



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

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

(see below)

SERVICE HEADQUARTERS
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DEVON & SOMERSET FIRE & RESCUE AUTHORITY

Monday, 18 December, 2017

A meeting of the Devon & Somerset Fire & Rescue Authority will be held on the above date, **commencing at 10.00 am in Conference Rooms, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

AGENDA

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

1 Apologies

2 Minutes (Pages 1 - 8)

of the previous meeting held on 20 October 2017 attached.

3 Items Requiring Urgent Attention

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

PART 1 - OPEN COMMITTEE

4 Questions and Petitions from the Public

In accordance with [Standing Orders](#), to consider any questions and petitions submitted by the public. Questions must relate to matters to be considered at this meeting of the Authority. Petitions must relate to matters for which the Authority has a responsibility or which affects the Authority. Neither questions nor petitions may require the disclosure of confidential or exempt information. Questions and petitions must be submitted in writing or by e-mail to the Clerk to the Authority (e-mail address: clerk@dsfire.gov.uk) **by midday on Wednesday 13 December 2017.**

5 Addresses by Representative Bodies

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

6 Questions from Members of the Authority

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

7 Minutes of Committees

a Resources Committee (Pages 9 - 12)

The Chair of the Committee, Councillor Coles, to **MOVE** the Minutes of the meeting held on 15 November 2017.

RECOMMENDATION

- (i) that the recommendations at Minutes RC/8 (Treasury Management Strategy) be approved; and
- (ii) that, subject to (i) above, the Minutes be adopted in accordance with Standing Orders.

b Red One. Ltd. Non-Executive Directors Appointments Panel (Pages 13 - 14)

The Chair of the Panel, Councillor Randall Johnson, to **MOVE**:

- (i). the Minutes of the meeting held on 4 December 2017 (attached); and
- (ii). the Minutes of the meetings held on 13 and 14 December 2017 (***TO FOLLOW***)

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

(SEE ALSO ITEM 8 BELOW)

c Human Resources Management & Development Committee

The Chair of the Committee, Councillor Bown, to **MOVE** the Minutes of the meeting held on 12 December 2017 (***TO FOLLOW***).

RECOMMENDATIONS

- (i). that the recommendation at Minute HRMDC/18 (Localism Act 2011 – Pay Policy Statement 2018-19) be considered in conjunction with item 11 below); and
- (ii). that, subject to (i) above, the Minutes be adopted in accordance with Standing Orders.

8 Commercial Governance - Developments (Pages 15 - 44)

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/34) attached.

9 Chief Fire Officer Appraisal Process (Pages 45 - 48)

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/35) attached.

10 Confirmation of Scheme of Members' Allowances 2018-19 (Pages 49 - 52)

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/36) attached.

11 Localism Act 2011 - Pay Policy Statement 2018-19 (Pages 53 - 66)

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/37) attached.

12 Authority Budget Meeting 2018 - Proposed Change of Date (Pages 67 - 68)

Report of the Director of Corporate Services (Clerk to the Authority) (DSFRA/17/38) attached.

13 Chair's Announcements

14 Chief Fire Officer's Announcements

15 Exclusion of the Press and Public

RECOMMENDATION that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:

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

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

16 Restricted Minutes (Pages 69 - 70)

of the meeting held on 20 October 2017 attached.

RECOMMENDATION that the Minutes be signed as a correct record.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Randall Johnson (Chair), Best, Biederman, Bown, Burrige-Clayton, Chugg, Coles, Colthorpe, Eastman, Ellery, Greenslade, Hannaford, Healey MBE (Vice-Chair), Hendy, Hosking, Leaves, Napper, Peart, Prowse, Redman, Riley, Saywell, Thomas, Trail BEM, Vijeh 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>

DEVON & SOMERSET FIRE & RESCUE AUTHORITY

20 October 2017

Present:-

Councillors Randall Johnson (Chair), Best, Biederman, Bown, Burrige-Clayton, Coles, Colthorpe, Hannaford, Healey MBE (Vice-Chair), Hendy, Hosking, Leaves, Napper, Peart, Prowse, Redman, Riley, Saywell, Trail BEM, Vijeh and Wheeler.

Apologies:-

Councillors Chugg, Eastman, Ellery, Greenslade and Thomas.

DSFRA/32 Exclusion of the Press and Public

The Chair advised of a re-ordering of the agenda items to allow for the Police & Crime Commissioner and the Chief Constable of Avon & Somerset the opportunity to address the Authority on the item in question. Thereafter is was

RESOLVED that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public (with the exception of Sue Mountstevens [Police & Crime Commissioner for Avon & Somerset], Andy Marsh (Chief Constable, Avon & Somerset Constabulary] and Sean Price (Head of Performance, Avon & Somerset Constabulary]) be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial and business affairs of any particular authority, including the authority holding that information.

DSFRA/33 Regional Collaboration Initiative

(An item taken in accordance with Section 100A(4) during which the press and public – with the exception of Sue Mountstevens [Police & Crime Commissioner, Avon & Somerset], Andy Marsh [Chief Constable, Avon & Somerset Constabulary] and Sean Price [Head of Performance, Avon & Somerset Constabulary] – were excluded from the meeting).

The Authority considered a report of the Director of Corporate Services (DSFRA/17/31) – together with a presentation from Andy Marsh and Sean Price – on the bid submitted by the Avon & Somerset Constabulary to secure Home Office funding of £3.15m from the Police Transformation Fund to establish a Multi-Agency Integrated Analytics Hub. The hub would work across service, agency and geographic boundaries to gather data and provide a full picture of threat, harm and risk within communities served to facilitate the effective and efficient targeting of resources, protecting vulnerable people and reducing demand and thereby cost.

Given the role and profile of Chief Fire Officer Lee Howell in promoting multi-agency work in the region (notably via the South West Emergency Services Forum), the Avon & Somerset Constabulary had approached the Authority to suggest his secondment to serve as Senior Responsible Officer for the project which was anticipated to run in total until the end of March 2019.

The initiative centred on the use of predictive analytics and visioning as outlined in the report and presented at the meeting by Sean Price. The report identified the benefits to the Authority and Service from participating in the initiative and also addressed the implications of the secondment of the Chief Fire Officer, including the cost impact and temporary backfill arrangements required for the duration of the secondment.

Revised recommendations to the report were circulated at the meeting which, following further clarification by the Clerk to the Authority, were **MOVED** by Councillor Healey, with Councillor Bown seconding. Thereafter, it was

RESOLVED, unanimously:

- (a). that, pending successful confirmation of the funding bid to the Home Office, the Chief Fire Officer be seconded to act as the Senior Responsible Officer (SRO) for the Mutli-Agency Integrated Service Analytics Hub regional collaboration initiative, subject to an appropriate secondment agreement being in place and also to key posts being backfilled to ensure resilience in the Devon & Somerset Fire & Rescue Service;
- (b). That the Assistant Chief Fire Officer (Service Improvement) be appointed as the Temporary Chief Fire Officer for the duration of the secondment (as set out in paragraph 3 of report DSFRA/17/31);
- (c). that, in relation to the funding associated with (a) and (b) above, Option 1 as set out at paragraph 7.2 of the report be approved, with any decision on extension beyond the period identified in that paragraph being subject to a further report to be submitted to the Authority towards the end of that period;
- (d). that, subject to the Chief Fire Officer secondment proceeding, Area Manager Peter Bond be appointed as Temporary Assistant Chief Fire Officer for a period of twelve months;
- (e). that, in the event of the Chief Fire Officer secondment extending beyond twelve months, an appointment process be undertaken by the Acting Chief Fire Officer to determine ongoing temporary Assistant Chief Fire Officer arrangements.

(NOTE: AT 11.00HOURS, ON THE CONCLUSION OF THIS ITEM, THE MEETING WAS ADJOURNED, RECONVENING AT 11.10HOURS AND OPEN TO THE PUBLIC AND PRESS)

DSFRA/34 **Minutes**

RESOLVED that the non-restricted Minutes of the meeting held on 26 July 2017 be signed as a correct record.

(SEE ALSO MINUTE DSFRA/45 BELOW).

DSFRA/35 **Address by the Fire Brigades Union**

In accordance with Standing Order 12, the Authority received an address from the Fire Brigades Union on the draft Integrated Risk Management Plan suggesting a number of amendments for consideration prior to the public consultation being undertaken on the draft.

(SEE ALSO MINUTE DSFRA/40 BELOW).

DSFRA/36 Minutes of Committees

a Resources Committee

The Chair of the Committee, Councillor Coles, **MOVED** the Minutes of the meeting held on 1 September 2017 which had considered, amongst other things:

- a report on financial performance during quarter 1 against the approved revenue and capital budgets for the current (2017-18) financial year; and
- a report on treasury management performance during the first quarter of the current financial year.

RESOLVED

- (i). that the recommendation at Minute RC/4 (to approve budget transfers in excess of £150,000 as identified in the Appendix to the Minutes) be approved;
- (ii). that, subject to (i) above, the Minutes be adopted in accordance with Standing Orders.

b Audit & Performance Review Committee

The Chair of the Committee, Councillor Wheeler, **MOVED** the Minutes of the meeting held on 12 September 2017 which had considered, amongst other things:

- a report on the appointment of External Auditors for the Authority;
- the Authority's financial statements (including the Statement of Accounts and Audit Findings) for the 2016-17 financial year;
- the 2016-17 Annual Statement of Assurance;
- a report on progress against the approved 2018-19 internal audit plan;
- a report on the corporate risk register;
- a report setting out a revised Authority policy for the Regulation of Investigatory Powers Act 2000; and
- a report on Service performance against those indicators and targets contained within the Corporate Plan 2013-14 to 2016-17.

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

c Human Resources Management & Development Committee

The Chair of the Committee, Councillor Bown, **MOVED** the Minutes of the meeting held on 18 September 2017 which had considered, amongst other things:

- a report on absence management and the health of the organisation;
- an update report on workforce culture, diversity and inclusion;
- a report on workforce planning and apprenticeships;
- requests for retirement and re-employment;
- a report on redundancy compensation rates.

RESOLVED

- (i). that the recommendation at Minute HRMDC/14 (Redundancy Compensation Rates) be approved;
- (ii). that, subject to (i) above, the Minutes be adopted in accordance with Standing Orders.

d **Community Safety & Corporate Planning Committee**

The Chair of the Committee, Councillor Redman, **MOVED** the Minutes of the meeting held on 29 September 2017 which had considered a report on the draft Integrated Risk Management Plan.

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

(SEE ALSO MINUTE DSFRA/40 BELOW).

e **Appointments Panel**

The Chair of the Panel, Councillor Bown, **MOVED** the Minutes of the meetings of the Panel held on 2 and 19 October 2017 (the latter set tabled at the meeting) which – in accordance with Minute DSFRA/26 of the Authority meeting held on 26 July 2017 - had undertaken the process for and determined the appointment of Alex Hanson as Assistant Chief Fire Officer (Service Delivery).

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

DSFRA/37 Appointments to Committee Vacancies

The Authority considered a report of the Director of Corporate Services (DSFRA/17/27) inviting the Authority to appoint to vacancies on the Audit & Performance Review Committee arising from changes to overall membership of the Authority.

