



# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**S.J. Sharman  
CLERK TO THE AUTHORITY**

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

**(see below)**

**SERVICE HEADQUARTERS  
THE KNOWLE  
CLYST ST GEORGE  
EXETER  
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Your ref :  
Our ref : DSFRA/SJS/  
Website : www.dsfire.gov.uk

Date : 7 February 2025  
Please ask for : Samantha Sharman  
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**DEVON & SOMERSET FIRE & RESCUE AUTHORITY**  
**(Budget Meeting)**

**Monday, 17th February, 2025**

A meeting of the Devon & Somerset Fire & Rescue Authority will be held on the above date, **commencing at 2.00 pm in The Committee Rooms, Somerset House, Devon & Somerset Fire & Rescue Service Headquarters, Clyst St George, Exeter** to consider the following matters.

S.J. Sharman  
Clerk to the Authority

**A G E N D A**

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

**1 Apologies**

**2 Minutes (Pages 1 - 6)**

of the previous meeting held on 19 December 2024 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 is responsible, or which affect the Authority. Neither questions nor petitions may require the disclosure of confidential or exempt information. Questions and petitions must be submitted in writing or by e-mail to the Clerk to the Authority (e-mail address: [clerk@dsfire.gov.uk](mailto:clerk@dsfire.gov.uk)) **by midday on Wednesday 12 February 2025.**

### **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 Audit & Governance Committee (Pages 7 - 12)**

The Vice Chair of the Committee, Councillor Kerley, to **MOVE** the Minutes of the meeting held on 20 January 2025 attached.

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

#### **b Community Safety Committee (Pages 13 - 16)**

The Chair of the Committee, Councillor Hendy, to **MOVE** the Minutes of the meeting held on 31 January 2025 attached.

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

#### **c Shareholder Committee (Pages 17 - 18)**

The Chair of the Committee, Councillor Cook-Woodman, to **MOVE** the Minutes of the meeting held on 4 February 2025 attached.

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

d Resources Committee (Pages 19 - 26)

The Chair of the Committee, Councillor Peart, to **MOVE** the Minutes of the meeting held on 5 February 2025 attached.

**RECOMMENDATIONS**

(i).that the recommendations in relation to:

- the Capital Strategy;
- the 2025-26 Revenue Budget and Council Tax levels;
- the Capital Programme 2025-26 to 2027-28; and
- the Treasury Management Strategy (including Prudential and Treasury Indicators) 2025-26 to 2027-28

be considered in conjunction with items 9 and 10 (a) to (c) inclusive as included on this agenda below; and

(ii).that, subject to (i) above, the Minutes be adopted in accordance with Standing Orders.

e Appointments & Disciplinary Committee

The Chair of the Committee, Councillor Coles, to **MOVE** the Minutes of the meeting held on 12 February 2025 **TO FOLLOW**.

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

8 **Medium Term Financial Plan (Pages 27 - 38)**

Report of the Head of Finance (Treasurer) (DSFRA/25/1) attached.

9 **Capital Strategy (Pages 39 - 48)**

Report of the Head of Finance (Treasurer) (DSFRA/25/2) attached.

10 **REVENUE AND CAPITAL BUDGETS**

a 2025-26 Revenue Budget and Council Tax Levels (Pages 49 - 80)

Report of the Head of Finance (Treasurer) and Chief Fire Officer (DSFRA/25/3) attached.

b Draft Capital Programme 2025-26 to 2027-28 (Pages 81 - 90)

Report of the Head of Finance (Treasurer) (DSFRA/25/4) attached

c Treasury Management Strategy (including Prudential and Treasury Indicators) 2025-26 to 2027-28 (Pages 91 - 116)

Report of the Head of Finance (Treasurer) (DSFRA/25/5) attached

11 **Localism Act 2011 - Pay Policy Statement 2025-26 (Pages 117 - 134)**

Report of the Clerk to the Authority (& Monitoring Officer) (DSFRA/25/6 attached).

- 12 **Authority Membership and Appointments to Committees (Pages 135 - 138)**  
Report of the Clerk to the Authority (& Monitoring Officer) (DSFRA/25/7) attached
- 13 **Appointment of Independent Member of the Audit & Governance Committee (Pages 139 - 142)**  
Report of the Clerk to the Authority (& Monitoring Officer) (DSFRA/25/8) attached
- 14 **People Committee Overview - 25 January 2025 (Pages 143 - 148)**  
Report of the Clerk of the Authority (& Monitoring Officer) (DSFRA/25/9) attached.
- 15 **Devon & Somerset Fire & Rescue Authority Performance Report 2024-25: Quarter 3 (Pages 149 - 174)**  
Report of the Director of Service Delivery (DSFRA/25/10) attached.
- 16 **Authority Appointed Non-Executive Director on the Board of Red One Ltd. (Pages 175 - 176)**  
Report of the Clerk to the Authority (& Monitoring Officer) (DSFRA/25/11) attached.
- 17 **His Majesty's Inspectorate of Constabulary & Fire & Rescue Services Action Plan Update (Pages 177 - 182)**  
Report of the Chief Fire Officer (DSFRA/25/12) attached.
- 18 **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 item(s) of business on the grounds that they involve the likely disclosure of exempt information as defined in the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:
- Paragraph 3 (information relating to the financial and business affairs of any particular person – including the authority holding that information);
- 19 **Restricted Minutes of the Shareholder Committee held on 4 February 2025**  
The Chair of the Committee, Councillor Cook-Woodman, to **MOVE** the Restricted Minutes of the meeting held on 4 February 2025 **TO FOLLOW**.  
**RECOMMENDATION** that the Restricted Minutes be adopted in accordance with Standing Order.

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

### **Membership:-**

Councillors Coles (Chair), Biederman (Vice-Chair), Atkinson, Best, Brazil, Carter, Chesterton, Clayton, Cook-Woodman, Fellows, Gilmour, Hendy, Kendall, Kerley, Luggier, Noble, Randall-Johnson, Peart, Power, Prowse, Radford, Sellis, Sully and Trail BEM

## NOTES

### 1. **Access to Information**

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.

### 2. **Reporting of Meetings**

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 Chair - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority.

Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.

### 3. **Declarations of Interests at meetings (Authority Members only)**

If you are present at a meeting and you are aware that you have either a disclosable pecuniary interest, personal interest or non-registerable interest in any matter being considered or to be considered at the meeting then, unless you have a current and relevant dispensation in relation to the matter, you must:

- (i) disclose at that meeting, by no later than commencement of consideration of the item in which you have the interest or, if later, the time at which the interest becomes apparent to you, the existence of and – for anything other than a "sensitive" interest – the nature of that interest; and then
- (ii) withdraw from the room or chamber during consideration of the item in which you have the relevant interest.

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 an interest of a sensitive nature. You must still follow (i) and (ii) above.

Where a dispensation has been granted to you either by the Authority or its Monitoring Officer in relation to any relevant interest, then you must act in accordance with any terms and conditions associated with that dispensation.

Where you declare at a meeting a disclosable pecuniary or personal interest that you have not previously included in your Register of Interests then you must, within 28 days of the date of the meeting at which the declaration was made, ensure that your Register is updated to include details of the interest so declared.

	<b>NOTES (Continued)</b>
<b>4.</b>	<p><b><u>Part 2 Reports</u></b></p> <p>Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.</p>
<b>5.</b>	<p><b><u>Substitute Members (Committee Meetings only)</u></b></p> <p>Members are reminded that, in accordance with Standing Orders, 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>
<b>6.</b>	<p><b><u>Other Attendance at Committees )</u></b></p> <p>Any Authority Member wishing to attend, in accordance with Standing Orders, a meeting of a Committee of which they are not a Member should contact the Democratic Services Officer (see “please ask for” on the front page of this agenda) in advance of the meeting.</p>

## DEVON & SOMERSET FIRE & RESCUE AUTHORITY

19 December 2024

### Present:

Councillors Atkinson, Brazil, Carter, Clayton, Coles (Chair), Fellows, Gilmour, Hendy, Kendall, Lugger, Randall-Johnson, Peart, Power, Roome and Trail BEM

### Apologies:

Councillors Best, Biederman, Cook-Woodman, Kerley, Radford, Sellis, Sproston and Sully

### DSFRA/39 Minutes

**RESOLVED** that the Minutes of the meeting held on 31 October 2024 be signed as a correct record.

### DSFRA/40 Minutes of Committees

#### a Appointments & Disciplinary Committee

The Chair of the Committee, Councillor Coles, **MOVED** the Minutes of the meetings held on 6 November 2024 which had considered the appointment of a Deputy Chief Fire Officer.

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

#### b Resources Committee

The Chair of the Committee, Councillor Peart, **MOVED** the Minutes of the meeting held on 22 November 2024 which had considered, amongst other things:

- A report on Treasury Management performance for quarter 2 of the current (2024-25) financial year as compared to the treasury management strategy; and
- The financial performance for quarter 2 of 2024-25 as measured against the agreed performance indicators together with details of forecast spending to the year-end (31 March 2025) and explanations of any major variations against budget;

### **RESOLVED**

- (a). That the recommendation at Minute RC/24/7 to approve the budget transfers shown in Table 3 of report RC/24/18 (and reproduced below for ease of reference) be approved:

Line Ref	Description	Debit £m	Credit £m
	<i>Movement of the ESMCP reserve into the Change &amp; Improvement Reserve. The delay in the project for the replacement radio network has meant this reserve is better allocated to the Invest to Improve reserve.</i>		
	Increase Change & Improvement Reserve	0.480	
	Decrease ESMCP Reserve		(0.480)
	<i>Transfer some of the reported underspend into the Capital Reserve to ensure borrowing is delayed further in the future.</i>		
32	Transfer to Earmarked Reserve	1.000	
4	Professional & Technical		(0.500)
28	Investment income		(0.500)
		<b>1.480</b>	<b>(1.480)</b>

(b). That, subject to (a). above, the Minutes be adopted in accordance with Standing Orders.

c **Audit & Governance Committee**

The Chair of the Committee, Councillor Roome, **MOVED** the Minutes of the meeting of the Audit & Governance Committee held on 29 November 2024 which had considered, amongst other things:

- An update from the Authority's external auditor, Bishop Fleming, on the position with the audit of financial statements for 2023-24;
- An internal audit 2024-25 progress report submitted by the Devon Assurance Partnership; and
- An internal audit report following up on outstanding actions associated with those audits receiving an opinion of "limited assurance".

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



d **Community Safety Committee**

The Chair of the Committee, Councillor Hendy, **MOVED** the Minutes of the meeting held on 13 December 2024 which had considered, amongst other things:

- A report on performance as at Quarter 2 of the current (2024-245) financial year against those Key Performance Indicators (KPIs) falling within the remit of the Committee and aligned to Authority-approved Strategic Priorities 1 and 2;
- An update on the performance of the Service's Risk Dependent Appliances (RDA) between October 2023 and September 2024; and
- A report detailing the Service's Community Road Risk Safety team activity locally, regionally and nationally.

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

**DSFRA/41**

**Medium Term Financial Plan Update 2024-25 - Quarter 3**

The Authority received for information a report of the Treasurer (DSFRA/24/38) which provided an update against the Medium-Term Financial Plan for the Authority's funding, income and expenditure forecasts for the next five years (2024-25 to 2028-29), as required by the Fire & Rescue National Framework for England.

The Treasurer gave a presentation at the meeting following receipt of the Government's financial settlement for 2025-26 which was announced on 18 December 2024. The presentation highlighted the following key points:

- The Revenue Support Grant allocation was £11.882m with the Top Up grant of £11.418m;
- There had been a 2% increase in the National Non-Domestic Rates (NNDR) taking this to £5.513m; and
- The Authority would cease to continue to receive grants for rural services, continuation of services and funding guarantee with pension being the only grant continues at £3.5m.

It was noted that the increase in National Insurance for Employers' from 13.8% to 15% from April 2025 was expected to cost the Authority an additional £1.1m. It had been anticipated that there may be a grant towards this to cover 100% of this cost but it was understood now that the grant would cover only 52% of this increase - £0.596m although it was likely this would not be confirmed until February 2025.

The budget assumptions included a 2% pay award across the board and had taken account of other financial pressures and savings identified to address the budget shortfall. The Government had indicated that the Authority would be given the flexibility to raise Council Tax by £5 in addition. Overall, this would result in a £1.469m budget deficit for 2025-26. The Treasurer advised that it was anticipated that this shortfall could be addressed through the use of a budget smoothing reserve and an addition to the vacancy margin for professional and technical staff. Further work would be undertaken on the budget figures before presentation for informal discussion at Members' Forum in January 2025.

The Authority drew attention to the point that, whilst the Government had given the flexibility to raise the Council Tax by £5 to fire and rescue authorities and the MTFP included this provision, the economic climate was such that this may not be affordable for many households in Devon and Somerset. The Treasurer was requested to include the option of a £5 increase in Council Tax alongside that of the original 2.99% in the figures to be presented in January 2025 which he undertook to provide.

**DSFRA/42**

### **Devon & Somerset Fire & Rescue Authority Performance Report 2024-25: Quarter 2**

The Authority received for information a report of the Director of Service Delivery (DSFRA/24/39) on performance to the end of Quarter 2 of the 2024-25 financial year against Key Performance Indicators (KPIs) aligned to Authority-approved Strategic Policy Objectives.

In particular, the report focussed on those measures in exception (i.e. requiring improvement) and, where appropriate, the outcome of scrutiny undertaken by the respective committees in relation to these.

The measures in exception were:

- KPI 1.8. – number of persons requiring hospital treatment due to a non-domestic premises fire:
- KPI 2.2. – percentage of level four operational risk sites in date for revalidation;
- KPI 2.8. – percentage availability of risk dependent pumping appliances; and
- KPI 3.16. – operational competence: percentage of staff in Safety at Height and Confined Spaces (SHACS).

The Director of Service Delivery advised that, whilst the numbers involved in measuring KPI 1.8. were small, it was important to continue to monitor performance on this measure.

In relation to KPI 2.2. which had also been in exception in quarter 1, the Director of Service Delivery reported that performance in this area had improved and the next report would show this measure was no longer in exception.

Reference was made to KPI. 2.8. which had been in exception for some time. The Director of Service Delivery explained that this measure was likely to continue in this way in future due to the issues experienced with the availability of On Call staff. The point was made that the Fire Cover Review was examining all areas of risk within the Service. It was anticipated that potential options emanating from the Fire Cover Review would be reported back to the Authority for consideration early in 2025.

The Authority was apprised that there had been issues with the data associated with KPI 3.16. on operational competency under SHACS which was being addressed. A full report thereon would be submitted for consideration at the next meeting of the People Committee.

#### **DSFRA/43 Appointment to Outside Body**

The Authority considered a report of the Clerk to the Authority (& Monitoring Officer) (DSFRA/24/40) seeking approval to appoint the Vice Chair of the Audit & Governance Committee, Councillor Kerley, to be the Vice Chair of the Devon Assurance Partnership's Management Committee until the Authority's Annual meeting in 2025.

**RESOLVED** that the Vice Chair of the Audit & Governance Committee, Councillor Kerley, be appointed as the Authority's representative on the Management Committee of the Devon Assurance Partnership until the Authority's Annual Meeting in June 2025.

#### **DSFRA/44 Local Pension Board - Amendment to Terms of Reference**

The Authority considered a report of the Clerk to the Authority (& Monitoring Officer) (DSFRA/24/41) setting out a proposed amendment to the Terms of Reference for the Local Pension Board.

**RESOLVED** that the amendment to the Terms of Reference for the Local Pension Board set out at Appendix A of report DSFRA/24/41 be approved.

#### **DSFRA/45 Exclusion of the Press and Public**

**RESOLVED** that the press and public 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 Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A (as amended) to the Local Government Act 1972, namely:

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

**DSFRA/46**      **Restricted Minutes of the Appointments & Disciplinary Committee held on 6 November 2024**

*(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 31 October 2024 be signed as a correct record.

**DSFRA/47**      **Red One Ltd. Financial Consideration**

*(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 Brazil declared a non-pecuniary interest in this matter by virtue of being an Authority-appointed non-executive director on the Board of Red One Ltd. and did not vote thereon.*

The Authority considered a report of the Head of Finance (Treasurer) (DSFRA/24/42) setting out details of a financial consideration for Red One Ltd.

