC is aware of the collaboration work being undertaken in the South West and that this is being captured in the current round of inspections.
- 2.5 This Authority’s Chair and the Chief Fire Officer have already briefed the Minister for Policing and Fire on the work being undertaken, with Emergency Service Forum minutes being sent to the Minister, for information, following each meeting. In addition, the Chief Fire Officer has also briefed the lead Police and Crime Commissioner for Collaboration (Association of Police and Crime Commissioners) on progress.

3. CURRENT POSITION

3.1 The Programme Board has agreed the following seven workstreams with :

- Strategic Planning and Programme Governance – Chief Fire Officer Lee Howell (DSFRS)
- Demand Management – Assistant Chief Constable Nikki Watson (Avon and Somerset Police)
- Community Risk – Professor Debra Laphorne (Public Health England) and Chief Operating Officer Neil Le Chevalier (South West Ambulance Service Foundation Trust)
- Early Intervention / Prevention – Assistant Chief Fire Officer Simon Shilton (Avon Fire and Rescue Service)
- Community Resilience - Assistant Chief Constable Andy Boulting (Devon and Cornwall Police)
- Culture and Leadership - Assistant Chief Constable Kier Prichard (Wiltshire Police)
- Communication/ engagement - Assistant Chief Constable Mark Cooper (Dorset Police).

3.2 The initial focus has been to deliver specific projects so that organisations get used to working with partners, building trust and confidence as well as testing pressure points in decision making processes and risk appetite. This has created strong buy-in from all organisations at all levels and improved knowledge, confidence and willingness to progress further.

3.3 Some tangible improvements to public safety have already been secured with costs to both Police and Ambulance Services reduced. A particularly successful initiative in this respect is the “collapsed behind closed doors/concerns for welfare” initiative which now sees fire and rescue resources mobilised in these cases.

3.4 Other tactical/operational examples include:

- arson reduction (seconded Devon and Cornwall Sergeant embedded within DSFRS);
- improved data sharing;
- shared staff support arrangements;
- joint road safety initiatives;
- joint Community Safety and Safeguarding approaches;
- “Safe & Well” visits to the homes of vulnerable people;
- fire station access;
- shared use of Drones;
- Special operations & joint training including in a counter-terrorism response capacity.

3.5 Other areas being explored include:

- Development of the successful 999 Academies;
- Fire/Police cadets (possibly extending to become 999 cadets);
- possible expansion of Police and Fire Community Support Officers;
- Missing Persons search;
- Highways disruption work;
- Body retrieval.

4. MOVING FORWARDS

4.1 Now improved working practices are in place, the existing regional collaboration can start to become more strategic and ambitious in its approach. For example, development of a shared community risk index, informed by public health as well as National Health risk profiles, is in train.

4.2 This will ensure that not only are emergency services directing resources to areas needed most but will also ensure that demand can be reduced by early intervention and support (an example being improved mental health, which will reduce demand on police and ambulance resources in particular).

4.3 This work will be informed by predictive analytics and intelligent use of data. At present, each organisation focuses effort and attention on the areas that they believe to be important but there is a risk that this silo-type approach will not maximise the use resources. For example, a vulnerable adult might receive separate visits from the fire and rescue service (home safety check), the police (crime prevention visit), the local authority (social care and health support) and in addition, Public Health England may be commissioning others to provide a discrete service to the vulnerable adult.

4.4 Not only is this frustrating for the individual receiving multiple visits, it is also undoubtedly a less efficient way of working. It is hoped that, through the work already in train, a wider range of support through fewer visits can be secured, delivered by appropriately trained staff. A focus on wider safety, threat harm and vulnerability will therefore characterise the prevention work moving forward.

4.5 Regional police collaboration activity will be captured and factored in to ensure the Emergency Service Forum work compliments and does not duplicate effort. It will also be important that learning from others is captured and shared.

4.6 Future endeavours will ensure that other organisations are aware of the benefits of this collaborative programme and that key stakeholders (including the Association of Police and Crime Commissioners, the Local Government Association, senior civil servants and Ministers) are kept informed of progress.

4.7 Ultimately, this work will improve public safety and reduce costs by better collaborative working. Fire Authority members are therefore invited to note the report and continue to support the programme.

LEE HOWELL
Chief Fire Officer

By virtue of paragraph(s) 2, 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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