RESOLVED that Councillors Napper and Vjeh be appointed to the Audit & Performance Review Committee for the current municipal year, the term of office to be until the Authority annual meeting in 2018.

DSFRA/38 Firefighters Pensions' Schemes Local Pensions Board

The Authority considered a report of the Director of Corporate Services (DSFRA/17/27) on required changes both to membership of the Authority's Local Pensions Board for Firefighters' Pensions Schemes and to the section of the approved Scheme of Delegations on day-to-day management of the Schemes and appointment of Scheme Member (employee) representatives to the Board.

RESOLVED

- (a). that the appointment of the Authority Treasurer as one of the three Scheme Manager representatives on the Local Pensions Board be confirmed, with the new Treasurer adopting the role on retirement of the current incumbent;
- (b). that Section 6 of the Authority's approved Scheme of Delegations be amended as indicated in paragraph 2.4.2 (a) to (c) of report DSFRA/17/27, with the Clerk to the Authority authorised to make the necessary documentary amendment.

DSFRA/39 Consultation: The Local Government Finance Settlement 2018-19 - Technical Consultation Document

The Authority considered a report of the Treasurer (DSFRA/17/28) on a Department for Communities and Local Government (DCLG) technical consultation document seeking views on the following two key principles of the local government finance settlement:

- maintaining certainty of the four-year financial settlement; and
- council tax referendum principles and additional flexibilities.

A proposed response to the consultation – the deadline for which was 26 October 2017 – was appended to the report.

RESOLVED that the response to the DCLG technical consultation on the local government finance settlement, as appended to report DSFRA/17/28, be approved.

DSFRA/40 **Draft Integrated Risk Management Plan**

The Authority considered a report of the Chief Fire Officer (DSFRA/17/26) on the production of a draft Integrated Risk Management Plan.

Staff and the Authority had been engaged in shaping the draft Plan, with this initial engagement also including informal discussions with representative bodies. The draft Plan was intended to establish overall strategic principles based on the findings of a comprehensive risk analysis. Specific proposals, which would also be subject to consultation, would then follow from the strategic principles once approved.

In introducing the report and appended draft Plan, the opportunity was taken to respond to those issues raised by the Fire Brigades Union as part of its earlier address to the Authority.

In debating the issue, Members commented that, prior to public consultation, the document should be proof-read thoroughly and should also clearly be marked as a draft document.

RESOLVED that, subject to the document being clearly marked to indicate its draft status, the draft Integrated Risk Management Plan as appended to report DSFRA17.26 be approved for the purposes of public consultation.

DSFRA/41 **Precept Consultation for the 2018-19 Budget**

The Authority considered a report of the Director of Service Improvement (DSFRA/17/30) on options for consultation on the budget and associated council tax precept in 2018-19.

The Local Government Finance Act required the Authority to consult non-domestic rate payers on expenditure proposals for any given year. While there was no statutory requirement to do so, the Authority had – as a matter of good practice – taken the opportunity in previous years to consult the public on the level of council tax precept.

RESOLVED That consultation in relation to the budget and precept for 2018-19 be conducted on the basis of:

- A telephone survey for both business and the public;
- A street survey for the public; and
- Use of social media

with all associated costs not to exceed £13,500.

DSFRA/42 **Chairman's Announcements**

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

The Chair also advised the Authority that this would be the last meeting attended by the current Treasurer, Kevin Woodward, prior to his retirement at the end of the month.

The Authority asked to have placed on record its thanks to Kevin for the highly professional support afforded to the Authority during his time in office and its best wishes for a long and happy retirement.

DSFRA/43 **Chief Fire Officer's Announcements**

The Chief Fire Officer reported, for information, on:

- preparatory meetings with Her Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) in advance of the forthcoming formal inspection process;
- the donation by SAFE South West of old, nil value PPE stock to the British Virgin Islands as part of the relief effort in the aftermath of Hurricane Irma;
- acceptance of the offer from Exeter City Council to award the emergency services the Freedom of the City. A final decision on this from Exeter City Council was anticipated in December.

DSFRA/44 **Exclusion of the Press and Public**

RESOLVED that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public (with the exception of Mr. Chris Spencer-Phillips, First Flight Ltd.) be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the following Paragraphs of Part 1 of Schedule 12A (as amended) to the Act:

- for Minute DSFRA/45 (Restricted Minutes):
 - Paragraph 1 (information relating to an individual);
 - Paragraph 2 (information likely to reveal the identity of an individual); and
 - Paragraph 3 (information relating to the financial and business affairs of any particular authority, including the authority holding that information); and
- for Minute DSFRA/46 (including Minutes DSFRA/46(a) and DSFRA/46(b) (Commercial Governance Arrangements), Paragraph 3 (information relating to the financial and business affairs of any particular authority, including the authority holding that information).

DSFRA/45 **Restricted Minutes**

(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).

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

DSFRA/46 **Commercial Governance Arrangements.**

a **Commercial Activities - Governance Framework**

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

(Councillors Healey and Saywell each declared a personal, non-pecuniary, interest in this matter by virtue of their being Authority-appointed non-executive directors on the Board of Red One Ltd.)

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

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

This was put to the vote whereupon it was

RESOLVED that Councillors Healey and Saywell be allowed to remain in the room and participate in the debate on the item but not to propose, second or vote on any motions or decisions in relation to this item.

The Authority received for information a report of the Director of Corporate Services (DSFRA/17/2) outlining progress on work being undertaken with Red One Ltd. to enhance governance arrangements both for the company and between the company and the Authority as sole shareholder. Further reports on this would be submitted as required to future meetings of the Authority.

(SEE ALSO MINUTE DSFRA/46[b] BELOW).

b Commercial Governance - Red One Ltd. Board Composition

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

(Councillors Healey and Saywell each declared a personal, non-pecuniary, interest in this matter by virtue of their being Authority-appointed non-executive directors on the Board of Red One Ltd.)

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

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

This was put to the vote whereupon it was

RESOLVED that Councillors Healey and Saywell be allowed to remain in the room and participate in the debate on the item but not to propose, second or vote on any motions or decisions in relation to this item.

The Authority considered a report of the Director of Corporate Services (DSFRA/17/33) on developments in relation to the composition of the Board of Red One Ltd.

At its last meeting on 26 July 2017, the Authority had deferred undertaking a process to identify and recommend for appointment an independent non-executive director (to also serve as Chair of the Board) pending further consideration of this issue.

Since that time and in consultation and agreement with the current Board of Directors a board composition analysis had been undertaken to inform further consideration of this issue. The resultant report from this analysis, attached at Appendix A to the report, concluded that the Authority (as sole shareholder) might wish to consider appointing the following two independent non-executive directors to compliment the skill set of the existing Board:

- an individual with strategy, entrepreneurial, mentoring and leadership skills to serve as Chair of the Board; and

- an individual who would major on finance, risk, governance and operational detail.

The composition analysis indicated that these two appointments would provide for a more balance and effective Board, in terms of skill sets and independence, and also develop best practice governance arrangements to be adopted.

RESOLVED

- (a). that First Flight Ltd. be engaged to undertake a process to identify two short-lists of candidates with relevant skills and experience to serve as independent non-executive directors on the Board of Red One Ltd., one to serve as the Board Chair;
- (b). that an Appointments Panel comprising Councillors Bown, Coles, Healey, Randall Johnson, Saywell, Thomas and Vijeh be established to undertake a process to determine the appointment (including relevant levels of remuneration) of two independent non-executive directors, one to serve as Board Chair, from the short-lists of candidates identified by First Flight Ltd.

(SEE ALSO MINUTE DSFRA/46[a] ABOVE).

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

The Meeting started at 10.00 am and finished at 2.00 pm

RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

15 November 2017

Present:-

Councillors Coles (Chair), Biederman, Chugg, Greenslade, Hosking (Deputy Chair) and Peart.

Apologies:-

Councillor Hendy.

* RC/6

Minutes

RESOLVED that the Minutes of the meeting held on 1 September 2017 be signed as a correct record.

* RC/7

Treasury Management Performance 2017-2018: Quarter 2

The Committee considered a report of the Director of Finance (RC/17/8) that set out details of the treasury management performance for the second quarter of 2017 (to September 2017) as compared to the agreed targets for 2017/18.

Adam Burleton, representing Capita – the Authority's Treasury Management Adviser – was present at the meeting and he gave an overview of the Service's performance to date against the approved Treasury Management Strategy. He made reference to the following points:-

- That inflation was currently running at 3% but it could be that wage rises may not be as strong as perhaps thought previously which may impact on the growth forecasts in future;
- There had been a recent 0.25% increase in the bank base rate with a further 0.25% increase predicted around December 2018 although some economists were forecasting more, possibly to 1.75% by 2019 in order to bring inflation back to the 2% target set by Government;
- The Authority's focus in past years had been on security and liquidity of its assets over yield, although it was noted that there was to be new guidance issued shortly by the Government in respect of treasury management strategy. In particular, this would cover alternative methods of investment such as on property acquisition with a continued focus on security and liquidity;
- The Authority had outperformed the 3 month LIBID benchmark of 0.17% with a return of 0.32% in quarter 2;
- There had been no new borrowing and the Authority had not breached its Prudential Indicators (affordability limits).

The Committee referred in particular to the new guidance to be issued by the Government on treasury management strategy and enquired if there was a different risk profile being suggested within this. Adam Burleton advised that there were already opportunities to do things differently within existing powers but the guidance was changing.

The Chair requested that a briefing paper be submitted to the Committee at its next meeting and the Director of Finance undertook to provide this. Reference was made to the report also on the agenda for this meeting on Treasury Management Strategy which also referred to the opportunity for the Committee to review the Authority's investment strategy (Minute RC/8 below refers).

RC/8

Treasury Management Strategy

The Committee considered a report of the Director of Finance (RC/17/9) that set out information in respect of opportunities to expand the Authority's portfolio of investments and the pursuance of an ethical investment strategy. The report also provided an overview of the current strategy together with information on potential alternative investment options and the risks and benefits of each one, including peer to peer platforms, property investment portfolios and ethical investment.

The Director of Finance advised that the Committee had responsibility for monitoring performance against the Treasury Management Strategy which it did on a quarterly basis. If it wished to pursue an alternate investment strategy in the future, this would need to be recommended to the Authority for approval. She added that, to facilitate this, it may be beneficial for the Committee to be able to consider the Treasury Management Strategy in advance of its consideration by the Authority. This would require an amendment to its Terms of Reference and thus the report included a recommendation to this effect.

RESOLVED

- (a) That the Devon & Somerset Fire & Rescue Authority be recommended to approve the following amendment to the Terms of Reference for this Committee, as set out within paragraph 6.3 of report RC/17/9:

to add to the "Advisory Only" section of the Terms of Reference the following:

To give preliminary consideration to and recommend to the Authority a provisional budget and Council Tax requirement **and the Treasury Management and Investment Strategy and MRP Statement** for the forthcoming year.

- (b) Subject to (a) above, the report be noted.

* **RC/9**

Water Misting System

The Committee considered a report of the Director of Finance (RC/17/10) that set out the proposal for funding of water misting equipment to support the Service's approach on Tiered Response and also to ensure Firefighter safety.