**RESOLVED** that the financial arrangement detailed in report DSFRA/24/42 be approved.

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

The Meeting started at 2.10 pm and finished at 3.27 pm

## **AUDIT & GOVERNANCE COMMITTEE** (Devon & Somerset Fire & Rescue Authority)

20 January 2025

### Present:

Councillors Kerley (Vice Chair – in the Chair), Clayton, Coles (vice Roome), Fellows, Kendall, Kerley, Prowse and Sellis

### Co-opted, Independent Members:

Messrs. Perks and Turkington

### Apologies:

Councillor Biederman

#### \* **AGC/24/17**     **Minutes**

**RESOLVED** that the Minutes of the meeting held 29th November 2025 be signed as a correct record.

#### \* **AGC/24/18**     **Devon & Somerset Fire & Rescue Authority Financial Statements 2023-24:**

##### a     **Statement of Accounts 2023-24**

The Committee considered a report of the Head of Finance (Treasurer) (AGC/25/1) to which was appended the Authority's Financial Statements (including a narrative statement and Statement of Accounts) for the financial year ended 31 March 2024.

The Committee was apprised that, since publication of this meeting's documentation, Bishop Flemming had requested several amendments to the Authority's Statement of Accounts for 2023-24 prior to their final publication (the deadline of which was 28<sup>th</sup> February 2025). The amendments, along with the Service's responses, were as follows:

- Ensuring that the change to the value of the Property for Devon & Somerset Fire & Rescue Service (DSFRS) flowed through to the Group Accounts – actioned;
- An additional commentary to be included within the Group Accounts note - actioned;
- The Service to reflect, within the Notes for Members' Allowances, that an Independent, Co-opted, Member of the Audit & Governance Committee had repaid their allowances – actioned and this now reading nil;

- That an identified difference on Pages 57 and 58, ‘Actuarial gain and losses arising on changes in demographic assumptions’, be corrected – this amendment was in progress with the Service committing to action this prior to final publication; and
- The Expenditure & Funding Statement (EFA) was a reconciliation of the amount Bishop Flemming reported to the Service and the requirement to report this against the Code for EFA which didn’t reconcile fully – The Service was working with the Auditors to identify a suitable resolution to this discrepancy.

The Committee identified a discrepancy in the reported establishment date for Red One Ltd at Page 59 of the proposed Statement of Accounts 2023-24. The Service confirmed Red One Ltd’s incorporation date was 2010 and committed to amend this prior to final publication.

The Treasurer apprised the Committee that the Service had, after consulting the Chartered Institute of Public Finance and Accountancy (CIPFA) Code, not originally considered it necessary to revalue the Service’s Non-Current assets of property, plant and equipment as the difference had not been materially different (less than 4%). However, Bishop Flemming had advised that the variance was over materiality thresholds set for audit and therefore a revaluation was necessary. The revaluation had since been conducted and was reflected within the Accounts.

Cllr Coles **MOVED**, (seconded by Cllr Clayton):

“That, subject to the incorporation of the amendments reported at the meeting, the final Statement of Accounts for 2023-24 be approved for publication”.

Upon a vote, the motion was **CARRIED** unanimously.

**RESOLVED** that, subject to the incorporation of the amendments reported at the meeting, the final Statement of Accounts for 2023-24 be approved for publication”.

b **Audit Findings for Devon & Somerset Fire & Rescue Authority for the Year Ended 31 March 2024**

The Committee received for information a report from the external auditor, Bishop Flemming, on its final audit findings of the Authority’s Financial Statements for the year ended 31 March 2024.

Nathan Coughlin, representing Bishop Flemming, reported that it had been a positive first year of Auditing the Authority’s accounts and that good relationships had been built between the Auditors and Service staff. He drew the Committee’s attention to the following:

- Subject to the points made at Minute AGC/24/20 being actioned, the 2023-24 Audit would be considered complete and the Auditor’s final opinion would be confirmed;

- The anticipated clean opinion, with a limited number of findings identified, was a positive outcome for the Authority;
- The revaluation of Land and Buildings, discussed at Minute AGC/24/20, had been processed promptly by the Service and Bishop Flemming was comfortable with the resulting adjustments;
- Whilst the Valuation of pension fund net liability was reporting a £600m deficit, this was not considered an area of concern and Bishop Flemming was comfortable with the position. The Local Government Pension Scheme was showing a net surplus position which was positive news; and
- Issues highlighted at previous Audit, by Grant Thornton, would be superseded with the implementation of the Service's new Finance System.

The Committee sought assurance that the Service was prepared for mandatory implementation of IFRS16 as part of the 2024- 25 financial accounts. The Treasurer advised that the Service was preparing to effect the IFRS16 accounting standard, and this would inform audit discussions with Bishop Flemming over the coming year. Additional resource was in place within the Finance Team which had already completed approximately 80% of the required lease review work. The Treasurer was confident everything would be in place by the 1<sup>st</sup> April 2025.

c **2023-24 Letter of Representation**

The Committee considered the Letter of Representation on the Authority's financial statements for the year ended 31 March 2024.

**RESOLVED** that the Committee Chair and the Head of Finance (Treasurer) be authorised to sign, on behalf of the Authority, the Letter of Representation to the external auditor (Bishop Flemming) on the Authority's financial statements for the year ended 31 March 2024.

\* **AGC/24/19** **Annual Audit Report 2023-24**

The Committee received for information, from the Authority's external auditor Bishop Flemming, the Annual Audit Report for the 2023/24 financial year.

Nathan Coughlin, representing Bishop Flemming, commented that this had been a positive process to work through with the Service. He drew attention to the following points:

- there were no significant weaknesses identified against any of the Authority's Value for Money arrangements;
- Bishop Flemming's audit findings were broadly consistent with those identified by the previous auditor, Grant Thornton, and that actions undertaken by the Service to address Grant Thornton's opinions were evident; and

- Bishop Flemming were recommending that the Executive Board consider putting in place cash flow forecasts on a rolling 12-month basis.

\* **AGC/24/20**      **Annual Statement of Assurance 2023-24**

The Committee considered a report of the Assistant Director, Corporate Services, (AGC/25/2) to which was appended the final 2023-24 Annual Statement of Assurance for the Authority. The document had been prepared in accordance with relevant legislative and best practice requirements (including the Accounts and Audit Regulations, the Fire and Rescue National Framework and the CIPFA/SOLACE good governance framework). The previous draft of this document had been presented to the Committee in July 2024 (Minute AGC/24/4 refers).

Reference Paragraph 7 of the report, it was highlighted that there may be a gap forming in this Committee's full oversight of the approval of key financial policies (e.g. Treasury Management Policy and Whistleblowing). Attention was also drawn to the point that the Articles of Association of the Authority's Trading Company, Red One Ltd., were not submitted for scrutiny to this Committee. The Clerk undertook to submit key policies to the Committee for consideration prior to approval by the Authority as part of its review of its constitutional framework at the Annual General Meeting in June each year.

The Service was requested to include, within future reports, information to clarify why any targets on requisite actions may have been missed.

**RESOLVED** that the Annual Statement of Assurance for 2023-24 as appended to report AGC/25/2 - required to accompany the 2023-24 final accounts - be approved and published on the Authority's website.

\* **AGC/24/21**      **Corporate Risk Register**

The Committee considered a report of the Assistant Director, Corporate Services, (AGC/25/3) to which was appended the Risk Management Framework. The report provided the Committee with oversight of the Corporate Risk Register, and mitigations in place. The Committee's attention was drawn to the five high risks and the action being taken to mitigate accordingly:

- CR044 Cyber Attack: Due to actions taken by the Service, it anticipated that consideration would be given to reducing this risk from Red to Amber in the near future;
- CR055 Safety event reporting: The Open off track (overdue) actions continued to reduce and, as of 17<sup>th</sup> January 2025, had reduced to 58 Safety Event Management System (SEMS) recommendations (down from 75), and 18 High Priority (down from 30);



- CR079 Home Fire Safety (HFS) visits: The back log continued to reduce and, as of 17<sup>th</sup> January 2025, totalled 599 which was within the Service's tolerance threshold. This risk would remain on the register until a revised system was identified to replace current processes.
- CR082 Hot Villa usage: As of the week commencing 13<sup>th</sup> January 2025 the Hot Villa had been back in active service. The Service was currently reviewing its first week of operation with a view to fully re-opening the facility.
- CR086 Workshop facilities: Works to develop Crownhill Fire Station's facilities were due to complete on 21<sup>st</sup> January 2025 prior to similar works starting at the Barnstaple Fire Station facilities.

\* **AGC/24/22**      **Personal Protective Equipment (PPE) Audit and Contaminants Update**

The Committee received a report of the Assistant Director, Corporate Services, (AGC/25/4) which provided an update on the outstanding actions from the PPE 2021-22 Audit along with a progress update on the Contaminants Project.

It was highlighted to the Committee that the original 2021-22 Audit had confirmed that Structural Fire-fighting PPE provision within the Service was structurally sound, met industry standards, achieved value for money and there was a good level of availability for staff. The resulting recommendations, fully supported by the Service, were being addressed as detailed within the report.

Phase 1 of the Contaminants project was complete. The report identified the Phase 2 work packages planned during 2025 against which funding was in place.

The Committee sought assurance that Firefighter Welfare remained a key focus for the Service, referencing a recent Grenfell Report on Contaminants. The Committee were apprised that the Service was committed to continuing to meet standards and implementing future recommendations from industry professionals such as the National Fire Chiefs Council (NFCC). The Service was comfortable with the controls in place locally to manage Contaminants. The Contaminants Board would next be considering how best to invest in PPE that matched revised NFCC requirements.

\* **AGC/24/23**      **Government Consultation on Strengthening the Standards and Conduct Framework for Local Authorities in England**

The Committee received a report of the Clerk to the Authority (& Monitoring Officer) which provided an overview of the Government's current standards and conduct regimes, along with details of the Government's proposals to reform them. The Government was seeking the views of Local Authorities to its proposals with a consultation end date of 26 February 2025.

**RESOLVED** that, in consultation with the Chair of the Audit and Governance Committee, the Clerk to the Authority (& Monitoring Officer) be authorised to submit a response on behalf of the Committee to the Consultation by the deadline of 26 February 2025.

\* AGC/24/24

**Government Consultation on a Strategy for Overhauling the Local Audit System in England**

The Committee received a report of the Head of Finance (Treasurer) which provided an overview of the Government's commitment to fix the Local Audit System and detailed the resulting government consultation on the proposals which included:

- Creation of a Local Audit Office (LOA);
- Simplifying Authority financial reporting requirements; and
- Reforming the audit regime.

The Treasurer drew the Committee's attention to the Government's enquiry on whether the Chair of an Audit Committee should be an Independent Member. The Committee discussed this proposal, observing that the Private Sector did not practice in this way, and generally concurred that the Chair of an Audit Committee should remain as an elected Member.

**RESOLVED** that, in consultation with the Chair of the Audit and Governance Committee, the Treasurer be authorised to submit a response to the Consultation on behalf of the Committee by the deadline of 29<sup>th</sup> January 2025.

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

The Meeting started at 2.00 pm and finished at 3.40 pm

**COMMUNITY SAFETY COMMITTEE**  
(Devon & Somerset Fire & Rescue Authority)

31 January 2025

Present:

Councillors Hendy (Chair), Fellows, Best, Kerley and Coles

In attendance (via Teams):

Councillors Clayton and Randall Johnson

Apologies:

Councillors Chesterton and Radford

\* **CSC/24/11**    **Minutes**

**RESOLVED** that the Minutes of the meeting held on the 13 December 2024 be signed as a correct record

\* **CSC/24/12**    **His Majesty's Inspectorate of Constabulary & Fire & Rescue Services (HMICFRS) Areas for Improvement Action Plan Update**

The Committee received for information a report of the Chief Fire Officer (CSC/25/1) on the Service's Areas for Improvement (AFIs) Action Plan.

In summary, the areas for improvement action plan completion status had been:

Reference	Description	Target Completion	Status
HMI-1.2-202203	The service should evaluate its prevention activity so it understands what works.	<del>29/02/2024</del> 31/10/2024	Completed
HMI-1.2-202204	Safeguarding training should be provided to all staff.	<del>30/04/2024</del> 30/06/2024	Closed
HMI-1.3-202205	The service should make sure it has an effective quality assurance process, so staff carry out audits and fire safety checks to an appropriate standard.	<del>30/09/2023</del> <del>30/11/2023</del> 31/08/2024	Closed

The Committee's attention was drawn to area HMI-1.2-220203, referring to prevention activity which was as annotated as 'completed'. It was noted that this was subject to final review and approval by the Executive Board in February 2025.

In response to a query raised by the Committee, the Service advised that, though allocated across Committees overall, oversight of all AFIs had been provided to the Authority through both formal reports and informal briefings.

The Committee challenged the February 2025 date, as the next Committee would not be until April 2025, however, this had been unavoidable due to the Service’s governance process for AFIs. To mitigate this delay, the Service would share information with Members via the designated Members’ Teams Channel.

The Committee acknowledged the good progress made.

\* **CSC/24/13** **Strategic Priority 1 and 2 Performance Measures**

The Committee considered a report of the Director of Service Delivery (CSC/25/2) to which was appended a performance monitoring report for the third quarter of the current (2024-25) financial year against those Key Performance Indicators (KPIs) falling within the remit of this Committee for scrutiny purposes and aligned to Authority-approved Strategic Priorities 1 and 2.

In summary, the report noted the KPI performance as:

	Succeeding (✓)	Near target (•)	Requires improvement (✗)
Priority 1	15 (-)	5 (-)	1 (-)
Priority 2	2 (-)	5 (-)	1 (-1)

The KPIs with a status of “needs improvement” were:

- KPI 1.1. Number of fire-related deaths in dwellings; and
- KPI 2.8. Percentage availability of risk dependant pumping appliances.

The report provided a detailed exception report for the three KPIs requiring improvement, explaining the reasons for the exceptions and measures to remediate the performance as follows:

- In terms of KPI 1.1 relating to the number of fire-related deaths in dwellings, the report highlighted a target of ‘0’ with the actual reported as ‘1’. There had been a fire death on 29 November 2024 which had been reported to the Committees at the previous meeting. As an update to this measure, the Director of Service Delivery advised the Committee of two further fire deaths. Further information would be provided to the Committee as part of the next performance report; and

- KPI 2.8, relating to percentage availability of risk dependant pumping appliances reported an actual of 57.5% against a target of 85%. The Committee referred to the detailed report on this KPI at the preceding meeting which had provided a greater insight into the measure.

The Committee queried the target for KPI 1.12, relating to the percentage of building regulation and licensing jobs completed on time. The Service would provide further information on the target of 100% as part of the net performance report. This would be provided in the next report.

In response to a question raised by the Clerk to the Authority on future areas for scrutiny of performance, the Committee requested that a report detailing Pump Availability be submitted to the next meeting.

### **RESOLVED**

- (a). That a report on Pump Availability be submitted to the next meeting; and
- (b). That, subject to (a) above, the report be noted.

### \* **CSC/24/14 Emergency Response Standards**

The Committee received for information a report of the Deputy Chief Fire Officer (CSC/25/3) on the Service's Emergency Response Standards (ERS) for quarter three. The report provided an in-depth review of the Services performance against its ERS for dwelling fires and road traffic collisions (RTCs) for the 2024/25 financial year.

The Committee noted the Service's ERC performance for 2024/25 (year to date April to December 2024) was 71.7% against the target of 75%. The influencing factors had been identified as call handling time, turnout times and travel time.

The Committee noted the increase in call handling time had been in response to the Service undertaking improved quality assurance of the calls. This activity had aided in improved incident location accuracy. In further support of this activity, the Director of Service Delivery reminded the Committee of the Control partnership. This partnership allowed for calls to be answered by partnership Control centres in situations of high demand or reduced availability.

The Committee queried the response time targets and the impact the road networks of Devon and Somerset had on this. The Service advised the target had been created based on past survivability research from the University of Exeter. The existing performance metric did not provide an indication of how appliances performed when on scene.

The Committee considered the targets to be unachievable and requested a review of response times based on improved technology provisions and accessible data. This would include improved data on appliance turn outs which would be obtained through future installation of appliance telematics. The Director of Service Delivery advised the Committee that a review of the targets would be presented to the Authority at a future date as part of the Service's Fire Cover Review.

The Committee acknowledged the work undertaken to compile the report and thanked the Service for its presentation.

\* **CSC/24/15**    **Home Fire Safety Visits Update**

The Committee received for information a report of the Deputy Chief Fire Officer (CSC/25/4) on the Service's Home Fire Safety Visits (HFSVs). The report provided an update on the backlog of Home Fire Safety Visits since the last update to the Committee in September 2024.

As of the 31 January 2025, the current number of outstanding HFSVs was reported at 520, this figure was within the Service's expected level.

In response to a query, the Service advised that the timeframe for the implementation of the new Community Fire and Rescue Management Information System (CFRMIS) would be soon. This, following an assessment of Wholetime activity, would allow the Prevention Team to review future staffing resources required within the Home Fire Safety Team.

The Committee thanked the Service for the positive update and thanked the Home Fire Safety Team for their continued hard work and dedication.

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

The Meeting started at 2.00 pm and finished at 3.17 pm

## SHAREHOLDER COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

4 February 2025

### Present:

Councillors Cook-Woodman (Chair), Coles (Vice-Chair), Hendy, Peart and Sully

### Apologies:

Councillor Randall-Johnson

### In attendance:

Councillor Biederman

\* **SC/24/12**      **Minutes**

**RESOLVED** that the Minutes of the meeting held in public on 17 October 2024 be signed as a correct record.

\* **SC/24/13**      **Exclusion of the Press and Public**

**RESOLVED** that the press and public (with the exception of the Independent Chair, Executive Directors and Non-Executive Directors on the Board of Red One Ltd.) be excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in the following Paragraph of Part 1 of Schedule 12A (as amended) to the Local Government Act 1972, namely:

- Paragraph 3 (the financial or business affairs of any particular person, including the authority holding that information).

\* **SC/24/14**      **Restricted Minutes of the Committee held on 17 October 2024**

**RESOLVED** that the Restricted Minutes of the meeting held on 17 October 2024 be signed as a correct record.

\* **SC/24/15**      **Red One Ltd. Financial Performance 2024-25 (to 31 December 2024)**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public (with the exception of the Independent Chair, Executive Directors and Service appointed Non-Executive Directors on the Board of Red One Ltd.) were excluded from the meeting).

NB. The Director of Service Delivery declared a personal, non-pecuniary interest in this item by virtue of being a Service appointed Non-Executive Director on the Board of Red One Ltd.)

The Committee considered a report of the Co-Chief Executives and Finance Director of Red One Ltd. (SC/25/1) setting out the financial performance of the company during quarter 3 (to 31 December 2024) of the 2024-25 financial year.

## **RESOLVED**

- (a). That the policy set out at Appendix B of report SC/25/1 be endorsed; and
- (b) Subject to (a). above, the financial performance of Red One Ltd. to 31 December 2024 of the 2024-25 financial year, as set out in the Appendix to report SC/25/1 be noted.

\* **SC/24/16**      **Red One Ltd. Five Year Business Plan**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public (with the exception of the Independent Chair, Executive Directors and Service appointed Non-Executive Directors on the Board of Red One Ltd.) were excluded from the meeting).

NB. The Director of Service Delivery declared a personal, non-pecuniary interest in this item by virtue of being a Service appointed Non-Executive Director on the Board of Red One Ltd.).

The Committee received for information the draft five-year Business Plan for Red One Ltd. for the period 1 April 2024 to 31 March 2029.

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

The Meeting started at 2.00 pm and finished at 3.05 pm



## RESOURCES COMMITTEE

(Devon & Somerset Fire & Rescue Authority)

5 February 2025

### Present:

Councillors Peart (Chair), Best (Vice-Chair), Carter, Lugger, Sully and Coles

\* **RC/24/8**      **Minutes**

**RESOLVED** that the Minutes of the meeting held 22<sup>nd</sup> November 2024 be signed as a correct record.

**RC/24/9**      **2025-26 Revenue Budget and Council Tax Levels**

The Committee considered a joint report of the Head of Finance (Treasurer) and the Chief Fire Officer (RC/25/1) on the draft 2025-26 revenue budget and associated Council Tax levels.

Two options were presented in the report circulated, namely:

- Option A: that the level of Council Tax in 2025-26 for a Band D property be set at £102.66, representing a 2.99% increase over 2024-25, and that accordingly, the Net Revenue Budget Requirement for 2025-26 would be £97,368,700; or
- Option B: that the level of Council Tax in 2025-26 for a Band D property be set at £104.68 representing a 5% (£5) increase over 2024-25 and that accordingly, the Net Revenue Budget Requirement for 2025-26 would be £98,694,100.

A one-year Local Government Finance Settlement had been announced on 18 December 2024. This indicated a Settlement Funding Assessment for the Authority of £29.214m for 2025-26, a 1.29% increase on the settlement for 2024-25 but representing a -0.68% decrease on the settlement for 2015-16.

The Settlement had included a maximum Council Tax Level increase limit for 2025/26 of £5 for a Band D property. Fire Services across England would no longer receive a Rural Services Delivery Grant (previously £0.575m for this Authority), or other Section 31 grants such as the Social Services Guarantee Grant (previously £0.100m for this Authority). The Committee was apprised that the National Fire Chief's Council was coordinating a response, to the Government, on the removal of those grants for all Fire Services. The cumulative impact of the loss of the grants for this Authority was approximately a 2.3% reduction in the Authority's 2025/26 budget.

The Committee expressed its deep concern at the removal of the Rural Services Delivery Grant for all fire and rescue services. Given the rurality issues, particularly for Devon and Somerset, Cllr Lugger **MOVED** (seconded by Councillor Best):

“That the Chief Fire Officer and Treasurer in conjunction with the Chair of the Authority write to the Government expressing concern on the impact of the removal of the Rural Services Delivery grant on this Authority’s budget.”

Upon a vote, the motion was declared **CARRIED**.

The Treasurer gave an update at the meeting on the Retained Business Rates that had now been confirmed by the billing authorities. The impact of this would be included in the updated figures presented to the Authority at its meeting on 17 February 2024.

The Committee was advised that, should budget Option A be selected, the resulting shortfall of £2.327m could be met with a transfer from reserves of £1m, along with a Revenue Contribution to Capital of £1.326m. If budget Option B was selected, the budget shortfall would be £1m, requiring only a transfer from reserves of that amount, with no Revenue Contribution to Capital.

The Treasurer advised that the approval of Option B by the Authority would enable the Service to reallocate £2m from the Revenue Budget to support the capital programme, thereby alleviating some of the burden of future borrowing.

The Service had, as required by Section 65 of the Local Government Finance Act 1992, consulted non-domestic ratepayers (businesses) regarding the options to increase council tax at a time of economic difficulty. Although not a statutory requirement, members of the public had also been consulted. The results were positive, with a net agreement of +52% of businesses and +61% of residents supporting the notion that it would be reasonable for the Authority to consider increasing its Council Tax charge for 2025/26. The Treasurer highlighted to the Committee that the Service would, during 2025/26, receive an additional £1.120m from second home Council Tax income.

The Committee considered whether the government had a stance on the amount of reserves held by Fire Services in relation to increasing Council Tax levels for residents. The Committee was informed that the Government had relaxed its position on this matter in recent years having reconsidered the extent and cost of Fire Service’s Capital Programmes.

**RESOLVED** that the Authority be recommended:

- (a). to set the level of Council Tax in 2025-26 for a Band D property at £104.68, as outlined above, representing a £5 (5%) increase over 2024-25 and that accordingly, a Net Revenue Budget Requirement for 2024-25 of £98,694,100 be approved;
- (b). that, as a consequence of (a) above:
  - (i). the tax base for payment purposes and the precept required from each billing authority for payment of a total precept of £69,880,540, as set out in the figures above (Option B) be approved;

- (ii). the council tax for each of the property bands A to H associated with the total precept as detailed in the budget booklet be approved; and
- (c). that the Treasurer's Statement on the Robustness of the Budget Estimates and the Adequacy of the Authority Reserve Balances, as set out in Appendix B to the report, be endorsed.
- (d). To authorise the Chief Fire Officer and Treasurer in conjunction with the Chair of the Authority to write to the Government expressing concern on the impact of the removal of the Rural Services Delivery grant on this Authority's budget.

#### **RC/24/10 Capital Strategy 2025-26**

The Committee considered a report of the Head of Finance (Treasurer) (RC/25/2) setting out a proposed capital strategy for the Authority, as required by the Chartered Institute of Public Finance and Accountancy Prudential Code.

The Strategy provided a high-level overview of capital expenditure, the way it was financed, and how it contributes to the provision of services together with an overview of how associated risk would be managed and the implications for future financial sustainability. The Strategy also set out the governance processes for approval and monitoring of capital expenditure.

The Strategy was a key document for the Authority and formed part of the financial planning arrangements, reflecting the priorities of the Medium-Term Financial Plan.

It was identified that uncertainties surrounding the 2025/26 pay decisions could place additional pressure on the budget if the award exceeded 2%. The Committee was assured that the Authority was compliant with the Minimum Revenue Provision Policy (minute RC/25/13 refers).

**RESOLVED** that the Authority be recommended to endorse the Capital Strategy as set out in the report.

*(See also Minutes RC/24/10 above and RC/24/12 below.)*

#### **RC/24/11 Capital Programme 2025-26 to 2027-28**

The Committee considered a report of the Head of Finance (Treasurer) (RC/25/3) on the proposed draft Capital Programme 2025-26 to 2027-28 and associated Prudential Indicators. The Report set out the Authority's 3-year indicative Capital Programme, which cross referenced with information considered during the previous item (Minute RC/25/11 refers).

It was highlighted to the Committee that:

- The revised capital programme for 2025-26 to 2027-28 contained some estimated figures which would be updated in due course; and
- £13.167m of external borrowing was predicted in 2027-28.

The Head of Finance (Treasurer) was seeking, at Appendix B of the report, an increase to the operational boundaries and authorised limit for external debt. An amended recommendation was circulated at the meeting to clarify this requirement, whereupon:

Councillor Best **MOVED** (seconded by Councillor Coles):

“that the Authority, at its budget meeting on 17 February 2025 be recommended to approve:

- (a). the draft Capital Programme 2025-26 to 2027-28 and associated Prudential Indicators, including the operational boundary and authorised limits for external debt, as detailed in this report and summarised at Appendices A and B respectively; and
- (b). subject to (a) above, the forecast impact of the proposed Capital Programme (from 2028-29 onwards) on the 5% debt ratio Prudential Indicator as indicated in this report be noted.

Upon a vote the motion was declared **CARRIED**.

**RESOLVED** that the Authority, at its budget meeting on 17 February 2025 be recommended to approve:

- (a). the draft Capital Programme 2025-26 to 2027-28 and associated Prudential Indicators, including the operational boundary and authorised limits for external debt, as detailed in this report and summarised at Appendices A and B respectively; and
- (b). subject to (a) above, the forecast impact of the proposed Capital Programme (from 2028-29 onwards) on the 5% debt ratio Prudential Indicator as indicated in this report be noted.

*(See also Minutes RC/24/11 above and RC/24/13 below.)*

**RC/24/12**      **Treasury Management Strategy (Including Prudential Indicators and Treasury Indicators report 2025-26 to 2027-28)**

The Committee considered a report of the Head of Finance (Treasurer) (RC/25/4) detailing:

- the proposed Treasury Management Strategy (including Prudential Indicators) and investment strategy for 2025-26;
- Prudential Indicators associated with the proposed Capital Programme 2025-26 to 2027-28;
- a Minimum Revenue Provision Statement 2025-26; and
- certification that none of the Authority’s spending plans would include the acquisition of assets primarily for yield.

The proposed Strategy had been prepared in accordance with the requirements of the Local Government Act 2003 and the Treasury Management Code of Practice produced by the Chartered Institute of Public Finance and Accountancy.

**RESOLVED** that the Authority be recommended to approve:

- (a). the Treasury Management Strategy and Annual Investment Strategy 2025-26 as set out in report RC/25/4; and
- (b). the Minimum Revenue Provision Statement 2025-26 as appended to the report.

\* **RC/24/13** **Treasury Management Performance 2024-25: Quarter 3**

*NB. Adam Burleton, the Service's Treasury Management adviser (MUFG Group) was in attendance for this item.*

The Committee received for information a report of the Head of Finance (Treasurer) (RC/25/5) on the Treasury Management activities of the Authority for 2024-25 (to end December 2024) in accordance with The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice.

During consideration of this item, the following key points were noted:

- Link Treasury Services, the Authority's Treasury Management Advisors, had been acquired by Mitsubishi United Financial Group of Japan (MUFG);
- Since the peak in 10-year gilt yields of 4.64% in December 2024, rates had decreased to 4.08% as of 5th February 2025. Consequently, the Public Works Loan Board (PWLB) rates had also reduced since the publication of the report;
- Gross Domestic Product (GDP) had contracted by 0.1% m/m in October 2024, and it had shown no growth during Quarter 3. Consequently, expectations were that the Bank Rate may be cut to 4.5% at the MPC's meeting of 6<sup>th</sup> February 2025;
- Recent changes in the United States trading tariffs could create some volatility in the trading markets, impacting the UK's energy costs. Inflation may then increase but it was anticipated that this would soon settle thereafter as the MPC cut rates;
- Bank rates were expected to decrease to 3.75% during the next financial year. The Authority was consequently advised that, should borrowing be required in the near future, it should be undertaken on a short-term basis;
- The Authority had marginally underperformed against the 3-month sterling Overnight Index Average (SONIA), achieving a return of 4.78% compared to the benchmark return of 4.81% for Quarter 3 of 2024-25. However, it was anticipated that the Service would exceed its £1.7m investment target for the current financial year by £0.502m;
- the Annual Treasury Management Strategy had continued on a prudent approach, underpinned by investment priorities based on security of capital, liquidity and yield;

- the Authority had undertaken no new borrowing during the reporting period; and
- The Authority had not breached its Prudential Indicators (affordability limits) during the reporting period.

Recognising that the Authority held investments in other Local Authorities (LAs), the Committee considered the risks associated with loaning to LAs and the potential for default on those loans. The Committee was informed that the Local Government Act provided assurance that an LA would not default on a loan from another LA.

\* **RC/24/14**      **Financial Performance Report 2024-25: Quarter 3**

The Committee received for information a report of the Head of Finance (Treasurer) (RC/25/6) that provided the Committee with details of the third quarter performance (to December 2024) against the agreed financial targets for 2024-25.

The Head of Finance (Treasurer) advised the Committee that there was a projected variance (underspend) of £2.996m for the 2024-25 financial year. Whilst the report detailed further where the underspends had occurred, the following were highlighted to the Committee:

- **Wholetime:** Underspent by £1.15m (3.0% of the budget). The Service had budgeted for a 5% increase in pay; however, the final award was 4%, resulting in part of this underspend. The rest of the underspend was due to implementation of the Service's shift pattern changing strategy – some vacancies had been kept open to ensure that there was sufficient staff to run the new model;
- **On-call:** underspent by £0.741 (3.2% of the budget). The Committee was informed that it was challenging to predict outgoings for this type of pay-as-you-go cost. The budget had been constructed using three-year average data, which included historical costs associated with environmental disasters that the Service had not experienced this year (e.g., wildfires); and
- **Professional & Technical Pay:** underspent by £0.649m (3.7% of the budget). The Service had been experiencing challenges in recruiting staff with the requisite professional and technical skills in some specialist areas. The Committee was informed of the Job Evaluation process, which all roles underwent prior to advertisement to ensure pay scales were suitable. The pay scales were aligned with the National Joint Council, and market supplements were added to the pay for some roles to attract higher calibre applicants.

The Committee was informed that, since the publication of this report, some of the outstanding debt owed to the Service had been recovered. For the remaining debt, which was outstanding for durations of 29-56 days and 57-84 days, the Service was confident that those debtors would pay their dues. There remained £3,588 in outstanding debt that had been owing for over 85 days. The Service had entered into resolution discussions to find a way forward with the debtors.

Future budget challenges were highlighted to the Committee in Table 7 of the report, which forecast the required cumulative reductions to the base budget in the years 2026-27 (£3.24m) and 2027-28 (£2.583m). The ongoing Fire Cover Review would enable the Service to further understand the challenges ahead and inform decisions on how best to meet the risks and needs of the communities it serves.