The Committee noted that there was already funding of £48.4k allocated for the fitting of 45 sets of this equipment to Rapid Intervention Vehicles in the Revenue budget and that an additional £95.5k of funding was required to facilitate the purchase. It was proposed that this be funded from the Comprehensive Spending Review earmarked reserve and that an appropriate budget transfer be instigated.

RESOLVED that the budget transfer from the Comprehensive Spending Review earmarked reserve to the Revenue Budget for 2017/18 to support the roll out of Water Misting Systems as outlined in paragraph 3.4 of report RC/17/10 be approved.

* RC/10

Financial Performance Report 2017-18: Quarter 2

The Committee considered a report of the Treasurer (RC/17/11) that set out the Service's financial performance during the second quarter of 2017-18 against the targets agreed for the current financial year. The report provided a forecast of spending against the 2017-18 revenue budget with explanation of the major variations.

The Committee noted that it was forecast that spending would be £0.288m more than the approved revenue budget, equivalent to 0.40% which was a slight improvement on quarter 1. The overspend was attributable largely to the potential increase to the pay award for Firefighters which was budgeted for at 1% but the National Joint Council had offered 2%. The Director of Finance advised that the offer had not been accepted as yet but provision needed to be made within the 2017/18 as well as 2018/19 budgets.

The Chairman drew attention to the need for the Authority to keep up the pressure on central Government to provide the additional funding to pay for the proposed additional 1% pay award for firefighters in view of the point that this was not included within the 4 year settlement.

RESOLVED

- (a). That the budget transfers shown in Table 4 of report RC/17/11 (as reproduced at Appendix A to these Minutes) to support the roll out of Water Misting Systems be endorsed;
- (b). That the action of the Chief Fire Officer in approving as a matter of urgency (following consultation with the Chair of the Resources Committee in accordance with Standing Order 37(4)) budget transfers shown in Table 3 of the report (as reproduced at Appendix A to these Minutes) to facilitate urgent repairs to the Service Fireboat be noted;
- (c). That, subject to (a) and (b) above, the monitoring position in relation to projected spending against the 2017-18 revenue and capital budgets be noted; and
- (d). that performance against the 2017-18 financial targets be noted.

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

The meeting started at 10.00 am and finished at 11.40 am

**APPENDIX A TO THE MINUTES OF THE MEETING OF THE RESOURCES
COMMITTEE HELD ON 15 NOVEMBER 2017**

TABLE 3 OF REPORT RC/17/11

Row in Table 2	Description	Debit	Credit
11	Repairs and Maintenance- Fire Boat repairs	70,000	
35	Transfer from Reserves - funding of Fire Boat repairs		(70,000)

TABLE 4 OF REPORT RC/17/11

Row in Table 2	Description	Debit	Credit
14	Equipment - Water misting systems	95,500	
35	Transfer from Reserves - funding of water misting systems		(95,500)

RED ONE LTD. NON-EXECUTIVE DIRECTORS APPOINTMENTS PANEL (Devon & Somerset Fire & Rescue Authority)

4 December 2017

Present:-

Councillors Healey MBE, Randall Johnson, Saywell and Vjeh.

Apologies:-

Councillors Bown, Coles and Thomas.

- * **NEDAP/1** **Election of Chair**
RESOLVED that Councillor Randall Johnson be elected Chair of the Panel.

- * **NEDAP/2** **Terms of Reference**
NOTED that the Authority, at its meeting on 20 October 2017, had established the Panel with delegated authority to undertake a process to determine the appointment (including relevant levels of remuneration) of two independent non-executive directors on the Board of Red One Ltd., one to serve as Board Chair, from candidates to be identified by First Flight Ltd.

- * **NEDAP/3** **Exclusion of the Press and Public**
RESOLVED that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public (with the exception of Mr. Chris Spencer-Phillips, First Flight Ltd.) be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:
 - Paragraph 1 (information relating to an individual); and
 - Paragraph 2 (information likely to reveal the identity of an individual).

- * **NEDAP/4** **Red One Ltd Non-Executive Director Appointments - Shortlisting**
(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).
(Councillor Healey declared personal, non-pecuniary interests in the applications by HS and GO and took no part in any decision on the short-listing of these candidates).
The Panel considered applications for candidates for the two independent non-executive director posts on the Board of Red One Ltd.
RESOLVED
 - (a). that candidates AA, BG and GG be interviewed for the independent non-executive director (financial director) post;
 - (b). that candidates DB, SG and AP be interviewed for the independent non-executive director (Board Chair) post.

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

The Meeting started at 12.00 pm and finished at 2.45 pm

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Agenda Item 8

REPORT REFERENCE NO.	DSFRA/17/34
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	18 DECEMBER 2017
SUBJECT OF REPORT	COMMERCIAL GOVERNANCE – DEVELOPMENTS
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<p>(a). that, pending receipt of the appropriate resolution from the Board of Red One Ltd.:</p> <p style="padding-left: 40px;">(i). the Authority (as sole shareholder [member] for Red One Ltd. (“the Company”)) approves the Written Special Resolution received from the Company that the existing Articles of Association in their entirety be removed and substituted for the new Articles of Association attached to the resolution; and</p> <p style="padding-left: 40px;">(ii). the Authority authorises the Clerk to authenticate the Written Special Resolution for and on behalf of the Authority and signifying its consent to the Written Special Resolution;</p> <p>(b). that, subject to (a) above, the report be noted.</p>
EXECUTIVE SUMMARY	This report provides an update on progress in securing enhanced, robust and proportionate governance arrangements for Red One Ltd. (the Authority’s commercial trading arm).
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	<p>A. Articles of Association for Red One Ltd.</p> <p>B. Red One Governance Arrangements – Overview of Actions and Progress to Date</p>
LIST OF BACKGROUND PAPERS	<p>Report DSFRA/17/22 (Red One Ltd. – Appointment of Directors) considered by the Authority meeting on 26 July 2017 (and the Minutes of that meeting).</p> <p>IoD Corporate Governance Guidance and Principles for Unlisted Companies in the UK.</p>

1. BACKGROUND

- 1.1 Over the course of the past eighteen months or so, the Authority has received several reports relating to the operation of Red One Ltd., the company established by the Authority to deliver its commercial trading aspirations.
- 1.2 At its last meeting, the Authority was advised that, following a procurement exercise, Elemental CoSec had been commissioned to work with the Red One Board, on behalf of the Authority as sole shareholder, in developing and implementing an action plan to put in place a robust but proportionate corporate governance framework for the company. The Red One Board had nominated one of its Directors to lead on this work on behalf of the company and the work would be informed by the findings and recommendations from previous reports to the Authority and also by the principles as set out in the Corporate Governance Guidance and Principles for Unlisted Companies in the UK published by the Institute of Directors.
- 1.3 This report now advises on progress with this.

2. ARTICLES OF ASSOCIATION

- 2.1 As part of the overall governance work, the opportunity has been taken to review the Articles of Association for Red One Ltd. to clarify a number of areas (e.g. matters reserved to the Authority as sole shareholder in the company) and to ensure the Articles are fully fit for purpose.
- 2.2 This has resulted in the production of new Articles, now attached at Appendix A. Advice has been sought on the most appropriate mechanism, compliant with the Companies Act 2006, for adoption of these new Articles. This has indicated the following approach:
1. the Company initially proposes a Written, Special resolution at a Board meeting for the Authority, as sole shareholder, to adopt in its entirety the new Articles of Association;
 2. The Board then circulates the proposed Written, Special Resolution to the Clerk to the Authority who will facilitate consideration by the sole shareholder;
 3. The Authority (as sole shareholder) duly signifies its consent to the proposed Written Special Resolution;
 4. The Authority (as sole shareholder) authorises the Clerk to sign the Written Special Resolution on its behalf (signifying consent) and return this to the Company (for forwarding on to Companies House together with the revised Articles).
- 2.3 It is understood that the Board of Red One Ltd. will be meeting prior to this meeting of this Authority. On this basis and in line with the above approach, the Board has been asked to consider the new Articles now attached with a view to proposing a Written, Special resolution for the Authority, as sole shareholder, to adopt in its entirety the new Articles of Association. The Authority will be apprised of the latest position at the meeting.

3. OTHER GOVERNANCE ISSUES

- 3.1. Attached at Appendix B is a document setting out actions identified from previous governance reviews over the past 18 months and indicating progress to date against these actions.

- 3.2. Arrangements have been made for the Authority to receive, immediately on conclusion of its meeting, a briefing from Elemental CoSec on the role of the Authority as shareholder. Additionally, a session has been arranged for the afternoon of 18 December 2017 with the Directors of Red One Ltd. currently in post on to discuss, amongst other things, duties of a director and the new governance framework developed.
- 3.3. At present, therefore, 13 of the 31 actions identified are completed (42%) and, following this Authority meeting and delivery of the sessions referred to at paragraph 3.2 above on 18 December, a further 9 should be completed, bringing the total to 22 (71%).
- 3.4. At its last meeting the Authority established an Appointments Panel with delegated authority to consider and determine the appointment of two independent non-executive directors on the Board of Red One Ltd. – one to serve as Chair of the Board and the other to discharge a Finance Director function. The Minutes of the short-listing meeting of this Panel feature elsewhere on the agenda for this meeting and the Authority will be advised at the meeting on the outcome of the interviews held on 14 December 2017.
- 3.5. Once these independent non-executive directors are in post it will be possible to complete the outstanding actions in the action plan (GF17 and GF22 to GF28 inclusive).

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

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
RED ONE LTD (the 'Company')

1. Interpretation

1.1 The following definitions and rules of interpretation shall apply in these Articles:

Act means the Companies Act 2006.

Articles mean the Company's Articles of association for the time being in force.

Bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy.

Business Day means a day other than a Saturday, Sunday or a public holiday in England on which banks in London are open for business.

Chairman has the meaning given in Article 12.

Companies Acts means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the Company.

Conflict means a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

Director means a Director of the Company, and includes any person occupying the position of Director, by whatever name called.

Document includes, unless otherwise specified, any Document sent or supplied in Electronic Form.

Electronic Form has the meaning given in section 1168 of the Act.

Eligible Director means a Director who would be entitled to vote on the matter had it been proposed as a resolution at the Director's meeting.

Executive Director: A Director who is a full or part-time employee of the Company or the holder of an executive office.

Fully Paid: in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the Company.

General Meeting Chairman has the meaning given in Article 40.

Hard Copy Form has the meaning given in section 1168 of the Act.

Independent NED means a Director who is not currently and has not been for the preceding four years a Member or officer of the Sole Shareholder or its constituent authorities.

Instrument means a Document in Hard Copy Form.

Interested Director means any Director who would, if not authorised to act in accordance with Article, be in breach of the duty imposed by Section 175 of the Act to avoid Conflicts of Interest.

Member means any councillor elected to the constituent authorities of the Sole Shareholder or appointed to the Sole Shareholder.

Model Articles means the model Articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the date of adoption of these Articles.

Non-Executive Director (or “NED”) means a Director who is not a full or part-time employee of the Company or holder of an executive office and who is either an Independent NED or a Non-Independent NED.

Non-Independent NED means a Non-Executive Director who is currently a Member.

Ordinary Resolution has the meaning given in section 282 of the Act.

Proxy Notice has the meaning given in Article 47.

Shares: means Shares in the Company.