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

The Meeting started at 10.00 am and finished at 11.40 am

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# Agenda Item 8

<b>REPORT REFERENCE NO.</b>	DSFRA/25/1
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (Budget Meeting)</b>
<b>DATE OF MEETING</b>	<b>17 FEBRUARY 2025</b>
<b>SUBJECT OF REPORT</b>	<b>MEDIUM-TERM FINANCIAL PLAN</b>
<b>LEAD OFFICER</b>	<b>Head of Finance (Treasurer)</b>
<b>RECOMMENDATIONS</b>	<b><i>That the Medium-Term Financial Plan as set out in this report be endorsed.</i></b>
<b>EXECUTIVE SUMMARY</b>	<p>The requirement to produce and publish a Medium-Term Financial Plan is included in the current iteration of the Fire &amp; Rescue National Framework for England.</p> <p>The document now attached outlines funding, income and expenditure forecasts for the Authority for the next five financial years (to 2029-30). The Plan identifies how the financial forecast is constructed (including funding sources and expenditure/cost pressures) together with savings targets over the period covered within the Target Operating Model will be the principal vehicle for delivering these savings.</p> <p>As such, the Medium-Term Financial Plan should be considered alongside the Target Operating Model (which will deliver against those objectives in the Community Integrated Risk Management Plan) and the Reserves Strategy.</p> <p>The Medium-Term Financial Plan will be updated at least annually as part of the budget setting process and will be refreshed more frequently as soon as any information making a material difference becomes available.</p>
<b>RESOURCE IMPLICATIONS</b>	As set out in the Medium-Term Financial Plan appended to this report.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	The contents of this report are considered compatible with existing Equalities and Human Rights legislation.
<b>APPENDICES</b>	A. Glossary and methodology for calculating assumptions.
<b>BACKGROUND PAPERS</b>	<a href="#">Community Risk Management Plan 2022 - 2027</a> <a href="#">Fire &amp; Rescue National Framework for England 2018</a>

## **1. INTRODUCTION**

- 1.1. The Devon & Somerset Fire & Rescue Authority (the Authority) covers a diverse geographical area across two counties; with large towns and cities, market towns and isolated rural areas together with major roads and two extensive lengths of coastline. The current budget (2024-25) of £92.6m is used to resource 83 fire stations, 112 fire engines in addition to numerous special appliances. Around 1,800 staff deliver fire prevention and protection activity, respond to emergency calls and incidents and provide professional support functions.
- 1.2. This document is the Medium-Term Financial Plan and outlines funding, income and expenditure forecasts for the next five years. The Medium-Term Financial Plan will be updated annually as part of the budget setting process and will be refreshed more frequently if information which makes a material difference becomes available. Understanding the Authority's finances is really important when making decisions about the future and this document should be read alongside the Authority's Community Risk Management Plan and Reserves Strategy together with the change Programme.
- 1.3. The CIPFA Prudential Code ensure that, within this framework, that the Capital investment plans are affordable, prudent and sustainable. Please refer to the published Capital Strategy for more information.

## **2. FUNDING AND INCOME**

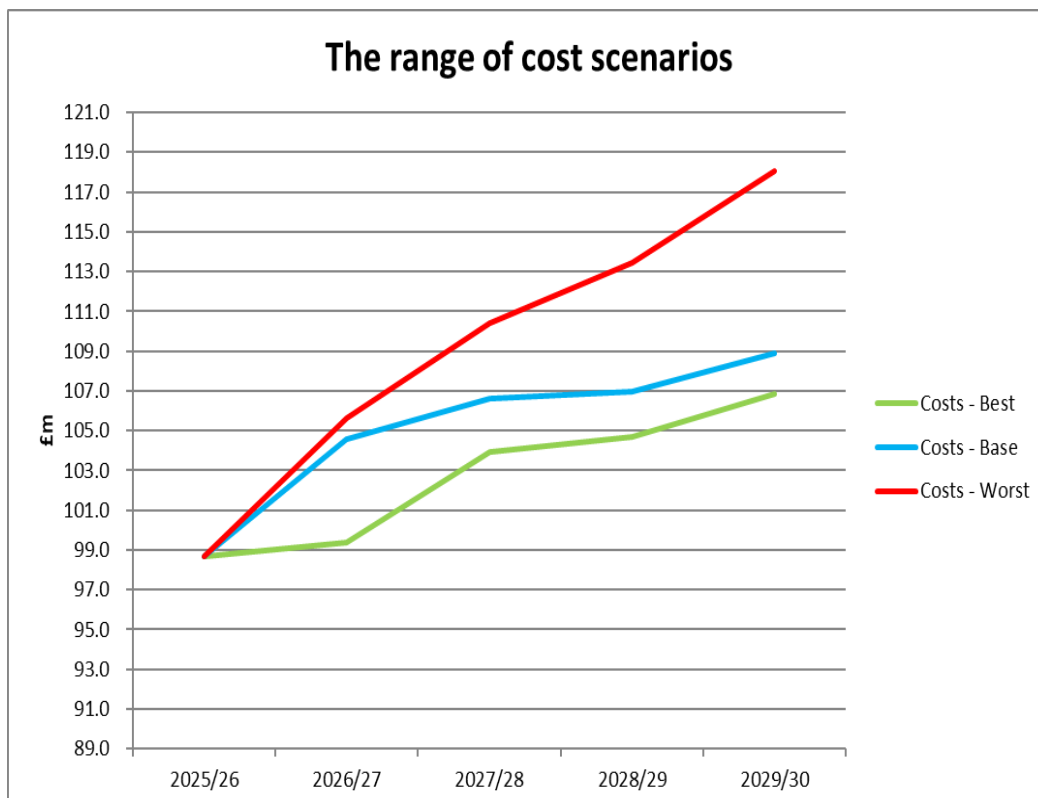
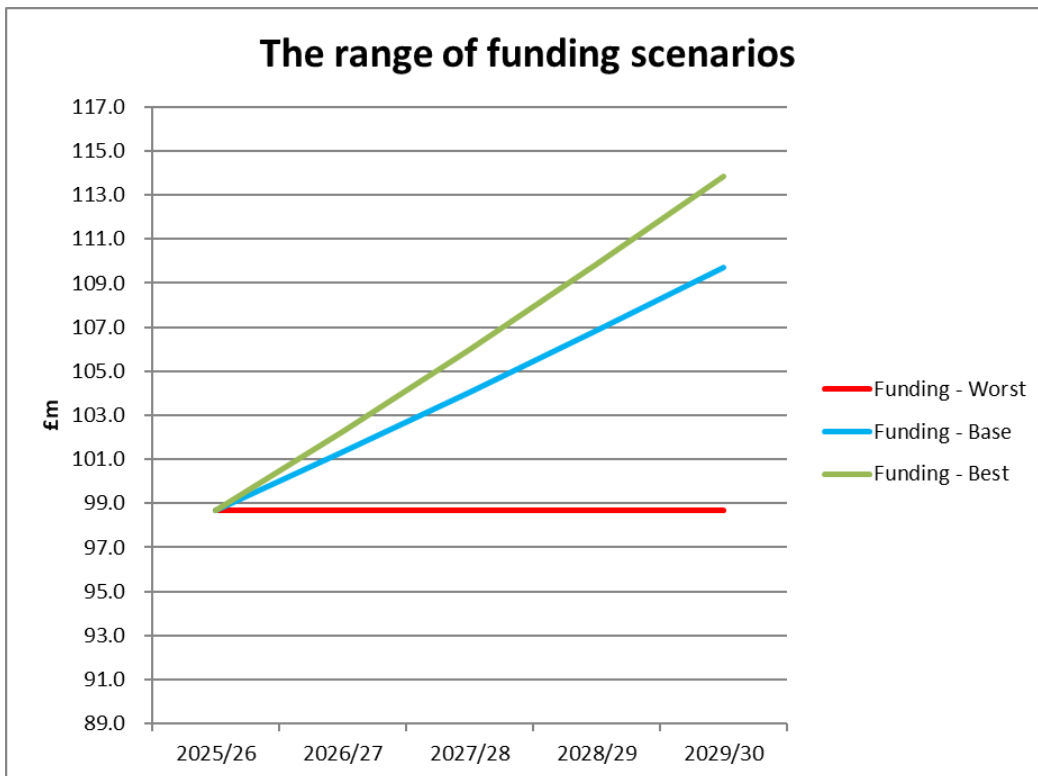
- 2.1. The Authority has three main sources of revenue funding:
  - Council Tax Precept;
  - National Non-Domestic Rates Scheme; and
  - Revenue Support Grant.
- 2.2. Additionally, income from one-off grants, recharges and services is offset against our expenditure in order to reach the "net revenue budget" in each year.

## **3. BUILDING THE MEDIUM-TERM FINANCIAL FORECAST**

### ***Planning for different scenarios***

- 3.1. The forecasts in this document represent a "base case" scenario built on the latest information from government, sector knowledge and experience of finance officers. "Worst case" and "best case" scenarios are also developed to show the impact of various funding and cost pressures.
- 3.2. In the Worst case, government grants are frozen, pay and inflation see a steep increase, additional pensions costs arise, council tax is frozen and the base continues to remain as is with no growth and a very modest mid-period increase in council tax collection surplus.
- 3.3. In the Best case, government grants, pay and inflation remain steady, pension costs are funded and Council tax is increased every year, with the council tax base achieving modest growth.

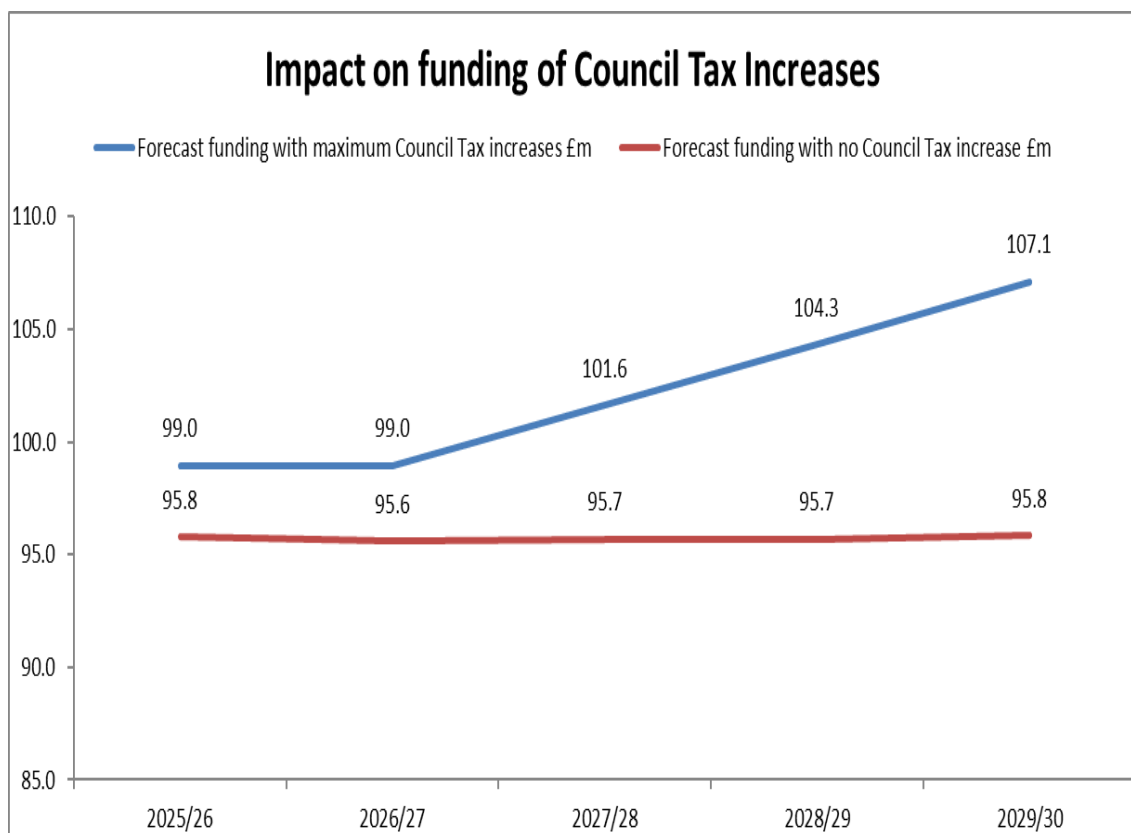
- 3.4. In the Base case, which is presented here, government grants rise with inflation, pay and inflation remain steady, pension costs are minimal and council tax losses are minimised. This is considered the most likely scenario.
- 3.5. The Base case is presented to the Authority with options over council tax and where savings targets are fed back into the budget setting process each year.



3.6. The range of scenarios presented in the charts above demonstrates that the savings gap (the difference between funding and costs) could vary from a deficit of £18.6m to a benefit of £7.0m over the next five years. The base case (£13.4m gap) represents the most likely scenario and informs the Medium-Term Financial Plan. Because the Plan is reviewed annually, variations can be built in and projections are refined at regular intervals, short term exceptions can also be smoothed out using reserves.

**Funding**

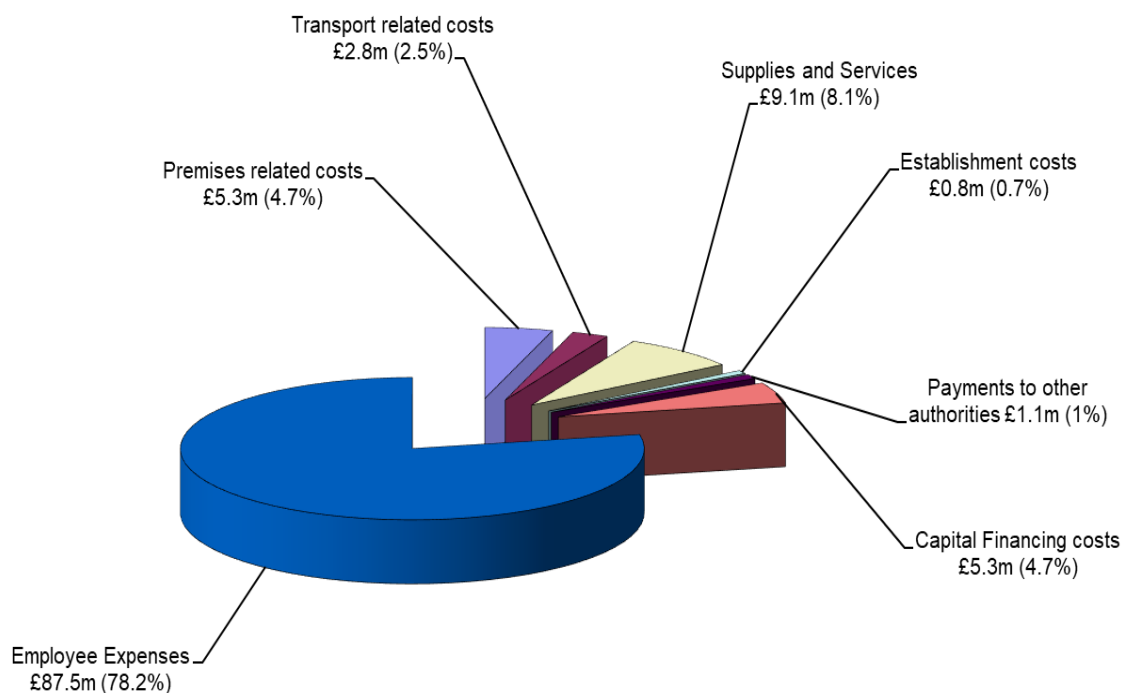
3.7. When building the five-year forecast, assumptions are made about each of the funding sources and how they may change in the coming years. A range of scenarios can then be used to calculate the anticipated funding available. The Authority only has direct control over the level of Council Tax raised each year and the graph below shows the impact on funding of maximum raises against no increases, which could amount to a difference of £11.3m over the next five years.



**Expenditure**

3.8. Assumptions are also made about forecast expenditure. The Authority can control some of its costs by managing its budget effectively; other elements are dependent on national drivers such as inflation, superannuation (pension) costs and pay awards. Expenditure is shown in the chart overleaf which highlights that 78.2% of Service costs are related to employees, meaning that increases in this area can have a significant impact on the budget. The Capital Programme is also paid for through Revenue funds; a combination of money set aside to pay for historic borrowing, budget provision to fund future capital expenditure and Reserves designated for Capital Use.