Sole Shareholder means the sole registered holder for the entire share capital of the Company from time to time being the Devon & Somerset Fire & Rescue Authority.

Special Resolution has the meaning given in section 283 of the Act.

Subsidiary has the meaning given in section 1159 of the Act.

- 1.2 The Model Articles shall not apply to the Company.
- 1.3 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Act as in force on the date when these Articles become binding on the Company.
- 1.4 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.5 A reference in these Articles to a numbered **Article** is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.6 Unless expressly provided otherwise in these Articles, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - (a) any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and
 - (b) any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.7 Any words following the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

LIABILITY OF THE SOLE SHAREHOLDER

- 2.1 The liability of the Sole Shareholder is limited to the amount, if any, unpaid on the Shares held by it.

DIRECTORS

3. Directors' general authority

- 3.1 Subject to these Articles and to any prescription that may, from time to time, be given to the Company by notice in writing from the Sole Shareholder, the directors are responsible for the management of the Company's business for which purpose they may exercise all the powers of the Company.

4. Sole Shareholder reserve power

- 4.1 The Sole Shareholder may, by notice in writing, direct the directors to take, or refrain from taking, specified action.
- 4.2 No such notice invalidates anything which the directors have done before the date of the notice.

5. Directors may delegate

- 5.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:
- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;

as they think fit.

- 5.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 5.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

6. Committees

- 6.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

6.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

7. Directors to take decisions collectively

7.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 7.

8. Unanimous decisions

8.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

8.2 Such a decision may take the form of a resolution in writing, of which each Eligible Director has signed one or more copies or to which each Eligible Director has otherwise indicated agreement in writing.

8.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

9. Calling a Directors' meeting

9.1 Any Director may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the company secretary (if any) to give such notice.

9.2 Notice of any Directors' meeting must indicate:

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

9.3 Notice of a Directors' meeting must be given to each Director, but need not be in writing.

9.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

10. Participation in Directors' meetings

10.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

- (a) the meeting has been called and takes place in accordance with the Articles, and

- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

10.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

10.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

11. Quorum for Directors' meetings

11.1 The quorum for the transaction of business at a meeting of Directors is three Eligible Directors of which one shall be an Executive Director, one Independent NED and one Non-Independent NED. If one of the categories of Directors is not currently represented on the board of the Company, the quorum shall be three Directors; one of which being from one of the categories and two Directors from the other category. For the purposes of authorising a Conflict pursuant to Article 15, the quorum will be two Eligible Directors (**excluding** the Interested Director), regardless of Executive or Non-Executive status.

12. Chairing of Directors' meetings

12.1 The person so appointed by the Sole Shareholder to chair meetings of the board of Directors is known as the Chairman.

12.2 If the Chairman is not participating in a Directors' meeting within ten minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair it.

13. Casting vote

13.1 If the numbers of votes for and against a proposal are equal, the Chairman or other Director chairing the meeting has a casting vote.

13.2 But this does not apply if, in accordance with the Articles, the Chairman or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

14. Conflicts of interest – transactions or arrangements with the Company

14.1 Subject to section 177(5) and (6) and section 182(5) and (6) of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest in accordance with the requirements of the Act and shall not without prior approval by the non-interested Directors:

- (a) be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

- (b) be treated as an Eligible Director for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- (c) be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- (d) act by himself or his firm in a professional capacity for the Company; and
- (e) be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, anybody corporate, except the Sole Shareholder, in which the Company is otherwise (directly or indirectly) interested.

14.2 The provisions of Article 14.1(a) to Article 14.1(e) (inclusive) are subject, where applicable, to any terms and conditions imposed by the Directors in accordance with Article 15.3.

15. Conflicts of interest requiring board authorisation

15.1 The Directors may, subject to the quorum and voting requirements set out in the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the Companies Acts to avoid conflicts of interest (a "**Conflict**").

15.2 Any authorisation under this Article 15 will be effective only if:

- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
- (b) Any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

15.3 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.

15.4 The terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded).

15.5 A Director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of Shares) in the Sole Shareholder and no further authorisation under Article 15.1 shall be necessary in respect of any such interest.

15.6 Where under this Article 15 the Directors otherwise give authority in relation to a Conflict:

- (a) the Directors may (whether at the relevant time or subsequently) (i) require that the relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the Directors or

otherwise) related to the Conflict; and (ii) impose upon the relevant Director such other terms for the purpose of dealing with the Conflict as they may determine;

- (b) the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the board in relation to the Conflict; and
- (c) the Directors may provide that where the relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.

15.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit that he derives from or in connection with a relationship involving a Conflict which has been authorised by the Company or in accordance with these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

16. Directors may vote when interested

16.1 Subject, where applicable, to disclosure in accordance with the Companies Acts or the Articles and subject to any terms imposed by the Directors in relation to any Conflict, a Director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.

16.2 Subject to Article 16.3 below, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairman whose ruling in relation to any Director other than the Chairman is to be final and conclusive.

16.3 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chairman, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

17. Records of decisions to be kept

17.1 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in a form that enables the board to retain a copy of such decisions in the Company's records.

17.2 Company records should be kept for minimum of 10 years from the date of creation subject to any legal requirements.

18. Directors' discretion to make further rules

18.1 Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

19. Number of Directors

Unless otherwise determined by Ordinary Resolution, the number of Directors shall not be subject to any maximum but shall not be less than three Directors.

20. Appointment and removal of Directors

20.1 The Sole Shareholder may at any time and from time to time by notice in writing to the Company appoint one or more persons to be a Director or Directors of the Company and to remove any Director or Directors from office (whether or not appointed pursuant to this Article 20).

20.2 A person ceases to be a Director as soon as:

- (a) that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;
- (b) a Bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (e) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (f) notification of the Director's removal is received by the Company from the Sole Shareholder pursuant to Article 20.1;
- (g) that person in the case of a Non-Independent NED, ceases to be appointed to the Sole Shareholder;
- (h) he is requested to resign in writing by no less than three quarters of the other Directors; and
- (i) he is absent from meeting of the Directors for more than six consecutive months without permission from the Directors.

20.3 At each annual general meeting of the Company, every NED shall retire from office. A retiring NED may offer himself for re-appointment by the Sole Shareholder and a NED that is so re-appointed will be treated as continuing in office without a break.

20.4 Any removal of a Director pursuant to Article 20.1 shall be without prejudice to any claim for breach of contract under any employment agreement between the Company and the Director so removed.

21. Directors' remuneration and expenses

21.1 Directors may undertake any services for the Company that the Sole Shareholder approves in advance in writing.

21.2 The remuneration of the Executive Directors is set by the Non-Executive Directors upon recommendations from the nomination committee.

21.3 The remuneration of the Non-Executive Directors is set by the Sole Shareholder. The remuneration of a Non-Independent NED must be set having due regard to Article 5 of the Local Authorities (Companies) Order 1995.

21.4 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of Shares or of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

SHARES AND DISTRIBUTIONS

22. All Shares to be Fully Paid up

22.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

22.2 This does not apply to Shares taken on the formation of the Company by the subscribers to the Company's memorandum.

23. Issue of new Shares

23.1 The Directors shall not exercise any power of the Company to allot Shares or other securities in, or to grant rights to subscribe for, or convert into, Shares or other securities of, the Company without the prior written consent of the Sole Shareholder. Without limitation, the powers of the Directors under section 550 of the Act are limited accordingly.

24. Company not bound by less than absolute interests

24.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

25. Share certificates

25.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.

25.2 Every certificate must specify:

- (a) in respect of how many Shares, of what class, it is issued;
- (b) the nominal value of those Shares;
- (c) that the Shares are Fully Paid; and
- (d) any distinguishing numbers assigned to them.

25.3 No certificate may be issued in respect of Shares of more than one class.

25.4 If more than one person holds a share, only one certificate may be issued in respect of it.

25.5 Certificates must:

- (a) have affixed to them the Company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

26. Replacement share certificates

26.1 If a certificate issued in respect of a Shareholder's Shares is:

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed, that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.

26.2 A Shareholder exercising the right to be issued with such a replacement certificate:

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

27. Share transfers

- 27.1 Shares may be transferred by means of an Instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 27.2 No fee may be charged for registering any Instrument of transfer or other Document relating to or affecting the title to any share.
- 27.3 The Company may retain any Instrument of transfer which is registered.
- 27.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 27.5 The Directors may refuse to register the transfer of a share, and if they do so, the Instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

28. Transmission of Shares

- 28.1 If title to a share passes to a Transmittee, the Company may only recognise the Transmittee as having any title to that share.
- 28.2 A Transmittee who produces such evidence of entitlement to Shares as the Directors may properly require:
- (a) may, subject to the Articles, choose either to become the holder of those Shares or to have them transferred to another person, and
 - (b) subject to the Articles, and pending any transfer of the Shares to another person, has the same rights as the holder had.
- 28.3 But Transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the holder's death or Bankruptcy or otherwise, unless they become the holders of those Shares.

29. Exercise of Transmittees' rights

- 29.1 Transmittees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.
- 29.2 If the Transmittee wishes to have a share transferred to another person, the Transmittee must execute an Instrument of transfer in respect of it.
- 29.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the Transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

30. Transmittees bound by prior notices

- 30.1 If a notice is given to a Shareholder in respect of Shares and a transmittee is entitled to those Shares, the transmittee is bound by the notice if it was given to the Shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

31. Procedure for declaring dividends

- 31.1 The Company may by Ordinary Resolution declare dividends, and the Directors may decide to pay interim dividends.
- 31.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 31.3 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.
- 31.4 Unless the Shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each Shareholder's holding of Shares on the date of the resolution or decision to declare or pay it.
- 31.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- 31.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 31.7 If the Directors act in good faith, they do not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on Shares with deferred or non-preferred rights.

32. Payment of dividends and other distributions

- 32.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- (a) transfer to a bank or building society account specified by the Sole Shareholder either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the Sole Shareholder by post to the Sole Shareholder at the Sole Shareholder's registered address; or
 - (c) any other means of payment as the Directors agree with the Sole Shareholder either in writing or by such other means as the Directors decide.

33. No interest on distributions

33.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the Company.

34. Unclaimed distributions

34.1 All dividends or other sums which are:

- (a) payable in respect of Shares, and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

34.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

34.3 If:

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
- (b) the Sole Shareholder has not claimed it,

the Sole Shareholder is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

35. Non-cash distributions

35.1 Subject to the terms of issue of the share in question, the Company may, by Ordinary Resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, Shares or other securities in any company).

35.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;
- (b) paying cash to the Sole Shareholder on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

36. Waiver of distributions

- 36.1 The Sole Shareholder may waive its entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect.

CAPITALISATION OF PROFITS

37. Authority to capitalise and appropriation of capitalised sums

- 37.1 Subject to the Articles, the Directors may, if they are so authorised by an Ordinary Resolution:
- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
 - (b) appropriate any sum which they so decide to capitalise (a "**capitalised sum**") to the persons who would have been entitled to it if it were distributed by way of dividend (the "**persons entitled**") and in the same proportions.
- 37.2 Capitalised sums must be applied:
- (a) on behalf of the persons entitled, and
 - (b) in the same proportions as a dividend would have been distributed to them.
- 37.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as Fully Paid to the persons entitled or as they may direct.
- 37.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as Fully Paid to the persons entitled or as they may direct.
- 37.5 Subject to the Articles the Directors may:
- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
 - (b) make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
 - (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this Article.