## Devon & Somerset Fire & Rescue Authority - Analysis of Spending 2025/26



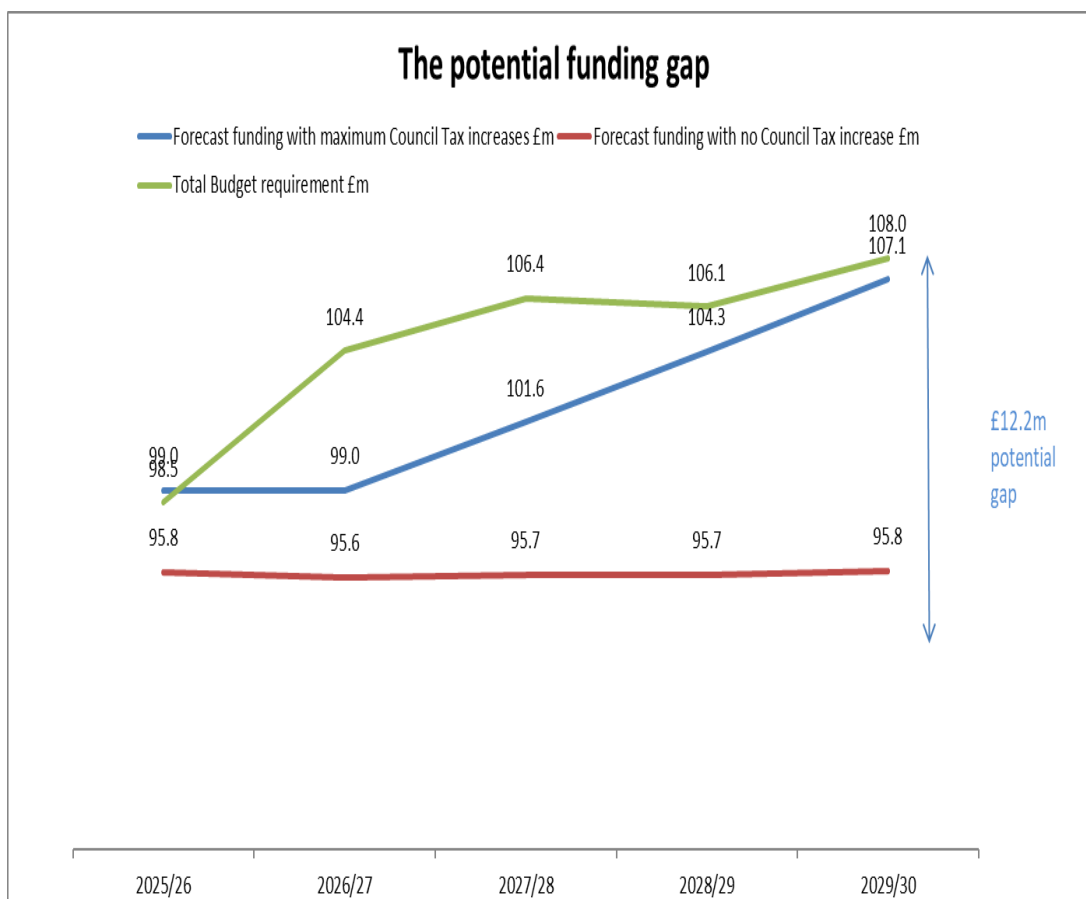
### **Cost Pressures**

3.9. The medium-term financial forecast identifies the following cost pressures within the next five years which are added to the current budget to reach the future budget requirement:

- Pay increases
- Inflation
- Pension increases
- Reduction to one-off grant income
- Capital investment

### **Savings targets and the Target Operating Model**

3.10. The chart overleaf shows the gap between potential funding available versus the budget requirement, including cost pressures. This is known as the funding gap. Over five years the funding gap could reach £12.2m if Council Tax is frozen, falling by £11.3m if increased in line with assumed referendum limits (i.e. 1.99%) set by HM Treasury.



3.11. The Authority has an excellent history of achieving savings targets, with over £24.8m saved over the years since 2011-12 to 2024-25.

3.12. Given the big challenge posed by the funding gap and the need to reform the Service, plans have been approved to future-proof the organisation and deliver budget savings. The Community Risk Management Plan will define the Service high-level strategy complete with the published Target Operating Model (TOM) and the Fire Cover review, which will align the Service workforce in the most efficient and effective way.

#### 4. **MEETING THE FUNDING GAP**

4.1. Following on from efforts to realign resources to risk, focus will now be placed on efficiency of the Service through:

- The Fire Cover Review which has been looking, amongst other matters, appliance availability and demand, Station Status and Station locations;
- Technical Rescue Teams review;
- Smarter working and continued Digital Transformation; and
- Exploring opportunities to improve the productivity of Service staff and assets including the wholtime rostering and reviewing pay for availability payments.

- 4.2. The Service has completed phase 1 of the Fire Cover Review (FCR) which has evaluated resource provision against identified risk in our communities. It has considered current and emerging risks and their potential effect on demand and harm levels and has taken a high-level view of the cost benefit analysis of possible changes to the Service's response delivery model. The FCR draws on themes identified within the Community Risk Management Plan 2022 to 2027 (CRMP).
- 4.3. The review will support the future determination of our response model which determines the type of resources that are required to mitigate risk within communities, where they are located and how they are crewed.
- 4.4. The emerging recommendations from phase 1 are to further examine some of the following areas of the response model:
- Appliance availability and demand;
  - Station statuses; and
  - Station locations.
- 4.5. The Service is also continuing to progress the four priority areas of work previously agreed to support the balancing of the MTFP which are:
- Pay for Availability (P4A) review (on call duty system);
  - Automated Fire Alarms;
  - Technical Rescue Training Review; and
  - Whole Time Rostering (whole time duty shift change).

## **5. STRATEGIC ASSESSMENT OF RISK**

- 5.1. To ensure that our Community Risk Management Plan (CRMP) remains relevant and reflective of the wider landscape in which we operate, we undertake an annual review including the strategic assessment of risk.
- 5.2. This assessment examines a range of key factors that impact on our organisation from opportunities and challenges emerging from within the fire sector and those within the wider public-sector environment.
- 5.3. The assessment aims to help ensure that our planning and decision-making remains current and reflective of the landscape within which we operate. It is developed from analysis that draws on a broad range of information, data, and intelligence, looking both externally and internally and against risk and demand.
- 5.4. The document evidences a large number of key strategic issues facing the Authority within its current and future planning including:
- Financial uncertainty for the Authority and its partners is set to continue for the foreseeable future;
  - The Service's targeted prevention and protection activities reduce the risks on our communities, improving health, safety and wellbeing and supporting the local economy;

- There is a requirement to consider the sustainability of the Service’s operational training centres, including the feasibility of developing a single, central and modernised training facility to further improve firefighter safety; reduce medium-term costs and mitigate the risks associated with the existing Private Finance initiative (PFI) arrangements;
- The recruitment and retention of on-call firefighters will remain increasingly difficult with a significant impact upon the availability of appliances and costs;
- The number of people killed or seriously injured on our roads remains consistently high and needs to be further reduced;
- There is a need to ensure that the Authority plays its part in reducing the Service’s environmental impact, which will need some one-off “Invest to Save” funding to generate longer term, ongoing savings as part of our efficiency plan;
- The diversity of the workforce is not sufficiently reflective of the community we serve;
- There is a need to continue strengthening the work pursued within the Network Fire Service Partnership (NFSP) with our neighbouring fire and rescue services including the upgrade of the mobilising systems to drive costs and efficiency savings through borderless mobilising operational assets; and
- There is a continued need to engage and financially resource the much delayed national emergency services’ mobile communications programme to improve future resilience of communications and incident management as the Airwave system comes to end of its contract.

## **6. CAPITAL PROGRAMME.**

- 6.1. Capital expenditure and financing are contained within the 5-year Capital Programme which is presented to the Fire Authority under a separate report. This can be read in conjunction with the Capital Strategy, which is also presented annually to the Fire Authority and is published on the website.
- 6.2. The 2024-25 programme includes identifying the property assets in most need of attention now and over the next few years, based on risk and priority. The Estates programme also includes the required investment to deliver the project to provide future-proofed operational training facilities within the Academy. A replacement for the Fire Station in Plymouth is also included alongside some station improvements.
- 6.3. Vehicles are regularly reviewed and are subject to the long-term vehicle replacement policy. After some significant investment over the past few years the 2025-26 capital programme includes replacement of ten fire appliances, four all-wheel drive fire appliances, four incident command vehicle, four Tactical Rescue Vehicles, five water carriers, three welfare support vehicles and a number of other smaller vehicles.



**7. CONCLUSION**

- 7.1. The medium-term financial forecast is indicating significant budget pressures over the next five-year period and robust plans must be made to meet the challenge. The Service is progressing well with change plans and will need to identify further benefits within the next year to ensure longer term financial sustainability. In addition, ongoing work will be done to reduce costs through budget management, procurement, collaboration and efficiency reviews.

**ANDREW FURBEAR**  
**Head of Finance (Treasurer)**

**GLOSSARY AND METHODOLOGY FOR CALCULATING ASSUMPTIONS**

**Council Tax Precept.** Each household receives an annual Council Tax Bill which is made up of charges for various services such as County, Unitary, District and Parish Councils, Police and Fire. The charge is known as the Council Tax Precept and is determined by the Authority each year and is usually quoted as the amount for a Band D property. In Devon & Somerset there are 11 billing authorities made up of district and unitary councils and those bodies are responsible for sending out bills to households and collecting the money which is then paid over to the Authority.

Council Tax income received in each year is based on three elements and these are forecast separately:

- The amount of Council Tax Precept that each household pays is set by the Authority each year and in 2025-26 is subject to a maximum of £5(5%) increase (any increase above that level would require a local referendum to be held).
- The number of households in the area (the Council Tax Base) which is estimated based on housing growth.
- The success of billing authorities in collecting their Council Tax; each authority will have a surplus or deficit on their collection fund, a proportion of which is passed on to the Authority (Council Tax Surplus/Deficit).

**National Non-Domestic Rates**, also known as Business rates retention scheme, is made up of two elements; a proportion of business rates collected by billing authorities and paid directly to the Authority and a “Top-up grant” from central government which is intended to make up the difference between the Authority’s baseline funding and actual income (calculated by central government based on a proportion of total business rates funding across the fire sector).

National Non-Domestic Rates income received in each year is based on three elements and these are forecast separately:

- The amount of Business Rates Income
- The success of billing authorities in collecting their Business Rates; each authority will have a surplus or deficit on their collection fund, a proportion of which is passed on to the Authority (Surplus/Deficit)
- The amount of Top-Up Grant due to the Authority which is notified by central government annually.

**Revenue Support Grant** is received directly from central government and is based on the Settlement Funding Agreement which is determined based on analysis of spending requirement across English Fire Services. The Settlement Funding Agreement can be set annually or for a longer period. A one-year settlement was made for 2025-26. Beyond that period assumptions have to be made as to the level of grant income to be received.

Medium Term Financial Plan Assumptions	2025/26	2026/27	2027/28	2028/29	2029/30
Council Tax Precept	5.00%	1.99%	1.99%	1.99%	1.99%
Council Tax Base	1.60%	1.00%	1.00%	1.00%	1.00%
Council Tax Surplus	1.00%	1.00%	1.00%	1.00%	1.00%
National Non-Domestic Rates	2.00%	2.00%	2.00%	2.00%	2.00%
Revenue Support Grant	1.90%	1.90%	1.90%	1.90%	1.90%
<b>Total Impact on net funding £m</b>	<b>6.3</b>	<b>2.6</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>
<b>Forecast funding with maximum Council Tax increases £m</b>	<b>99.0</b>	<b>99.0</b>	<b>101.6</b>	<b>104.3</b>	<b>107.1</b>
<b>Forecast funding with no Council Tax increase £m</b>	<b>95.8</b>	<b>95.6</b>	<b>95.7</b>	<b>95.7</b>	<b>95.8</b>

**Section 31 Grants** are made from central government and determined on an annual basis. The biggest grants for the Authority are Small Business Rates Relief (reimbursement from the government for reduced business rates income) and the Pension Grant. The Funding Guarantee Grant and Rural Services Grant both ceased for 2025-26

**Grants, Reimbursements and Other Income.** The Service undertakes a range of activities outside of its statutory duties, some of which are paid for by third parties. This can include co-responding to Ambulance Service incidents, rent on our premises and running training courses.

**Cost Pressures:**

**Pay Awards** are subject to agreement by the relevant National Joint Council (pay bodies for public sector) and apply to English and Welsh Fire and Rescue Authorities. Pay awards are often agreed annually within the financial year they apply and are therefore subject to variation against the forecast. Assumptions are benchmarked against the Fire Sector at least annually.

**Inflation.** The Authority is responsible for funding inflationary increases. The rate is set for pensions on an annual basis and prices for goods and services may fluctuate depending on the contract in place for purchasing them.

**Superannuation.** The Authority is responsible for paying employer pension contributions (also known as superannuation) which are based on a percentage of pensionable pay. There are several pension schemes for firefighters and support staff and the employer contribution percentage rates are determined every three years via an actuarial valuation. Superannuation currently accounts for around 22% of expenditure on employee costs so variations to rates can have a significant impact. Estimated increases are included in the Medium Term Financial Plan as a cost pressure.

**Capital Programme.** Significant purchases of assets costing £20,000 or more with a useful life beyond one year are classified as Capital expenditure. These will include purchasing vehicles and equipment, building new stations, extensions and major refurbishment, as well as ICT infrastructure.

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<b>REPORT REFERENCE NO.</b>	<b>DSFRA/25/2</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE Authority (Budget Meeting)</b>
<b>DATE OF MEETING</b>	<b>17 FEBRUARY 2025</b>
<b>SUBJECT OF REPORT</b>	<b>CAPITAL STRATEGY 2025-26</b>
<b>LEAD OFFICER</b>	<b>Head of Finance (Treasurer)</b>
<b>RECOMMENDATION</b>	<i><b>That the Authority endorses the Capital Strategy as set out in this report.</b></i>
<b>EXECUTIVE SUMMARY</b>	The 2017 Prudential Code included the requirement for all Local Authorities to produce an Annual Capital Strategy that is agreed by the Authority. The Capital Strategy is a key document for the Authority and forms part of the financial planning arrangements, reflecting the priorities set out in the Fire & Rescue Plan and the Medium-Term Financial Strategy. It provides a high-level overview of how capital expenditure, and the way it is financed, contribute to the provision of services. It also provides an overview of how associated risk is managed, the implications for future financial sustainability and sets out the governance process for approval and monitoring of capital expenditure. The 2021/22 revised Prudential Code also required the Treasurer to certify that none of the Authority's spending plans include the acquisition of assets primarily for yield.
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY IMPACT ASSESSMENT</b>	An initial assessment has not identified any equality issues emanating from this report.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017

## **1. INTRODUCTION**

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 included a new requirement for Local Authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with the Service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.2. The Capital Strategy is a key document for the Authority and forms part of the financial planning arrangements, reflecting the priorities set out in the Fire & Rescue Plan and the Medium-Term Financial Strategy. It provides a high-level overview of how capital expenditure, and the way it is financed, contribute to the provision of services. It also provides an overview of how associated risk is managed, the implications for future financial sustainability and sets out the governance process for approval and monitoring of capital expenditure.

## **2. CAPITAL EXPENDITURE**

- 2.1. Capital expenditure is incurred on the acquisition or creation of assets that yield benefits for a period of more than one year and carry significant cost. For this Authority the capital de minimis level is set as £20,000. It includes land, new buildings, enhancement to existing buildings within the estate and the acquisition of vehicles and major items of equipment. Intangible assets such as software can also be classed as capital expenditure, this is in contrast to revenue expenditure which represents spending on day to day running costs such as salaries, heat and light.

## **3. CAPITAL EXPENDITURE COMPARED TO TREASURY MANAGEMENT INVESTMENTS**

- 3.1. Treasury Management investments arise from the organisation's cash flows and debt management activity and ultimately represent balances which can be invested until the cash is required for use in the course of business. As an example, the Authority set-a-side an amount each year to reflect the usage of an asset (Minimum Revenue Provision – see Section 17 below). This amount is invested but cannot be used to fund future capital expenditure as it is required to pay off a loan on maturity.
- 3.2. For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Policy and the annual Treasury Management Strategy Statement.
- 3.3. Performance of the Treasury Management investments is reported to the Resources Committee at the end of each quarter.