DECISION-MAKING BY SHAREHOLDERS

38. Reserved Matters

38.1 The following matters shall be reserved to the Sole Shareholder:

- (a) Matters pertaining to the Share capital of the Company e.g. increase or reduction of the amount of its issued share capital, grant of any options or other interest over its share capital etc.;
- (b) Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs.
- (c) Major changes to the Company's corporate structure, including, but not limited to acquisitions and disposals of Shares;
- (d) Altering any rights attaching to the Shares in its issued share capital;
- (e) ratifying Directors' breaches of their duties or conflicts;
- (f) Varying the Articles of the Company;
- (g) Permitting the registration (upon subscription or transfer) of any person as a Shareholder of the Company;
- (h) Altering the Company's name or registered office;
- (i) Changing the nature of the Company's business;
- (j) Approve the appointment of the Chairman;
- (k) Approving the remuneration of the Chairman and the Non-Executive Directors.
- (l) Introducing for the benefit of any current or former Director, employee or any other person any incentive scheme or similar arrangement.
- (m) Approving of loans or quasi loans to Directors or connected people;
- (n) Appointing of external auditors;
- (o) Disapplying pre-emption rights;
- (p) Entering into any arrangement, contract or transaction:
 - not provided for in its business plan with a value exceeding £50,000 or 10% of the Company's annual budget, whichever is the smaller; or
 - which is outside the normal course of the Business; or
 - which is otherwise than on arm's length terms
- (q) Creating or granting any encumbrance over the whole or any part of the business of the Company;
- (r) Incurring any borrowings in excess of £25,000 or 5% of the Company's annual budget, whichever is the smaller in aggregate from time to time, or issue any loan capital;
- (s) Making any loan, grant any credit not granted in the ordinary course of business or give any guarantee;

- (t) Amalgamating or merging with any other Company or business undertaking, form or acquire any Subsidiary, directly or indirectly acquire Shares in any other Company or directly or indirectly participate in any partnership or joint venture; and
- (u) Passing any resolution for its winding up or present any petition for its administration (unless it has become insolvent).

39. Attendance and speaking at general meetings

39.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

39.2 A person is able to exercise the right to vote at a general meeting when:

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

39.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

39.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

39.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

40. Quorum for general meetings

40.1 No business other than the appointment of the Chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

40.2 Where the Company has only one Shareholder for the time being, one qualifying person (as defined in section 318 of the Act) present at the meeting shall be a quorum.

41. Chairing general meetings

41.1 The Chairman shall chair general meetings if present and willing to do so.

41.2 If the Chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

- (a) the Directors present, or

(b) (if no Directors are present), the meeting, must appoint an appropriate person to chair the meeting, and the appointment of the Chairman of the meeting must be the first business of the meeting.

41.3 The person chairing a meeting in accordance with this Article is referred to as "**General Meeting Chairman**".

42. Attendance and speaking by Directors and non-Shareholders

42.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.

42.2 The General Meeting Chairman may permit other persons who are not:

- (a) Shareholders of the Company, or
- (b) otherwise entitled to exercise the rights of Shareholders in relation to general meetings,

to attend and speak at a general meeting.

43. Adjournment

43.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the General Meeting Chairman must adjourn it.

43.2 The General Meeting Chairman may adjourn a general meeting at which a quorum is present if:

- (a) the meeting consents to an adjournment, or
- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

43.3 The General Meeting Chairman must adjourn a general meeting if directed to do so by the meeting.

43.4 When adjourning a general meeting, the General Meeting Chairman must:

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

43.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
- (b) containing the same information which such notice is required to contain.

43.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

44. Voting: general

44.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

45. Errors and disputes

45.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

45.2 Any such objection must be referred to the General Meeting Chairman, whose decision is final.

46. Poll votes

46.1 A poll on a resolution may be demanded:

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

46.2 A poll may be demanded by:

- (a) the General Meeting Chairman;
- (b) the Directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.

46.3 A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken, and
- (b) the General Meeting Chairman consents to the withdrawal.

A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made

46.4 Polls must be taken immediately and in such manner as the General Meeting Chairman directs.

47. Content of Proxy Notices

47.1 Proxies may only validly be appointed by a notice in writing (a "**Proxy Notice**") which:

- (a) states the name and address of the Shareholder appointing the proxy;
- (b) identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
- (d) is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate;

and a Proxy Notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting.

47.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.

47.3 Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

47.4 Unless a Proxy Notice indicates otherwise, it must be treated as:

- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

48. Delivery of Proxy Notices

48.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.

48.2 An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.

48.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

48.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

49. Amendments to resolutions

49.1 An Ordinary Resolution to be proposed at a general meeting may be amended by Ordinary Resolution if:

- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the General Meeting Chairman may determine), and
- (b) the proposed amendment does not, in the reasonable opinion of the General Meeting Chairman, materially alter the scope of the resolution.

49.2 A Special Resolution to be proposed at a general meeting may be amended by Ordinary Resolution, if:

- (a) the General Meeting Chairman proposes the amendment at the general meeting at which the resolution is to be proposed, and
- (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

49.3 If the General Meeting Chairman, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

ADMINISTRATIVE ARRANGEMENTS

50. Means of communication to be used

50.1 Subject to Article 50.2, any notice, Document or other information shall be deemed served on, or delivered to, the intended recipient:

- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, Document or other information is left at the address; or
- (b) if sent by fax, at the time of transmission; or
- (c) if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
- (d) if sent or supplied by e-mail, one hour after the notice, Document or information was sent or supplied; or
- (e) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and

- (f) if deemed receipt under the previous paragraphs of this Article 50.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this Article, all references to time are to local time in the place of deemed receipt.

50.2 To prove service, it is sufficient to prove that:

- (a) if delivered by hand the notice was delivered to the correct address; or
- (b) if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- (c) if sent by post the envelope containing the notice was properly addressed, paid for and posted; or
- (d) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

51. Company seals

51.1 Any common seal may only be used by the authority of the Directors.

51.2 The Directors may decide by what means and in what form any common seal is to be used.

51.3 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a Document, the Document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

51.4 For the purposes of this Article, an authorised person is:

- (a) any Director of the Company;
- (b) the company secretary (if any); or
- (c) any person authorised by the Directors for the purpose of signing Documents to which the common seal is applied.

52. No right to inspect accounts and other records

52.1 Except as provided by law or authorised by the Directors or an Ordinary Resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or Documents merely by virtue of being a Shareholder.

53. Provision for employees on cessation of business

53.1 The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.

DIRECTORS' INDEMNITY AND INSURANCE

54. Indemnity and Insurance

- 54.1 Subject to Article 54.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:
- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them, including (in each case) any liability incurred by him in defending any civil or criminal proceedings, or regulatory investigation or action, in which judgment is given in his favour or in which he is acquitted or the proceedings are, or the investigation or action is, otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and
 - (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings, investigation, action or application referred to in Article 54.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.
- 54.2 This Article 54 does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.
- 54.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.
- 54.4 In this Article 54:
- (a) a **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and
 - (b) a **relevant officer** means any current or former Director or other officer of the Company, but excluding in each case any person engaged by the Company (or associated company) as auditor.

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Red One Governance Arrangements – Overview of Actions and Progress to Date

Ref:	Action:	Source:	Source Ref:	Action Lead	Sub Ref:	Indicative Status
Red One Board Composition Analysis						
BC01	Undertake Board Composition Analysis	Cornwall Legal	e	First Flight		Complete
BC03	Appointment of Independent Non-Execs	Cornwall Legal	a	First Flight		14 Dec 17
BC13	Consider appointment to other roles e.g. FD; MD; Company Secretary	IoD Guidance		Red One		Once Ind NEDs appt'd
Red One Governance Framework						
GF01	Good Governance Manual	Elemental		Elemental	3.0	Complete
GF02	Role of Shareholder	IoD Guidance		Elemental	3.1	18 Dec 17
GF03	Board of Directors Terms of Reference	IoD Guidance		Elemental	3.1	Complete
GF04	Committee Terms of Reference e.g. Audit; Nominations; and Remuneration.	IoD Guidance		Elemental	3.1	Complete
GF05	Directors Code of Conduct	IoD Guidance		Elemental	3.2	Complete
GF06	Clarify Authority NEDs role and duties to the company	Cornwall Legal	b	Elemental	3.2	18 Dec 17
GF07	Declaration of interests	Cornwall Legal	l	Elemental	3.2	Complete
GF08	Conflicts of interests	Cornwall Legal	m	Elemental	3.2	Complete
GF09	Safeguarding confidential and commercial sensitive information	Cornwall Legal	o	Elemental	3.2	Complete
GF10	Review Articles of Association	Cornwall Legal		Elemental	2.0	18 Dec 17
GF11	Consider reserved matters within the Company's Articles of Association to provide the Authority with increased visibility of key strategic and operational activities of the Company.	Cornwall Legal	r	Elemental	2.1	18 Dec 17
GF12	Undertake a comprehensive review of the Company's Articles of Association to include any amendments to reflect changes to the governance arrangements, e.g. appointment of directors and quorum requirements	Cornwall Legal	i	Elemental	2.2	18 Dec 17
GF13	Financial Management & Controls (including expenses policy and delegated authority)	Elemental		Elemental	3.3	Complete
GF14	Internal Audit & Compliance Policy	Elemental		Elemental	3.4	Complete
GF15	Whistleblowing Policy	Elemental		Elemental	3.5	Complete
GF16	Gift and Hospitality Policy	Elemental		Elemental	3.6	Complete
GF17	Risk Management (outline or risk management strategy)	Elemental		Elemental	3.7	Once Ind NEDs appt'd
GF18	Induction and appraisal for directors	Elemental		Elemental	3.8	18 Dec 17

GF19	Training for all Directors on principles of good governance and application of the governance framework	Cornwall Legal	d	Elemental	4.1	18 Dec 17
GF20	Training for the Fire Authority around effective discharge of the shareholder function			Elemental	4.2	18 Dec 17
GF21	Prepare comprehensive letters of appointment for all Directors of the Board	Cornwall Legal	c	Red One		Complete
GF22	Put in place competition law compliance training and policies for directors and sales staff	Foot Anstey		Red One		Once Ind NEDs appt'd
GF23	Develop a vision for the Company that aligns with the Authority's priorities	Cornwall Legal	p	ROL Chair		Once Ind NEDs appt'd
GF24	Authority engagement with the Board of Directors to undertake a workshop to review reporting arrangements	Cornwall Legal	g	ROL Chair		Once Ind NEDs appt'd
GF25	Review remit of the Resources Committee to ensure it is clearly defined and understood	Cornwall Legal	q	Clerk		Once Ind NEDs appt'd
GF26	Ensure that General Meetings of the Company are used constructively to improve communication between the Board and the Authority	Cornwall Legal	s	ROL Chair		Once Ind NEDs appt'd
GF27	Establish positive communication between the authority and the independent chairman	Cornwall Legal	h	ROL Chair		Once Ind NEDs appt'd
GF28	Develop a process for the annual evaluation of Board performance and that of its Directors.	Cornwall Legal	f	ROL Chair		Once Ind NEDs appt'd

Agenda Item 9

REPORT REFERENCE NO.	DSFRA/17/35
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	18 DECEMBER 2017
SUBJECT OF REPORT	CHIEF FIRE OFFICER APPRAISAL PROCESS
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<i>That a Chief Fire Officer's Appraisal Panel comprising four Members (the Authority Chair; one Member from each of the other two main political parties; and a fourth Member) be established with Terms of Reference as indicated in paragraph 2.3 of this report.</i>
EXECUTIVE SUMMARY	This report proposes the establishment of a more formalised process for annual appraisal of the Chief Fire Officer with delegated authority to approve any developmental action (including associated costs) as may be identified from the annual appraisal process.
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	National Joint Council for Brigade Managers of Fire & Rescue Services Constitution and Scheme of Conditions of Service Fifth Edition 2006 ("the Gold Book").