#### **4. CAPITAL REQUIREMENTS**

- 4.1. This Authority has experienced significant revenue grant reductions since 2010 and no longer receives any capital grant. With further revenue grant reductions a possibility, and increasing cost pressures, new ways of working are being implemented so that the Service can address the risks within its communities and balance the budget. The National Risk Register identifies emerging challenges such as the continued threat of terrorism, the impacts of climate change (wildfires and increasing flooding) and the impacts of an ageing population. These have been considered through the recently published Community Risk Management Plan (CRMP) for years 2022-2027, as have the requirements of the Fire and Rescue National Framework and local risks to Devon and Somerset.
- 4.2. The Authority currently has 83 fire stations spread across the two counties of Devon and Somerset.
- 4.3. At the commencement of the 2025-26 year, the Service will have 112 front-line fire engines, of which 30 have surpassed their recommended economic life, and 22 Special Appliances. Of the 22 Special Appliances, 3 Aerial Ladder Platforms were replaced during 2024-25. The remaining 4 range from 16 years old to 24 years old. Ensuring prioritisation over where capital resources are used to best utilise the Service's estate and fleet of vehicles is paramount.

#### **5. PROJECT INITIATION**

- 5.1. Capital projects are subject to a robust justification process, bringing together a clear business case with sufficient detailed costings to ensure transparent decisions can be taken.
- 5.2. Proposals are commissioned by the Executive Board and then monitored through regular meetings between capital leads, Procurement and Finance Officers. The Project Board considers variations to plan, and monitors milestones.
- 5.3. A formal process of project management is followed with a project manager or building surveyor assigned to each capital scheme to ensure they are subject to thorough oversight for the duration of the project. The project manager will oversee planning, delivery, management, skills assessment and governance of capital projects.
- 5.4. Capital projects will be assessed for:
  - Strategic fit – corporate objectives are being met by the expenditure;
  - Identified need – e.g. vital repairs and maintenance to existing assets;
  - Achievability – this may include alternatives to direct expenditure such as partnerships;
  - Affordability and resource use – to ensure investment remains within sustainable limits;

- Practicality and deliverability; and
- Resource time is assessed when considering projects to ensure both delivery of projects and day-to-day work is covered.

5.5. To support a robust governance process, for the larger capital investment projects the Service uses the “Five Case” model to develop the business case as recommended by His Majesty’s Treasury. The model provides a discipline and structure to arrive at the best possible decision and considers:

- The strategic case (the case for change);
- The economic case (value for money);
- The commercial case (it is commercially viable and attractive to the market)
- The financial case (to ensure the proposed spend is viable); and
- The management case (that the requirement is achievable).

## 6. **THE SERVICE CAPITAL PROGRAMME 2025-26 – 2029-30**

6.1. The Service Capital Programme for 2025-26 – 2029-30 is considered annually and is set out in Table 1 below.

**Table 1: Service Capital Programme 2025-26 to 2029-30**

Capital Programme 2025/26 to 2029/30									
2024/25 £000 Budget	2024/25 £000 Forecast Outturn	Item	PROJECT	2025/26 £000 Budget	2026/27 £000 Budget	2027/28 £000 Budget	2028/29 £000 Indicative Budget	2029/30 £000 Indicative Budget	
			<b>Estate Development</b>						
531	(22)	1	Site re/new build	100	3,600	7,250	3,800	0	
4,338	923	2	Improvements & structural maintenance	4,696	4,059	4,392	2,498	930	
<b>4,869</b>	<b>901</b>		<b>Estates Sub Total</b>	<b>4,796</b>	<b>7,659</b>	<b>11,642</b>	<b>6,298</b>	<b>930</b>	
			<b>Fleet &amp; Equipment</b>						
2,236	2,254	3	Appliance replacement	3,574	3,355	3,214	3,326	3,450	
1,543	1,545	4	Specialist Operational Vehicles	1,131	565	1,611	800	1,692	
<b>3,779</b>	<b>3,799</b>		<b>Fleet &amp; Equipment Sub Total</b>	<b>4,705</b>	<b>3,920</b>	<b>4,825</b>	<b>4,376</b>	<b>5,142</b>	
<b>(1,000)</b>	<b>0</b>	6	<b>Optimism bias Sub Total</b>	<b>(1,000)</b>	<b>(500)</b>	<b>(800)</b>	<b>1,000</b>	<b>1,300</b>	
<b>7,648</b>	<b>4,700</b>		<b>Overall Capital Totals</b>	<b>8,501</b>	<b>11,079</b>	<b>15,667</b>	<b>11,674</b>	<b>7,372</b>	
			<b>Programme funding - Option A - revenue funding at £2m</b>						
5,167	2,369	7	Earmarked Reserves:	3,993	8,472	(70)	0	0	
661	861	8	Revenue funds:	2,450	2,450	2,500	2,550	2,550	
0	0	9	Capital receipts:	0	0	0	0	0	
1,391	1,391	10	Borrowing - internal	1,812			2,086	1,046	
		11	Borrowing - external	0	27	13,167	5,638	3,776	
0	0	12	Contributions:	246	130	0	1,400	0	
<b>7,648</b>	<b>4,700</b>		<b>Total Funding</b>	<b>8,501</b>	<b>11,079</b>	<b>15,597</b>	<b>11,674</b>	<b>7,372</b>	



## **7. FUNDING THE CAPITAL PROGRAMME**

- 7.1. There are several funding sources available to meet the Authority's capital expenditure requirements. These are explored in more detail below.

## **8. REVENUE FUNDING**

- 8.1. The Authority agreed, on 24th February 2014, that an element within the Revenue budget for each year would go towards funding the Capital Programme and this has continued into each subsequent financial year. The amount awarded to assist with the Capital Programme is based on affordability and is specific to that year. Table 1 above identifies the amount the Authority is hoping to fund from Revenue each year.

## **9. PRUDENTIAL BORROWING**

- 9.1. The Authority is permitted to take out regulated external borrowing. The Local Government Act 2003 refers to affordability and the requirement that Local Authorities in England and Wales keep under review the amount of money that they borrow for capital investment.
- 9.2. The Code requires that "The local authority shall ensure all of its capital and investment plans and borrowing are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt (including Minimum Revenue Provision) and consideration of risk and the impact on the overall fiscal sustainability". The impact of borrowing is outlined within the Treasury Management Strategy Statement and monitored by the Resources Committee on a quarterly basis.
- 9.3. In line with the revised 2021/22 prudential Code, the Treasurer certifies that the Authority's capital spending plans do not include the acquisition of assets primarily held for yield.

## **10. RESERVES**

- 10.1. It has been the strategy of the Authority to utilise revenue contribution to fund capital expenditure. Following approval by the Authority, an amount of the in-year revenue budget underspend has been set-a-side and moved into a reserve to fund the future capital programme. The amount of Earmarked Reserve funding identified to fund the Capital programme is shown in Table 1 of the previous page. No additional external borrowing has been taken out - the last loan the Authority took out was in 2012. Depending on the size of the Capital programme and the level of increases to Council Tax, there could be a requirement for new borrowing within financial year 2026-27 if the quantity and type of assets remain the same.

## **11. MONITORING CAPITAL EXPENDITURE**

- 11.1. The performance of the Capital Programme is reported to Officers each month, the Authority each quarter, and forms part of the Financial Performance report. Any timing differences are also identified within the report.

## **12. RISK MANAGEMENT**

- 12.1. The Prudential Code recognises that in making its capital investment decisions, the Authority must have explicit regards to option appraisal and risk:

“The Capital Strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, along with an overview of how associated risk is managed and the implications for future sustainability.”

- 12.2. Each Capital scheme project will have its own risk register and options appraisal to manage the operational risk arising from the project, however this section of the strategy focuses on strategic risks arising from capital investment activity.
- 12.3. Every item will go through a rigorous justification process so that a greater scrutiny can be achieved over what is included within the capital programme. This will become even more critical if collated bids exceed the available funding. All investment will be aligned to the Community Risk Management Plan and, utilise the results from the recently commissioned Fire Cover review, to ensure that the Service is replacing the right assets, at the right location to address the risk and at the same time reducing its revenue costs to help balance the budget.
- 12.4. The Capital budget requirement is determined on an annual basis. The process starts at the end of the Summer with relevant departments determining their requirements. Once formalised, the requirements are discussed and scrutinised with the relevant Director. Following that, they are presented to the Executive Board in December before being presented to the Authority in February for approval in advance of the financial year to which it relates.

## **13. CREDIT RISK**

- 13.1. There is a risk that a supplier becomes insolvent and cannot complete the agreed contract. Appropriate due diligence is carried out before a contract is placed as part of the procurement process.

## **14. LIQUIDITY RISK**

- 14.1. This is the risk that the timing of cash inflows from a project will be delayed. In the main, the Authority’s capital projects are self-funded and therefore don’t rely on other organisations contributing or failing to make their contributions when agreed. Under the collaboration agenda, it is possible that an increasing number of Capital projects will be shared across organisations. Liquidity risk and the impact on cash flows is monitored on a daily basis by the Treasury Management function.

**15. FRAUD, ERROR AND CORRUPTION**

15.1. This is the risk that financial losses will occur due to error, fraudulence or corrupt activities. The Authority has procedures in place to minimise the risk of fraud, especially regarding changing of bank details for suppliers. There are also policies in place to address some of the risk such as the Whistleblowing Code, the Strategy on Protection and Detection of Fraud and the Declaration of Interests.

**16. LEGAL AND REGULATORY RISK**

16.1. This risk relates to changes in laws and/or regulations making a capital project more expensive or time consuming to complete, making it no longer cost effective or making it illegal or not advisable to complete. Before entering into a capital project, Officers will determine the powers under which any investment is made with input from the Service's Treasury Management advisors.

16.2. Capital schemes must comply with legislation (Disability and Discrimination Act as an example) and also consider Authority Regulations, Service plans and policies such as:

- Community Risk Management Plan;
- Contract Standing Orders; and
- Financial Regulations.

**17. MINIMUM REVENUE PROVISION**

17.1. Within the Local Government Act 2003, Local Authorities are required to have regard to the statutory guidance on Minimum Revenue Provision. The Department for Levelling Up, Housing and Communities has produced statutory guidance which Local Authorities must have regard to.

17.2. Minimum Revenue Provision represents the minimum amount that must be charged to an authority's revenue budget each year for financing capital expenditure where it has initially been funded from borrowing. The Minimum Revenue Provision accounting practice allows the Authority to set aside an amount of money each year to ensure that it can pay off the debts it has from buying capital assets.

17.3. The Minimum Revenue Provision Policy is reviewed annually and is outlined within the Authority's Treasury Management Strategy Statement.

## **18. AFFORDABILITY OF THE CAPITAL PROGRAMME**

- 18.1. A variety of factors are taken into account when determining the affordability of the Capital programme, including the impact on revenue budgets and reserves:
- Minimum revenue provision;
  - Interest payable;
  - Interest receivable;
  - Revenue contribution to capital; and
  - The Authority's affordability indicator, that debt charges must be <5% of net revenue budget in each financial year.
- 18.2. The cheapest and most sustainable method to fund a Capital Programme is to set aside an amount from revenue each year to purchase assets, with any variations to the programme being smoothed out using an Earmarked Reserve for Capital.
- 18.3. The Strategic Objective within the Medium-term Financial Plan is to ensure that revenue funds of at least £2m are included in the annual budget, which will increase as other capital costs fall as a result of reduced borrowing. This objective is based on affordability each year. For 2025-26, subject to this Authority increasing the Council Tax by the maximum permitted, the amount has been set at £2.0m to support the revenue budget. It is planned that the £2m target will be maintained over the forthcoming years.
- 18.4. Historically, the Authority received a Central Government Capital Grant of up to £2m per year and also supported its capital programme using borrowing where required. However, it became apparent that the 5% indicator of affordability for borrowing would be breached and this with the cessation of Government Grant meant that alternative ways of addressing the Capital programme needed to be explored.
- 18.5. Several years ago, the Service engaged staff and developed a range of smaller fire engines that, whilst able to make better progress through congested cities as well as narrow country lanes, were also cheaper to procure. By ensuring that the Service has the right balance between large, traditional, fire engines and smaller, lighter, fire engines, the Service has been able to reduce the capital costs without compromising public safety. Not only is this a more efficient use of the financial resources that the Service has available, but it is also better for the environment.
- 18.6. Following a review of hybrid-working in the future, the Service has also disposed of any surplus property assets owned that were no longer required – none of the assets identified were operational bases.

***The Authority's strategy is to reduce borrowing***

- 18.7. As of 31 March 2025, external debt will be £23.3m, down from £25.9m ten years ago.
- 18.8. Due to the introduction of a baselined revenue contribution to capital, coupled with in year savings, a healthy capital reserve had been built up. However, with the savings anticipated to be made as a result of the changes to the wholetime rostering project, it will be possible to contribute some funding from the Revenue budget towards funding some of the Capital programme for 2025-26.
- 18.9. There are a large number of assets needing replacement or enhancement with the proposed programme totalling £54.2m over the next five years. In the absence of additional borrowing in the future, Officers will need to develop plans to prioritise expenditure with a view of reducing this requirement.

**ANDREW FURBEAR**  
**Head of Finance (Treasurer)**

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<b>REPORT REFERENCE NO.</b>	DSFRA/25/3
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (Budget Meeting)
<b>DATE OF MEETING</b>	17 FEBRUARY 2025
<b>SUBJECT OF REPORT</b>	2025-26 REVENUE BUDGET AND COUNCIL TAX LEVELS
<b>LEAD OFFICER</b>	Head of Finance (Treasurer) and Chief Fire Officer
<b>RECOMMENDATIONS</b>	<p>(a). <i>That, as recommended by the Resources Committee (budget meeting) on 5 February 2025, the level of council tax in 2025-26 for a Band D property be set at £104.68, as outlined in Option B in this report, representing a £5 (5%) increase over 2024-25, and that accordingly a Net Revenue Budget Requirement for 2025-26 of £98,694,100 be approved;</i></p> <p>(b). <i>that, as a consequence of the decisions at (a) above:</i></p> <ul style="list-style-type: none"> <li>(i) <i>the tax base for payment purposes and the precept required from each billing authority for payment of total precept of £69,880,540 (Option B), as detailed on Page 2 of the respective budget booklet, be approved;</i></li> <li>(ii) <i>the council tax for each property bands A to H associated with the total precept as detailed in the respective budget booklet, be approved; and</i></li> <li>(iii) <i>that the Treasurer's 'Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserve Balances', as set out at Appendix B to this report, be endorsed.</i></li> </ul> <p>(c). <i>That the Chief Fire Officer and Treasurer, in conjunction with the Chair of the Authority, be authorised to write to the Government expressing concern on the impact of the removal of the Rural Services Delivery grant on this Authority's budget.</i></p>

<p><b>EXECUTIVE SUMMARY</b></p>	<p>It is a legislative requirement that the Authority sets a level of revenue budget and Council Tax for the forthcoming financial year by the 11 March each year. The Secretary of State has announced that the Council Tax threshold to be applied in 2025-26 that would trigger a requirement to hold a Council Tax referendum is to be £5 (5%). This report considers potential options A and B below for Council Tax in 2025-26:</p> <p style="padding-left: 40px;">OPTION A – Increase Council Tax by 2.99% above 2024-25 (<b>£102.66 for a Band D Property</b>); and</p> <p style="padding-left: 40px;">OPTION B – Increase Council Tax by maximum permitted of £5 (5%) above 2024-25 (<b>£104.68 for Band D Property</b>).</p> <p>The Committee is asked to consider the implications associated with each option, with a view to making a recommendation of one option to the full Authority budget meeting on 17 February 2025.</p> <p>Please note that, at the time of writing this report, the Service is still awaiting figures from some billing authorities relating to the amount of estimated business rates income in 2025-26 and therefore, the figures will be subject to change. The impact of any changes will be reported at the meeting.</p>
<p><b>RESOURCE IMPLICATIONS</b></p>	<p>As indicated in the report.</p>
<p><b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b></p>	<p>Not applicable.</p>
<p><b>APPENDICES</b></p>	<p>A. Core Net Revenue Budget Requirement 2025-26.</p> <p>B. Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves and Balances.</p> <p>C. Budget book - Option A</p> <p>D. Budget book - Option B</p>
<p><b>LIST OF BACKGROUND PAPERS</b></p>	<p>Nil.</p>



## **1. FOREWORD AND INTRODUCTION**

- 1.1. The draft budget for 2025-26 provides an opportunity to support reform of Devon and Somerset Fire and Rescue Service (the Service) now and in the future. During December 2024 a number of significant changes to the Service Delivery operating model have been worked on so that the Service can reduce costs by amending how it delivers the core functions. Some of these will be introduced in this year, one will be during 2026.
- 1.2. It is a legislative requirement that the Devon & Somerset Fire & Rescue Authority (the Authority) sets a level of revenue budget and Council Tax for the forthcoming financial year, before 11 March, in order that it can inform each of the eleven Council Tax billing authorities within Devon and Somerset of the level of precept required from the Authority for 2025-26. The purpose of this report is to provide the necessary financial background for consideration to be given as to what would be appropriate levels of precept for the Authority.
- 1.3. The Localism Act 2011 includes provisions which require a local authority to hold a Council Tax referendum where an authority's Council Tax increase exceeds the Council Tax "excessiveness principles" applied for that year.
- 1.4. On 18 December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) announced as part of the provisional Local Government Settlement the Council Tax limit to be applied in 2025-26. For 2025-26, this limit has been set at £5 which is what the Sector had lobbied central government for. If exceeded, this would trigger the need to hold a referendum. Given that the administration costs associated with holding a local referendum for the Service for one year are estimated to be in excess of £2.3m, this report does not include any proposals to go beyond the referendum limit.