1. INTRODUCTION

1.1. The National Joint Council for Brigade Managers of Fire & Rescue Services Constitution and Scheme of Conditions of Service Fifth Edition 2006 (“the Gold Book”) sets out the national framework for pay and conditions for Brigade Managers (i.e. the Chief Fire Officer and two Assistant Chief Fire Officers of the Devon & Somerset Fire & Rescue Service). Specifically, Appendix B to the Gold Book sets out guidance for the appraisal of Brigade Managers. This provides, amongst other things, that the responsibility for appraising a Brigade Manager rests with either their line manager or, in the case of the Chief Fire Officer, by (an) Authority member(s) representing the fire and rescue authority.

1.2. The guidance provides the following general approach to both the appraisal cycle and key elements of the appraisal process:

“Appraisal should take place on a predetermined date, at least annually, backed up by monitoring meetings on a regular basis at which targets can be reviewed for continuing relevance. A formal system of appraisal should not prevent continuous discussion regarding progress and performance.

The key elements of the appraisal process are:

- 1 Continuous two way monitoring of performance against objectives
- 2 Preparation for an appraisal interview
- 3 An appraisal interview where recent and current performance, future objectives and development needs are discussed
- 4 Agreement should be reached on action required from either party to ensure required performance is achievable.
- 5 The process of informal discussion regarding performance should continue.”

1.3. The guidance also suggests that external assistance in facilitating the appraisal process can be helpful in providing an independent perspective.

2. APPLICATION IN THE DEVON & SOMERSET FIRE & RESCUE SERVICE

2.1 Historically (and in line with the guidance in the Gold Book), appraisal of the Chief Fire Officer of the Devon & Somerset Fire & Rescue Service has been undertaken on a relatively informal basis by the Chair of the Authority.

2.2 This informal approach was again adopted this year, with external assistance provided by the Chief Executive of the South West Councils. As part of the learning flowing from this, though, it is considered that – moving forwards – there would be merit in adopting a more formal appraisal process.

2.3 To this end, it is proposed that a Chief Fire Officer’s Appraisal Panel comprising four Members (the Authority Chair; one representative from each of the other two main political parties; and a fourth Member) should be established with the following Terms of Reference:

1. To undertake an annual appraisal process for the Chief Fire Officer, including the setting of objectives for the forthcoming year;
2. To commission any external advice as is felt appropriate to facilitate the annual appraisal process;
3. To approve any developmental action (including associated costs) as may be identified from the annual appraisal process;
4. To address and resolve any in-year performance issues that may arise;

5. to address and resolve any performance issues relating to other Service Executive Board officers as might be referred to the Panel from time to time by the Chief Fire Officer.

2.4 The Authority is invited to consider this proposal.

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

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REPORT REFERENCE NO.	DSFRA/17/36
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	18 DECEMBER 2017
SUBJECT OF REPORT	CONFIRMATION OF SCHEME OF MEMBERS ALLOWANCES 2018-19
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<p><i>that, as required by the relevant Regulations, the Authority:</i></p> <p><i>(a) considers the content of this report with a view to confirming the Scheme of Allowances (as set out in paragraphs 2.2 and 2.3) to operate for the 2018-19 financial year; and</i></p> <p><i>(b) authorises the Clerk to the Authority to publicise details of the Scheme so confirmed in one or more local newspapers circulating in the area served by the Authority.</i></p>
EXECUTIVE SUMMARY	<p>Regulations require the Authority to have in place its own Scheme for the payment of a basic allowance to each of its Members. The Authority may also provide for the payment of Special Responsibility Allowances and reimbursement of travel and subsistence expenditure. The Regulations also require the details of any such Schemes to be confirmed and published by the Authority for each financial year in question.</p> <p>This report details allowances currently payable and invites the Authority to confirm the Scheme to operate for the 2018-19 financial year.</p>
RESOURCE IMPLICATIONS	Provision has been made within the draft Revenue Budget 2018-19 for the payment of allowances at the rates as indicated in this report.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The content this report is considered compatible with equality and human rights legislation.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	The Local Authority (Members' Allowances)(England) Regulations 2003 Report DSFRA/15/29 ("Devon & Somerset Fire & Rescue Authority Approved Scheme of Members' Allowances 2016-17), together with report of Independent Consultant, as submitted to the Authority meeting on 14 December 2015).

1. **BACKGROUND**

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

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

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

2. **AUTHORITY APPROVED SCHEME**

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

2.2 The annual uprating so approved was by reference to any pay award made by the National Joint Council for Local Government Services (“the Green Book”) but the Authority approved that this should only apply from 1 April 2017 onwards. Consequently, the rates currently payable for Basic and Special Allowances are shown in the table below. These rates have applied from 1 April 2017 and reflect the 1% Green Book pay award for the 2017-18 financial year.

Rates Payable for Basic and Special Responsibility Allowances

Type of Allowance	Amount per annum £
Basic	2,626
Special Responsibility	
• Chairman of Authority (5 x basic)	13,130
• Vice Chairman of Authority (2.5 x basic)	6,565
• Committee Chairs (1.5 x basic)	3,939
• Non-Executive Directors appointed by the Authority to the Board of Red One Ltd.	6,060

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

Rates Payable for Reimbursement of Travel Expenses

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

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

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

Rates Payable for Reimbursement of Subsistence Expenses

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

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

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

3. CONCLUSION

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

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

- (a). confirm the Scheme to operate for the 2018-19 financial year; and
- (b). authorise the Clerk to publish the rates so confirmed in one or more local newspapers circulating in the area served by the Authority.

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

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REPORT REFERENCE NO.	DSFRA/17/37
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	18 DECEMBER 2017
SUBJECT OF REPORT	LOCALISM ACT 2011 – PAY POLICY STATEMENT 2018-19
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<i>That, subject to any amendments that may be agreed at the meeting, the Committee recommends the Pay Policy Statement to the Devon & Somerset Fire & Rescue Authority for approval.</i>
EXECUTIVE SUMMARY	<p>The Authority is required under the Localism Act 2011 to approve and publish a Pay Policy Statement, by 31 March of each year, to operate for the forthcoming financial year. This Statement sets out the Authority's policy towards a range of issues relating to the pay of its workforce and in particular the senior staff and the lowest paid employees.</p> <p>This paper provides further background information in relation to the requirements of the Localism Act and includes a draft Pay Policy Statement for the forthcoming (2018-19) financial year.</p> <p>The principal differences between this iteration and previous versions relates to the stated salaries of senior officers on the Service Executive Board and the changes in the Executive Board structure. Also the salaries of other staff have been reviewed to reflect nationally agreed pay increases. Other than this, the Pay Policy Statement for 2018-19 is as approved by the Authority in previous years.</p> <p>The proposed Pay Policy Statement for 2018-19 is to be considered by the Human Resources Management & Development Committee at its meeting on 14 December. The recommendations from that meeting will be reported to the Authority.</p>
RESOURCE IMPLICATIONS	There are no resource implications associated with production of the Pay Policy Statement. Funding for staffing costs etc. are contained within the approved Authority revenue budget.
EQUALITY RISK & BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	A. Draft Pay Policy Statement 2018-19
LIST OF BACKGROUND PAPERS	<ol style="list-style-type: none"> 1. Localism Act 2011 Sections 38 to 43. 2. "Pay Policy and Practice in Local Authorities: A Guide for Councillors" produced by the Local Government Association, published January 2013. 3. Code of Recommended Practice for Local Authorities on Data Transparency.

1. INTRODUCTION

- 1.1 The Localism Act 2011 (“the Act”) introduced a new requirement for all public authorities, including combined fire and rescue authorities, to approve and publish annually a Pay Policy Statement. The reasons for the introduction of this new duty, included:
- the estimation that, between 2001 and 2008 median top salaries in local government grew at faster rate than entry salaries and that, in that context, around 800 local government employees were in the top 1% of all earners;
 - the commitment of the [then] Coalition Government to strengthen councillors powers to vote on large salary packages for council officers;
 - the outcome of the Hutton review into fair pay in the public sector which made several recommendations for promoting pay fairness in the public sector by increasing transparency over pay and tackling disparities between the lowest and the highest paid in public sector organisations.
- 1.2 The provisions on pay in the Act are designed to bring together the strands of Government thinking to address pay issues in local government as outlined above.
- 1.3 Pay Policy Statements must articulate an authority’s policy towards a range of issues relating to the pay of its workforce, particularly its senior staff (or “chief officers”) and its lowest paid employees. Pay Policy Statements must be prepared and approved by the full Authority by 31 March in each year and be published as soon as reasonably practicable thereafter. Publication can be in such a manner as the Authority considers appropriate, but must include publication on the Authority’s website. A Pay Policy Statement may be amended “in year” but, should it be amended, the revised Statement must again be published.
- 1.4 In essence, the purpose of the Pay Policy Statement is to ensure that there is the appropriate accountability and transparency of top salaries in local government. Under the Act, elected Members have the ability to take a greater role in determining the pay for top earners and therefore ensuring that these decisions are taken by those who are directly accountable to the local people. In addition, communities should have access to the information they need to determine whether remuneration, particularly senior remuneration, is appropriate and commensurate with responsibility.

2. CONTENT OF THE PAY POLICY STATEMENT

- 2.1 The Act requires that each authority’s Pay Policy Statement must include its policies on:
- the level and elements of remuneration for each chief officer;
 - the remuneration of its lowest paid employees (together with its definition of “lowest paid employees” and its reasons for adopting that definition);
 - the relationship between the remuneration of its chief officers and other employees;
 - other specific aspects of chief officers’ remuneration namely:
 - remuneration on recruitment;
 - increases and additions to remuneration;
 - use of performance-related pay and bonuses; termination payments; and
 - transparency (i.e. the publication and access to information on the remuneration of chief officers).

2.2 The term remuneration is defined as the chief officer's salary, any bonuses payable, any charges, fees or allowances payable, any benefits in kind to which the chief officer is entitled as a result of their office or employment, any increase in or enhancement of the chief officer's pension entitlement where the increase or enhancement is as a result of the resolution of the Authority and any amounts payable by the Authority to the chief officer on the chief officer ceasing to hold office under or be employed by the Authority other than amounts that may be payable by virtue of any enactment.

2.3 The term "chief officers" in a fire and rescue service context will refer to the Chief Fire Officer but "chief officers" are defined in Section 43 of the Act to include a Head of Paid Service, a Monitoring Officer, any other statutory chief officer, or a deputy chief officer or other non-statutory chief officer as defined in the Local Government and Housing Act 1989 (these include officers reporting directly either to the Head of Paid Service or the Authority).

3. SENIOR EMPLOYEES AND PAY RATIOS

3.1. Whilst the Localism Act 2011 does not require details on salary levels to be published in the Pay Policy Statement, the Accounts and Audit Regulations require the published Statement of Accounts for an authority to include information on senior employees who are identified by job title and paid over £50,000, in bands of £5,000. Any senior employee earning in excess of £150,000 must be identified by name.

3.2. "Senior employees" are defined as per the Local Government and Housing Act 1989 (see para. 2.3 above) but also include "a person who has responsibility for the management of the relevant body to the extent that the person has power to direct or control the major activities of the body (in particular activities involving the expenditure of money), whether solely or collectively with other persons".

3.3. The Localism Act requires authorities to explain what they think the relationship should be between the remuneration of its chief officers and its employees who are not chief officers. The Hutton Review of Fair Pay recommended the publication of the ratio between the highest paid employee and the median pay-point of the organisation's whole workforce as a way of illustrating that relationship. Guidance produced by the Department for Communities and Local Government (DCLG) on openness and accountability in local pay provides that:

"While authorities are not required to publish data such as a pay multiple within their pay policy statement, they may consider it helpful to do so, for example, to illustrate their broader policy on how pay and reward should be fairly dispersed across their workforce. In addition, while they are not required to develop local policies on reaching or maintaining a specific pay multiple by the Act they may wish to include any existing policy".

3.4. Section 5 of the proposed Pay Policy Statement shows two pay multiples, comparison with the median earnings of the whole workforce (as recommended by Hutton), using the basic pay for full-time equivalents. The second multiple is for the lowest pay point, which has previously been used as a benchmark in the media following suggestions by the Government that a ratio of 20:1 should be regarded as a maximum level which public sector organisations should not exceed.

4. RE-EMPLOYMENT OF OFFICERS

- 4.1 In 2013 the Local Government Association (LGA) published guidance titled “Pay Policy in Practice in Local Authorities – A Guide for Councillors”. However, unlike other guidance published by DCLG, it does not constitute statutory guidance and is perhaps best viewed as “best practice”. In November 2013 the LGA specifically issued the guidance to all fire and rescue authorities in England and Wales. Within the covering letter the LGA highlighted that the practice of re-employment of individuals who have been made redundant or have retired and are in receipt of a pension should be used only in exceptional and justifiable circumstances (such as business continuity). Within the guide is an LGA model Pay Policy Statement which suggests the following paragraph:

“It is not the council’s policy to re-employ or to contract with senior managers who have been made redundant from the council unless there are exceptional circumstances where their specialist knowledge and expertise is required for a defined period of time or unless a defined period of (define number of years) has elapsed since the redundancy and circumstances have changed”

- 4.2 The covering letter to this LGA guidance suggests that this paragraph should be widened to incorporate retirements in addition to redundancies. These modifications were incorporated into the 2014-15 Pay Policy Statement and remain unchanged in the draft now attached for 2018-19.

5. THE TRANSPARENCY CODE

- 5.1 The introduction of the The Local Government (Transparency Requirements) (England) Regulations 2014 also resulted in further additional requirements in terms of publishing data relating to the Authority. The requirements are set out in a Local Government Transparency Code. The LGA has produced a set of revised practical guidance documents to support local authorities in understanding and implementing the Transparency Code 2014 and to help them publish the data in a meaningful and consistent way. The Code covers information on spending and procurement, organisational information and asset and parking information.
- 5.2 The Transparency Code requirements overlap to a degree with certain staffing information required to be published both as part of the annual Statement of Accounts and the Pay Policy Statement. There are, however, some additions including requirements for further details of Senior Manager organisational structures, grading and responsibilities where salary levels are in excess of £50,000 and also Trade Union Facility time.

6. PAY POLICY STATEMENT 2018-19

- 6.1 This is now the seventh iteration of the Pay Policy Statement, the Authority having approved and published a Statement for each of the last six consecutive years following introduction of the requirement by the Localism Act 2011.
- 6.2 The draft Pay Policy Statement to operate for the 2018-19 financial year is now attached at Appendix A to this report. The only significant difference between this iteration and the previous version relates to the salaries of senior officers that have been reviewed to reflect nationally agreed pay increases. Other than this, there are no substantial changes to the Pay Policy Statement as approved by the Authority in 2016 and 2017.
- 6.3 The draft Pay Policy Statement for 2018-19 is to be considered by the Human Resources Management & Development Committee at its meeting on 14 December 2017. The recommendations from that meeting will be reported to the Authority.

7. CONCLUSION

- 7.1 The Localism Act requires the Authority to adopt, prior to the commencement of each financial year, a Pay Policy Statement to operate for the forthcoming financial year. This Statement sets out, amongst other things, the Authority's policy towards a range of issues relating to the pay of its workforce and in particular the senior staff and the lowest paid employees.
- 7.2 The Authority is invited to consider this draft Statement with a view to recommending it to the full authority (subject to any further amendments that may be indicated at the meeting).

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

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DEVON & SOMERSET FIRE & RESCUE AUTHORITY

LOCALISM ACT 2011 – PAY POLICY STATEMENT 2018-19

1. **INTRODUCTION**

1.1 Under section 38(1) of the Localism Act 2011, Devon & Somerset Fire & Rescue Authority (the Authority) is required to prepare a Pay Policy Statement. The Authority is responsible for ensuring that the pay policy will set out the issues relating to the pay of the workforce and in particular the senior officers and the lowest paid employees. This will ensure that there is the appropriate accountability and transparency of the salaries of the Authority's senior staff. The Authority will also publish the statement on its website and update it on an annual basis or at such times as it is amended. The purpose of the statement is to provide greater transparency on how taxpayer's money is used in relation to the pay and rewards for public sector staff.

1.2 This is the seventh such Pay Policy Statement that the Authority has produced and it will continue to be reviewed and refined by the Authority as part of its rewards & recognition strategies.

1.3 It should be noted that Regulation 4 of the Accounts and Audit (Amendment number 2) Regulations 2009 also provides a legal requirement to increase transparency and accountability within local authorities. The amended Regulations require authorities to disclose individual remuneration details for senior employees and these can be viewed here:

[Senior Management Salaries](#)

In addition, the rates of pay for all other categories of staff can be found at:

[Rates of Pay](#)

1.4 The introduction of the Local Government (Transparency Requirements) (England) Regulations 2014 has also resulted in additional requirements in terms of publishing data relating to the Authority. The requirements are set out in a Local Government Transparency Code. The Local Government Association has produced a set of revised practical guidance documents to support local authorities in understanding and implementing the Transparency Code 2014 and to help them publish the data in a meaningful and consistent way. The Code covers information on spending and procurement, organisational information and asset and parking information and this open data is accessible via the following link:

[DSFRS Transparency Data](#)

1.5 There is some overlap within the Transparency Code with certain staffing information that is already required as part of the annual Statement of Accounts and the Pay Policy Statement but there are also some additions including further details of organisational structures relating to Senior Managers, including grading and responsibilities, where salary levels are in excess of £50,000 and also Trade Union Facility time.

2. CATEGORIES OF STAFF

2.1 As part of the Pay Policy Statement, it is necessary to define the categories of staff within the Service and by which set of Terms and Conditions they are governed:

2.2 **Executive Board Officers (including Chief Fire Officer):** The Executive Board is a mix of uniformed Brigade Managers and non-uniformed Officers who are the Directors of the Service. The salary structure for Brigade Managers and other Executive Board members has previously been determined by the Authority and is subject to annual reviews in accordance with the Constitution and Scheme of Conditions of Service of the National Joint Council for Brigade Managers of Local Authorities' Fire Brigades (the "Gold Book"). The two non-uniformed Executive Board Officers are conditioned to the Gold Book for pay purposes only. The minimum remuneration levels for Chief Fire Officers are set nationally in relation to population bands and in accordance with the Gold Book. At a national level, the National Joint Council for Brigade Managers of Fire and Rescue Services reviews annually any cost of living increase applicable to all those covered by the national agreement and determines any pay settlement. All other decisions about pay levels and remuneration over and above the minimum levels for Chief Fire Officers are taken locally by the full Authority, arrangements for which are set out in paragraph 3.5.

2.3 **Uniformed Staff:** This includes Whole-time and On-call staff and also the Control Room uniformed staff. The remuneration levels for these staff are subject to national negotiation as contained in the Scheme of Conditions of Service of the National Joint Council for Local Authority Fire & Rescue Services which is known as the "Grey Book". Any other remuneration is subject to local agreement.

2.4 **Support Staff:** This category is the non-uniformed employees who support our Operational Service. The Scheme of Conditions of Service for these employees is set out within the National Joint Council for Local Government Services known as the "Green Book". The 2004 national pay agreement included an Implementation Agreement requiring local pay reviews to be completed and implemented by all authorities by 31 March 2007. The local pay review required the introduction of a Job Evaluation Scheme and this, together with a Grading Structure, was negotiated and agreed with the recognised trade union for this staff category which is UNISON. The Job Evaluation Scheme and Grading Structure were approved by the Authority. The National Joint Council negotiates the level of any annual pay increases applicable to the nationally recognised local government pay spine and these increases are applied across the Authority's "Green Book" staff grading structure.

3. REMUNERATION OF THE CHIEF FIRE OFFICER AND EXECUTIVE BOARD

3.1. The position of Chief Fire Officer is subject to minimum remuneration levels as set out in the "Gold Book" and according to population bands. The Authority is in Population Band 4 (1.5m people and above). The minimum salary level for this position is currently £120,865 per annum. The Authority is the largest non-metropolitan fire and rescue authority in the UK.

3.2. In 2006, prior to the combination of Devon Fire & Rescue Service and Somerset Fire & Rescue Service, the [then] Shadow Devon and Somerset Fire and Rescue Authority reviewed the remuneration of the Chief Fire Officer and undertook a salary survey of other fire & rescue services within the same population band. The average salary, based on 2005 data, was found to be £124,184 and the salary level for the Chief Fire Officer for the new, combined service, was set at a notional level of £124,800 per annum for 2007. Since then, national annual pay awards, and the review of Executive Board Officers' pay conducted by the Authority in 2015, have increased the salary to £150,456.

3.3. The other positions within the Executive Board are as follows:

Assistant Chief Fire Officer – Director of Operations

Assistant Chief Fire Officer – Service Improvement

Director of Corporate Services

Director of Finance and Treasurer to the Authority

Further details of their responsibilities can be found at [Devon and Somerset Fire and Rescue Service - Organisational Structure](#)

3.4. The Assistant Chief Fire Officer salary has previously been set locally at 75% of the Chief Fire Officer salary, which reflected the previous minimum salary level set by the National Joint Council. However, following the review of Executive Board Officers' pay conducted by the Authority in 2015, the percentage link to the Chief Fire Officer salary has been removed by mutual agreement. The current Assistant Chief Fire Officer salary is £112,841. Uniformed Brigade Managers (Chief Fire Officer and Assistant Chief Fire Officer) also provide "stand-by" hours outside of the normal working day within a Brigade Manager rota.