## **2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2025-26**

- 2.1. The provisional Local Government Finance Settlement for 2025-26 was announced on 18 December 2024, which provided local authorities with individual settlement funding assessment figures for one year only.
- 2.2. Table 1 overleaf provides details of the Settlement Funding Assessment (SFA) for this Authority which indicates an increase in 2025-26 of 1.29 % over 2024-25 with an overall decrease of 0.68% since 2015-16. However, since 2019-20, the Service have received a separate grant of £3.9m to cover the increase in the employer's pension contributions following an actuarial review by the Government Actuarial Department (GAD). For 2024-25, this grant was *rolled-up* within the Revenue Support Grant and thus has increased the SFA by that amount:

<b>TABLE 1 – SETTLEMENT FUNDING ASSESSMENT (SFA)</b>			
	<b>SFA</b>	<b>SFA (Reduction)/Increase</b>	
	<b>£m</b>	<b>£m</b>	<b>%</b>
2015-16	29.413		
2016-17	26.873	-2.540	-8.64%
2017-18	23.883	-2.990	-11.13%
2018-19	22.618	-1.265	-5.30%
2019-20	21.961	-0.657	-2.91%
2020-21	22.319	0.358	1.63%
2021-22	22.354	0.035	0.16%
2022-23	22.551	0.197	0.88%
2023-24	23.819	1.268	5.62%
2024-25	28.843	5.024	21.09%
2025-26	29.214	0.371	1.29%
<b>Reduction over 2015-16</b>		<b>-0.199</b>	<b>-0.68%</b>

- 2.3. In addition to the settlement figures reported in Table 1 above, during 2024-25, the Authority was awarded a share of a Rural Services Delivery Grant of £0.575m. This has been removed for 2025-26. At the meeting of the Resources Committee on 5 February 2025, concern was expressed at the removal of this vital grant funding. The Committee thus recommended that the Authority authorises the Chief Fire Officer and Treasurer, in conjunction with the Chair of the Authority, to write to the Government expressing concern on the impact of the removal of the Rural Services Delivery grant on this Authority's budget.
- 2.4. There were other Section 31 grant funds allocated for 2024-25. an example being an amount allocated to reduce the impact of the increase in social costs of £0.100m. This has also been removed for 2025-26.
- 2.5. Finally, the Funding Guarantee Grant, provided to ensure the Settlement Funding Assessment is increased by 4% before any Council Tax rises, was awarded in 2024-25 of £1.751m. This has also been removed for 2025-26.

### **COUNCIL TAX AND BUDGET REQUIREMENT 2025-26**

#### ***Council Tax***

- 3.1. It is, of course, an Authority decision to set a level of Council Tax that is appropriate to its funding position. For 2025-26, this report considers two options A and B as below:
- **OPTION A** – Increase Council Tax by 2.99% (£102.66 for a Band D Property);
  - **OPTION B** – Increase Council Tax by £5 (5%) above 2024-25 - an increase of just over 41p a month, to £104.68 for a Band D Property.

- 3.2. The Authority could decide to set any alternative level below 2.99%. Each 1% increase in Council Tax represents an £1 a year increase for a Band D property, and is equivalent to a £0.662m variation on the revenue budget. In relation to the referendum option, it is the Treasurer's view that given the costs of holding a referendum (circa £2.3m), it is not a viable option for the Authority to consider a Council Tax increase in excess of the £5 (5%) threshold.
- 3.3. Please note that at the time of writing this report, the Service is awaiting figures from some billing authorities relating to the amount of estimated business rates income in 2025-26 and therefore, the figures in Table 2 will be subject to change. The materiality of this outstanding data is estimated within the region of +/- £0.100m. The impact of any changes will be reported at the meeting.

**TABLE 2 – OPTIONS FOR COUNCIL TAX CHANGE – FUNDING 2025-26**

	<b>OPTION A</b> Council Tax Increase by 2.99% to 102.66  £m	<b>OPTION B</b> Council Tax Increase of £5 (5%)to £104.68  £m
<b>TOTAL FUNDING 2024-25</b>	<b>92.622</b>	<b>92.622</b>
Increase in Formula Funding	0.296	0.296
Increase in Retained Business Rates from Business Rate Retention System*	0.244	0.244
<u>Changes in Council Tax Precept</u>		
- Increase in Council Tax Base	1.910	1.910
- resulting from an increase in Council Tax	1.956	3.281
- Increase (reduction) in Share of Billing Authorities Council Tax Collection Funds	0.342	0.342
<b>TOTAL FUNDING AVAILABLE 2025-26</b>	<b>97.367</b>	<b>98.692</b>
<b>NET CHANGE IN FUNDING</b>	<b>4.746</b>	<b>6.071</b>
*at time of producing the paper not all information is available from local authorities		

### **Council Tax Base**

- 3.4 The total increase in government funding through the revenue support grant of £0.296m is a little disappointing with the increase being just 1.29% above the 2024-25 amount. The Service has seen an increase in the Council Tax base of just over 3.01% increased mainly as a result of the double-charge for second-homes. The Authority's share of Council Tax collection fund surplus has increased from £0.856m in 2024-25 to £1.198m for the new year – an increase of £0.342m

### **Retained Business Rates**

- 3.5 The Service estimates the funding available from business rates will be in-line with previous years now that the amount received from this funding stream has stabilised following Covid. (recollecting times when Business Rates were suspended whilst businesses were forced to close). At the time of writing the report, the returns from the District/Unitary Councils were outstanding.

### **Net Budget Requirement**

- 3.6 Table 3 below provides a summary of the Core Budget Requirement for 2025-26. A breakdown of the more detailed items included in this draft budget is included in Appendix A of this report.

**TABLE 3 – SUMMARY OF REVENUE BUDGET REQUIREMENT 2025-26**

	£m	£m
<b>Net Revenue Budget 2024-25</b>		<b>92.622</b>
PLUS Provision for pay and price increases (Pay award assumed 2%)	2.323	
PLUS Inescapable Commitments	1.399	
PLUS Funding Adjustments (e.g increase in RCCO)	1.033	
PLUS New Investment	1.169	
Plus reduction in income (Government grants)	1.539	
LESS increase in income and budget savings	(1.390)	
<b>INCREASE in budget requirement over 2023-24</b>		<b>6.073</b>
<b>Core spending requirement 2025-26</b>		<b>98.694</b>

- 3.7. As reduced funding will be available for the coming financial year, and there will likely be further restrictions in coming years, officers have restricted requests for investment opportunities to only business critical initiatives.

### **Balancing the budget**

- 3.8. As is indicated in Table 3, the Revenue Budget Requirement for 2025-26 has been assessed as £98.694m This is more than the amount of funding available under Option A and therefore cuts or additional funding needs to be identified in order that a balanced budget can be set.

**TABLE 4 – PROPOSALS TO BALANCE THE BUDGET 2025-26**

<b>PROPOSALS TO BALANCE THE REVENUE BUDGET</b>	<b>OPTION A £m</b>	<b>OPTION B £m</b>
Funding Available	97.367	98.694
LESS Net spending requirement 2025-26	99.695	99.695
<b>Shortfall</b>	<b>(2.327)</b>	<b>(1.000)</b>
Revenue Contribution to Capital – Reducing the budget for Revenue contribution to capital is considered within the context of the MTFP and Capital Affordability	1.326	0.000
Transfer from Reserves – in order to balance the budget.	1.000	1.000
<b>Total</b>	<b>(0.000)</b>	<b>(0.000)</b>

3.9. Whilst the Service is confident that the budget can be balanced if Council Tax is increased in line with Option B, there will be a budget shortfall of £1.326m in the coming year if it is set at 2.99%. Should Council Tax be frozen, the Authority would reduce the contribution to capital expenditure by £1.326m.

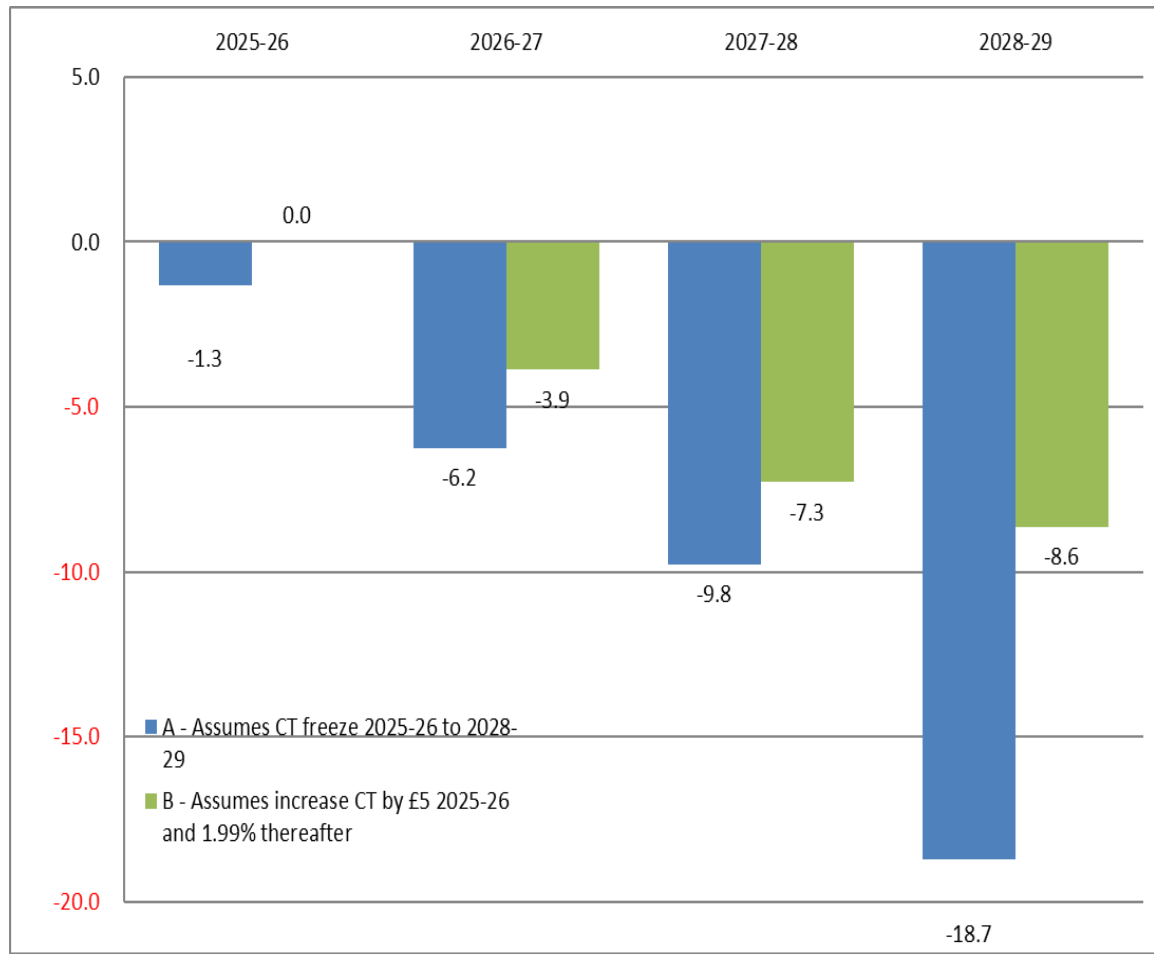
3.10. There is significant risk attached to Option A, as this proposal will draw down against the capital funding reserve, meaning it will not be available to meet the future capital programme and the scale of efficiencies required would see reductions made to front line services.

#### **4. MEDIUM TERM FINANCIAL PLAN**

4.1. Given that the 2025-26 provisional Local Government Settlement is a one-year settlement, the future funding position is less certain. The approach taken to developing the plans and underlying assumptions are outlined in the MTFP document, which is elsewhere on the agenda.

4.2. The MTFP financial modelling tool has assessed a likely 'base case' scenario in terms of savings required over the period 2025-26 to 2028-29. Chart 1 overleaf provides an analysis of those forecast savings required in each year.

**CHART 1 – FORECAST BUDGET SAVINGS REQUIREMENT (CUMULATIVE)  
2025 TO 2029 (BASE CASE) - £MILLIONS**



4.3. Chart 1 illustrates that further savings will be required beyond 2025-26 to plan for a balanced budget over the next three years to 2028-29. Should the Authority decide to increase Council Tax by 2.99% in 2025-26 (Option A) and then freeze for the following three years, then the MTFP forecasts that total savings of up to £18.7m need to be planned for.

4.4. For year 2025-26, the delayed legislation that will provide Councils the option to charge a 100% council tax premium on second homes becomes live. The estimated additional income resulting from this change has been factored into our forecasts.

4.5. For the Devon authorities, this amounted to 8,272 homes, for Somerset it will be just over 3,000 homes.

**Authority Plan 2025 onwards**

4.6. This budget report proposes a balanced budget for the next financial year 2025-26, including proposals as to how budget savings can be achieved.

- 4.7. Looking beyond 2025-26 it is clear that the Authority needs to plan for the delivery of further recurring savings to ensure that balanced budgets can be set in each year of the Spending Review period.
- 4.8. The strategic approach to deliver the required savings is being developed following and an efficiency review has been initiated and will focus on the following priority areas:
- How resources are being utilised;
  - productivity of our staff and assets;
  - Digitising and streamlining services to make them more efficient; and
  - Evidencing value for money of our services.

**5. PRECEPT CONSULTATION 2025-26**

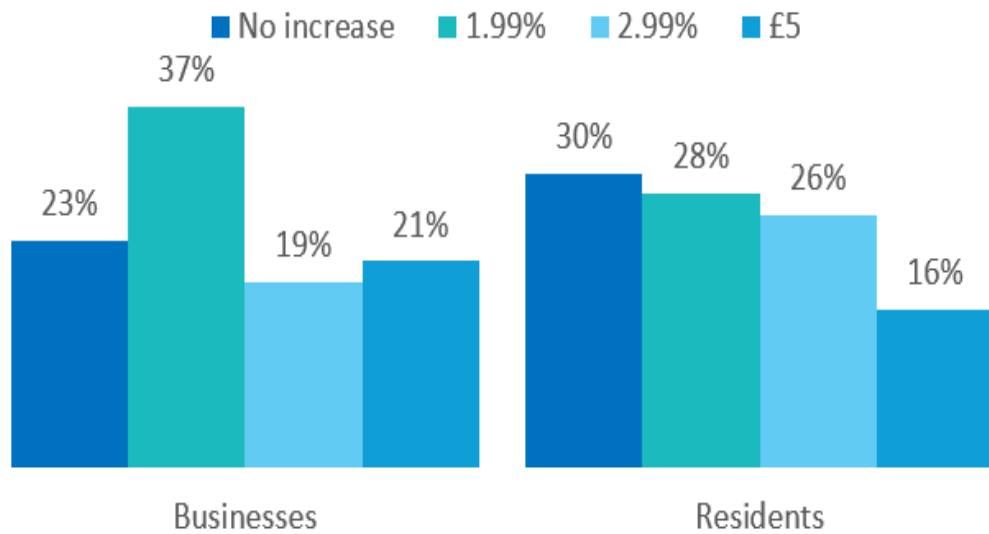
- 5.1. Section 65 of the Local Government Finance Act (1992) requires precepting authorities to consult non-domestic ratepayers on proposals for expenditure.
- 5.2. In addition to the statutory requirement, members of the public have in previous years also been consulted as it was deemed appropriate to include the public's views on the option of increasing Council Tax at a time of economic difficulty.
- 5.3. The consultation process ran throughout October and November 2024 and involved:

A telephone survey of 400 business was concluded coupled with 639 responses from residents using our internal on-line survey.