The remaining two "non-uniformed" Executive Board positions are the Director of Corporate Services on Grade 3 and Director of Finance and Treasurer to the Authority on Grade 2 within a four point grading structure which was determined by an external, independent Job Evaluation process. The Director of Finance and Treasurer to the Authority is a 0.8 full time equivalent. The salary levels for these grades were set as a percentage of the Chief Fire Officer's salary but, as with the Assistant Chief Fire Officer, following the review of Executive Board Officers' pay conducted by the Authority in 2015, the percentage link to the Chief Fire Officer salary has been removed by mutual agreement. The current salary levels for the four grades are:

Grade	Salary
4	£94,037
3	£86,198
2	£78,362
1	£70,527

3.5. The Gold Book NJC recommended minimum increases are with effect from the 1st January of each year and as yet have not been determined by the NJC for 2018.

- 3.6. The relevant sections 9 – 11 from the Gold book in relation to salary increases are set out below:

Salaries

The NJC will publish annually recommended minimum levels of salary applicable to chief fire officers/chief executives employed by local authority fire and rescue authorities.

There is a two-track approach for determining levels of pay for Brigade Manager roles. At national level, the NJC shall review annually the level of pay increase applicable to all those covered by this agreement. In doing so, the NJC will consider affordability, other relevant pay deals and the rate of inflation at the appropriate date. Any increase agreed by the NJC will be communicated to fire authorities by circular.

All other decisions about the level of pay and remuneration to be awarded to individual Brigade Manager roles will be taken by the local Fire and Rescue Authority, who will annually review these salary levels.

- 3.7. Any locally determined increases in the Executive Board Officers' remuneration are subject to approval by the full Authority. In accordance with the conditions within the Gold Book, the Authority is required to conduct an annual review of the remuneration afforded to members of the Executive Board. Any such reviews will be conducted by way of an expert, independent report to a full Authority meeting which will contain such relevant data as to enable the Authority to reach a determination on levels of appropriate remuneration. As a minimum, comparative benchmark data will be provided on chief executive and other senior officer salary levels in other relevant public bodies as may be determined, e.g. other fire and rescue authorities, constituent authorities, neighbouring police forces etc. The annual review will also consider the level of pay awards made for other groups of employees and the relationship between the remuneration of the Chief Fire Officer and the median basic pay of the Authority's whole workforce.
- 3.8. In 2015 the Authority conducted a review of Executive Board Officers' pay. Following that review, it was agreed with the Executive Board Officers that:
- i) the percentage link to the Chief Fire Officer salary for other Executive Board Officers would be removed;
 - ii) the annual review process will be considered on an individual basis;
 - iii) in conducting the annual review, any pay rise above the annual cost of living increases agreed nationally by the NJC for Brigade Managers, will be no greater than the percentage pay rise received by a Firefighter, unless such a pay rise is as a result of good performance, a reorganisation, restructure or other substantial reason.

4. REMUNERATION OF THE LOWEST PAID EMPLOYEES

- 4.1 The lowest grade in the Service is within the Support Staff category which has a grading structure from Grade 1 to 11. The lowest paid worker is at Grade 2 (following the outsourcing of cleaning, there are no employees on Grade 1). Each grade has five levels referred to as spinal column points and a new joiner will progress through these with increasing service. Since the lowest paid employees are part-time the actual salary levels are pro-rata. The salary range at Grade 2 is currently £16,123 to £17,419 for a 37 hour week and is subject to review from the 1 April 2018. For contextual purposes the salary level for a full-time firefighter is £29,638 per annum and is subject to review from the 1 July 2017 which has not yet been agreed nationally.

5. THE RELATIONSHIP BETWEEN THE REMUNERATION OF CHIEF OFFICERS AND THE REMUNERATION OF THOSE EMPLOYEES WHO ARE NOT CHIEF OFFICERS.

5.1 In terms of pay multiples, in line with recommendations contained within the Hutton Review of Fair Pay, the Authority will use two ratios to explain the relationship between the remuneration of the Chief Fire Officer and the remuneration of those employees who are not chief officers. The first is a comparison with the median earnings of the whole workforce using the basic pay for full-time equivalents. The second multiple is for the lowest pay point, which has previously been used as a benchmark following suggestions by the Government that a ratio of 20:1 should be regarded as a level which public sector organisations should not exceed.

- the median basic pay of the Authority's whole workforce is £29,638 and
- the lowest pay point is £16,123.

The current pay multiple ratios are:

median basic pay	5.0:1
lowest pay point	9.3:1

5.2 In terms of the pay multiple between the Chief Fire Officer and other staff across the organisation, the Authority's Pay Policy is that this will be 5.0:1 when compared with the median basic pay across the organisation, subject to the national pay settlements and any review by the Authority. The Pay Policy Statement for future years will continue to be determined by the full Authority.

6. ADDITIONAL ELEMENTS OF THE REMUNERATION FOR THE CHIEF OFFICER

6.1 These additional elements relate to the following elements:

- Bonuses or Performance Related Pay
- Charges, Fees or Allowances
- Benefits in Kind
- Any increase or enhancement to the pension entitlement as a result of the resolution of the Authority
- Any amounts payable by the Authority to the Chief Fire Officer on the Chief Fire Officer ceasing to hold office other than amounts that may be payable by virtue of any enactment.

6.2 The Chief Fire Officer does not receive any additional bonuses, performance related pay, charges, fees or allowances. As a Brigade Manager, the Chief Fire Officer has an operational requirement for a vehicle and this is in accordance with the Authority's Contract Car Hire Scheme. The benefit-in-kind attributable to the Chief Fire Officer for the private usage of this Service car was £5,001 for 2016/17. The figure for 2017/18 will not be available until after 31 March 2018.

- 6.3 In relation to the pension entitlement, the Chief Fire Officer is eligible to be a member of the Firefighters' Pension Scheme. All members of this pension scheme (which is closed to new members) can retire on reaching age 50, provided they have at least 25 years' service. The maximum pension entitlement that a member of the pension scheme can accrue is 30 years' service. Chief Fire Officers appointed before 2006 are required to seek approval to retire at age 50 whilst those appointed after 2006 do not. All other members of the pension scheme are not required to obtain such approval. This requirement for Chief Fire Officers to have to seek approval has been recognised nationally as being potentially discriminatory on the grounds of age but can be overcome by agreement with the Authority to permit retirement from age 50. The Authority has previously given approval for the Chief Fire Officer to retire at age 50 and there are no additional financial implications to the Authority associated with this decision.
- 6.4 Should the Chief Fire Officer cease to hold his post then the notice period from either the employee or employer is three months. There are no additional elements relating to the Chief Fire Officer ceasing to hold this post other than those covered under any other enactments.

7. REMUNERATION OF CHIEF OFFICERS ON RECRUITMENT

- 7.1 Within the Localism Act there is a requirement to state the remuneration of Chief Officers on recruitment. The pay level for the Chief Fire Officer was determined by the Authority in 2006, based on 2005 data, in preparation for the new combined Devon & Somerset Fire & Rescue Service commencing on 1 April 2007. The appointment of the Chief Fire Officer is subject to approval by the full Authority. The current rate of remuneration would apply to any Chief Fire Officer on recruitment, subject to any review that may take place in accordance with the arrangements set out within this Pay Policy Statement.

8. RE-EMPLOYMENT OF EMPLOYEES

- 8.1 The Authority will not normally re-employ or contract with employees who have been made redundant by the Authority unless:
- there are exceptional circumstances where their specialist knowledge and expertise is required for a defined period of time **and** there has been a break in service of at least one month; or
 - a defined period of 12 months has elapsed since the redundancy and circumstances have changed; or
 - the re-employment is in a different role **and** there has been a break in service of at least six months; or
 - the re-employment is in the same role but at a lower cost and is within the context of an approved business case at the time of the redundancy **and** there has been a break in service of at least one month.
- 8.2 For each of the above scenarios:
- the approval of the Human Resources Management and Development Committee will be required for the re-employment, following redundancy, of any former employee up to Executive Board posts; or
 - the approval of the full Authority will be required for the re-employment, following redundancy, of any Executive Board post-holder; and

For both of the above two approval processes, the Authority may require the repayment of one 24th part of any redundancy payment made by the Authority for every month less than 24 months between the date of redundancy and the date of re-employment.

8.3 The Authority will, in principle, allow the re-employment of employees who have retired, subject to a break in service of at least one month, because it is recognised that this often represents an effective way of retaining specialist knowledge and skills without any increase in cost to the Authority (and noting that costs to the Pension Scheme are no more than would be the case for normal retirement). The re-employment of any employee who has retired will, however, be subject to:

- the approval of the Human Resources Management and Development Committee for all employees up to Executive Board posts; or
- the approval of the full Authority for any Executive Board post-holder.

8.4 Where retired uniformed staff are re-employed, then the Fire-Fighters' Pension shall be abated such that the income from the gross annual rate of pay whilst re-employed together with the gross annual pension (after commutation) will not exceed the gross annual rate of pay immediately prior to retirement. For staff within the Local Government Pension Scheme, where an individual is re-employed on the same terms and conditions [salary] as previously, the same abatement rules as apply to those within the Fire Fighters Pension Scheme will be applied. However, the Authority's policy on Pension Discretions refers to flexible retirement and states that this "may be subject to abatement during such time as the individual remains employed by the Service". This allows the Authority to use flexible retirement opportunities where key employees may wish to continue working as they get older but step down in grade or reduce their working hours. This can be beneficial to the Authority in retaining key skills, knowledge and experience whilst also reducing costs. The authorisation of any such flexible retirement arrangements will be subject to the approval mechanism detailed above.

8.5 The appointment, or re-employment, of any members of the Executive Board (the Chief Fire Officer, Assistant Chief Fire Officers, Director of Corporate Services and Director of Finance and Treasurer to the Authority) will always be subject to approval of the full Authority and any re-employment following redundancy or retirement will be subject to consideration of a robust business case and fully scrutinised against the above criteria.

9. THE PUBLICATION OF AND ACCESS TO INFORMATION RELATING TO REMUNERATION OF CHIEF OFFICERS

9.1 In order to make this information in relation to the Pay Policy Statement accessible to members of the public, the statement will be published on the Authority website.

10. REVIEW OF THE PAY POLICY STATEMENT

10.1 This document will be reviewed at least annually by the full Authority.

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Agenda Item 12

REPORT REFERENCE NO.	DSFRA/17/38
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	18 DECEMBER 2017
SUBJECT OF REPORT	AUTHORITY BUDGET MEETING 2018 – PROPOSED CHANGE OF DATE
LEAD OFFICER	Director of Corporate Services (Clerk to the Authority)
RECOMMENDATIONS	<i>That the Authority budget meeting in 2018 be held on Friday 16 February 2018.</i>
EXECUTIVE SUMMARY	<p>Owing to circumstances unforeseen at the time of setting the Authority's Calendar of Meetings, a change to the date of the Authority's budget setting meeting in 2018 is now proposed.</p> <p>Taking account of constituent authority calendars, a potential alternative date of 10.00hours on Friday 16 February 2018 has been identified.</p> <p>The Authority is asked to consider with a view to approving this change of date.</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	Report DSFRA/17/12 (Draft Calendar of Meetings) to the Annual Authority Meeting held on 12 June 2017 and the Minutes of that meeting.

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

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