***Results from the Telephone and on-line survey***

- 5.4. 64% of businesses agreed that it is reasonable for the Authority to consider increasing its Council Tax charge for 2025-26, while 12% disagreed that it is reasonable for them to do so, resulting in a net agreement of +52%.
- 5.5. 74% of residents agreed that it is reasonable for the Authority to consider increasing its Council Tax charge for 2025-26, while 13% disagreed, giving a net agreement of +61%.

Chart 2: Level of increase that would be reasonable (Those respondents agreeing that it is reasonable for the Service to consider increasing its Council Tax charge for 2025-26)



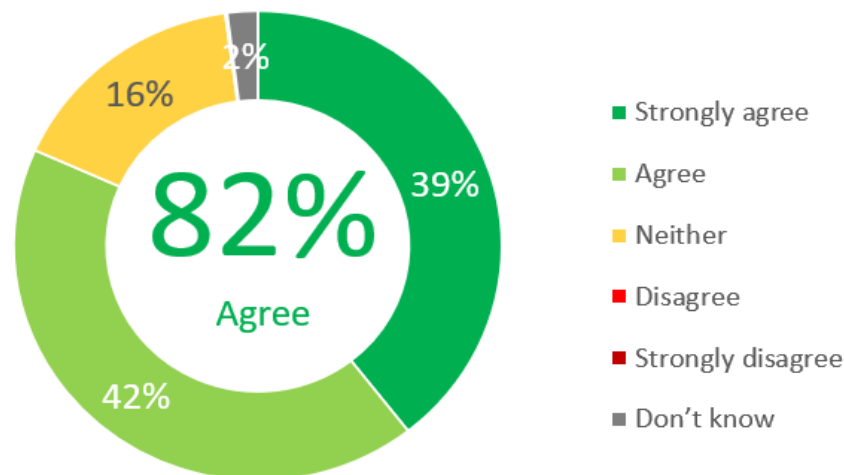
5.6. Of those respondents who agreed that a Council Tax increase would be reasonable, 40% of businesses and 42% of residents would support an increase of 2.99% or above.

### Providing Value for Money

5.7. The consultation asked the responder if they felt the Fire Service provided value for money. The results in Chart 3 indicate 82% of respondents agree of which, 39% strongly agreed.

Chart 3: Question; Results of agreement whether the Service provides Value for Money

How strongly do you agree or disagree that Devon and Somerset Fire and Rescue Service provides value for money? (n=400)

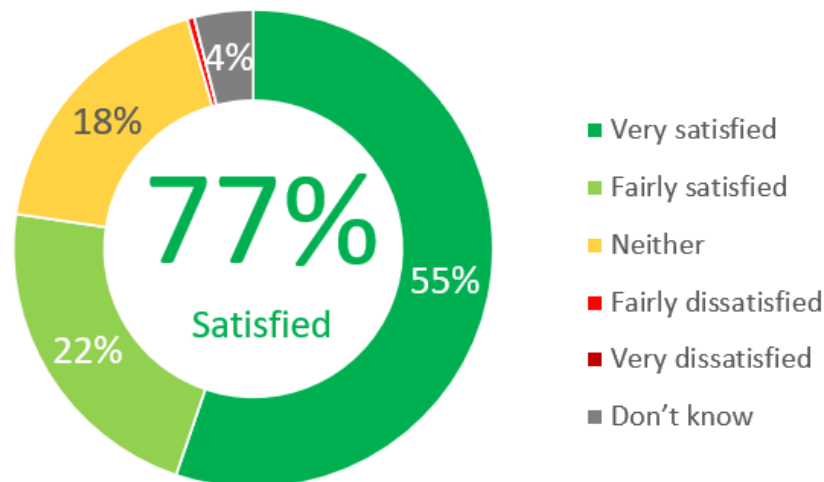




- 5.8. The responses indicate that the public are either very satisfied or fairly satisfied with the satisfaction on the service that is provided. 68% of businesses and 69% of residents felt this way.

Chart 4: Satisfaction with the service provided by DSFRS

**How satisfied or dissatisfied are you with the service provided by Devon and Somerset Fire and Rescue Service? (n=400)**



### ***Survey Conclusion***

- 5.9. The results of the consultation indicate that the majority of respondents feel it would be reasonable for the Authority to consider increasing its precept for 2025-26. Of those who agreed, 52% were content to increase Council Tax by 2.99% or more.
- 5.10. Both businesses and residents agree that the Service provides value for money and were satisfied with the service provided.

## **6. STATEMENT ON ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE LEVELS OF RESERVES AND BALANCES**

- 6.1. It is a legal requirement under Section 25 of the Local Government Act 2003 that the person appointed as the 'Chief Finance Officer' to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions. This statement is included as Appendix B to this report.

**7. SUMMARY**

- 7.1. The Authority is required to set its level of revenue budget and Council Tax for 2025-26 by 11 March so that it can meet its statutory obligation to advise each of the eleven billing authorities in Devon and Somerset of the required level of precept. This report provides Members with the necessary background information to assist them in making decisions as to the appropriate levels for the Authority.
- 7.2. The report considers two potential options A and B and asks the Committee to consider the financial implications associated with each option with a view to recommending one of these options to the budget setting meeting of the Authority, to be held on the 16 February 2024.

**ANDREW FURBEAR**  
**Head of Finance (Treasurer)**

**Core Net Revenue Budget Requirement 2025-26.**

DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY SUMMARY MEDIUM TERM FINANCIAL STRATEGY PROJECTIONS 2025				
	Row Number	£'000	2025/26 £000	%
<b>Approved Budget 2024-25</b>			<b>92,622</b>	
<b><u>Provision for pay and prices increase</u></b>				
Grey Book Pay Award (assume 2% from July 2025)	1,2,3	1,665		
Green Book Pay Award (Assume 2% April 25)	4	287		
Prices increases (assumed 2.0% CPI from April 2025)	All non-pay	318		
Pensions inflationary increase (tracks CPI - 2%)	6	53		
			2,323	2.5%
<b><u>Funding Adjustments</u></b>				
Revenue Contribution to Capital	26	1,389		
Revenue Contribution to Capital - Red One	26	400		
Increase in transfers from Reserves	32	-756		
			1,033	
<b><u>Inescapable Commitments</u></b>				
Increase in ER NI Contributions	1,2,3	1,128		
Increase in minimum revenue provision	25	47		
Apprenticeship levy reducing	1,2,3	85		
Pensions - anticipate reduced Ill Health/ Injury leavers	6	139		
			1,399	
<b><u>New Investment</u></b>				
Professional Staff establishment	1,2,3	313		
Vehicle equipment linked to capital programme	14	381		
LVM running costs - predominately leases	12	220		
Estates maintenance works	7	205		
Upgrade bulk fuel software as 3G is switched off	12	50		
			1,169	
<b><u>Income</u></b>				
Reduction in Firelink grant	29	103		
Section 31 grants - assumes Funding Guarantee Grant is removed for 2025/26.	29	1,835		
Increase in investment interest	28	0		
Red One Income	30	-399		
			1,539	
<b><u>Anticipated savings</u></b>				
NFSP Control Future project	16	-762		
EV Charging Infrastructure	7	-98		
On Call Pay for availability - increase in vacancy margin	2	-250		
On Call Pay for availability	2	-232		
Operational staff including control	1 & 3	-1,015		
Cumulative budget savings	Various	967		
			-1,390	
<b>CORE BUDGET REQUIREMENT</b>			<b>98,695.0</b>	

**STATEMENT OF THE ROBUSTNESS OF THE BUDGET ESTIMATES AND THE ADEQUACY OF THE DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY LEVELS OF RESERVES**

It is a legal requirement under Section 25 of the Local Government Act 2003 that the person appointed as the 'Chief Finance Officer' to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions.

**THE ROBUSTNESS OF THE 2025-26 BUDGET**

The net revenue budget requirement for 2025-26 has been assessed as £92.908m (Option B in report). In arriving at this figure a detailed assessment has been made of the risks associated with each of the budget headings and the adequacy in terms of supporting the goals and objectives of the authority as included in the Community Risk Management Plan. It should be emphasised that these assessments are being made for a period up to the 31<sup>st</sup> March 2025, in which time external factors, which are outside of the control of the Authority, may arise which will cause additional expenditure to be incurred. The most significant example of this is the potential pay awards for colleagues which are yet to be agreed. The majority of On-Call pay costs are dependent on the number of call outs during the year, which can be subject to volatility dependent on spate weather conditions. Other budgets, such as fuel and energy are affected by market forces that often lead to fluctuations in price that are difficult to predict. Details of those budget heads that are most at risk from these uncertainties are included in Table 1 overleaf, along with details of the action taken to mitigate each of these identified risks.

Local government and the fire sector are entering a period of significant uncertainty over funding and cost pressures such as pay awards, going forward. Unfunded pension schemes and legal challenges over pension terms represent a significant risk to the Authority. It is therefore vitally important that resourcing and investment decisions are made which minimise risks going forward to enable the Authority to be as resilient as possible in future years.

Whilst there is only a legal requirement to set a budget requirement for the forthcoming financial year, the Medium Term Financial Plan (MTFP) provides forecasts to be made of indicative budget requirements over a five year period covering the years 2025-26 to 2029-30. These forecasts include only prudent assumptions in relation future pay awards and prices increases, which will need to be reviewed in light of pay settlements and movement in the Consumer Prices Index.

**TABLE 1 – BUDGET SETTING 2025-26 ASSESSMENT OF BUDGET HEADINGS MOST SUBJECT TO CHANGE**

Budget Head	Budget Provision 2024-25 £m	RISK AND IMPACT	MITIGATION
Service Delivery staff costs	68.4	There is a high level of uncertainty around pay increases, particularly whether pay awards will be linked to a change to the Firefighter role map to include emergency medical response. Each 1% pay award is equivalent to £0.660m of additional pressure on the revenue budget.	Funding decisions for this model will need to be considered for future years.
Fire-fighter's Pensions	2.8	Whilst net pension costs funded by the government through a top-up grant arrangement, the Authority is still required to fund the costs associated with ill-health retirements, and the potential costs of retained firefighters joining the scheme.	In establishing a Pensions Reserve an allowance has been made for a potential overspend on this budget
Insurance Costs	1.0	The Fire Authority's insurance arrangements require the authority to fund claims up to agreed insurance excesses. The costs of these claims are to be met from the revenue budget. The number of claims in any one-year can be very difficult to predict, and therefore there is a risk of the budget being insufficient. In addition some uninsured costs such as any compensation claims from Employment Tribunals carry a financial risk to the Authority.	General Reserve
Fuel Costs	0.7	This budget is subject to market forces so does fluctuate. The Service is investing in new ways of working associated with the environmental strategy so introduced electric vehicles during 2023-24 with more on order.	General Reserve
Treasury Management Income	(1.6)	As a result of the uncertainty, bank base rates have increased to the highest levels since 2008. This has resulted in an increase in investment returns. This has resulted in an increase in the budget of £0.400m. The markets are anticipating a interest rate reduction during 2025 so rates will start to reduce in year.	The target income has been set at a level consistent with the returns achieved during 2023. Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible.
Income	(0.7)	Whilst the authority has only limited ability to generate income, the budget has been set on the basis of delivering £0.8m of external income. Due to economic uncertainty this budget line may be at risk.	Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible. A modest provision for doubtful debts is available to protect the Authority from potential losses.
Capital Programme	7.2	Capital projects are subject to changes due to number of factors; these include unforeseen ground conditions, planning requirements, necessary but unforeseen changes in design, and market forces.	Capital projects are subject to risk management processes that quantify risks and identify appropriate management action. Any changes to the spending profile of any capital projects will be subject to Committee approval in line with the Authority Financial Regulations.

## **THE ADEQUACY OF THE LEVEL OF RESERVES**

Total Reserve balances for the Authority as at April 2024 was £26.0m made up of Earmarked Reserves (committed) of £21.5m, and General Reserve (uncommitted) of £4.6m. This will decrease by the end of the financial year as a result of planned expenditure against those reserves during the year. A General Reserve balance of £4.6m is equivalent to 5.0% of the total revenue budget for 2024-25 or 18 days of Authority spending, the figure is subject to a risk assessment annually.

The Authority has adopted an “in principle” strategy to maintain the level of reserves at a minimum of 5% of the revenue budget for any given year, with the absolute minimum level of reserves only being breached in exceptional circumstances, as determined by risk assessment. This does not mean that the Authority should not aspire to have more robust reserve balances based upon changing circumstances, but that if the balance drops below 5% (as a consequence of the need to utilise reserves) then it should immediately consider methods to replenish the balance back to a 5% level.

The Authority used an element of the general reserve during 2021-22 however, the pleasing note is there is no requirement to call on them for 2025-26 to fund emergency spending. The plan being to increase the general reserve to ensure the 5% level is maintained as a minimum. The importance of holding adequate levels of general reserves has been highlighted on a number of occasions in recent times, the impact of the pandemic and the problems experienced by the global financial markets are just two examples of external risks which local authorities may need to take into account in setting levels of reserves and wider financial planning.

The Authority’s Reserves Strategy is reviewed annually and is available on the website [www.dsfire.gov.uk](http://www.dsfire.gov.uk).

## **CONCLUSION**

It is considered that the budget proposed for 2025-26 represents a sound and achievable financial plan, and will not increase the Authority’s risk exposure to an unacceptable level. The estimated level of reserves is judged to be adequate to meet all reasonable forecasts of future liabilities.

**ANDREW FURBEAR**  
**Head of Finance (Treasurer)**

# **DEVON & SOMERSET FIRE & RESCUE AUTHORITY**

## **PROPOSED REVENUE BUDGET 2025/2026 OPTION A - 2.99%**



**DEVON & SOMERSET  
FIRE & RESCUE AUTHORITY**

**REVENUE BUDGET 2025/2026**

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# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

## COUNCIL TAX INFORMATION & PRECEPTS

<b>TOTAL SPENDING TO BE MET FROM COUNCIL TAX</b>			
Devon & Somerset Fire & Rescue Authority budget funded by District Councils' collection funds			£ 68,555,173
Net deficit/(surplus) on Council Tax collection in previous year			(1,197,664)
Total spending to be met from Council Tax precepts in 2025/2026			<u><b>67,357,509</b></u>
<b>EQUIVALENT NUMBERS OF BAND "D" PROPERTIES</b>			
<b>Billing Authority</b>	<b>Tax Base Used for Collection</b>		
East Devon	65,142.52		
Exeter	39,852.00		
Mid Devon	30,732.91		
North Devon	37,670.43		
Plymouth City	76,557.00		
Somerset Council	212,483.78		
South Hams	44,327.29		
Teignbridge	51,562.00		
Torbay	49,254.24		
Torrige	26,407.79		
West Devon	22,132.28		
	<u><b>656,122.24</b></u>		
<b>DEVON &amp; SOMERSET FIRE AUTHORITY COUNCIL TAX DUE FOR EACH PROPERTY VALUATION BAND</b>			
Valuation Band	Ratio	Government Multiplier %	Council Tax £ p
A	6/9	0.667	68.44
B	7/9	0.778	79.85
C	8/9	0.889	91.25
<b>D</b>	<b>1</b>	<b>1.000</b>	<b>102.66</b>
E	11/9	1.222	125.47
F	13/9	1.444	148.29
G	15/9	1.667	171.10
H	18/9	2.000	205.32
<b>Billing Authority</b>	<b>Surplus/(Deficit) for 2024/2025</b>	<b>Precepts Due 2025/2026</b>	<b>Total due in 2025/2026</b>
	£	£	£
East Devon	179,073	6,687,531	6,866,604
Exeter	57,305	4,091,206	4,148,511
Mid Devon	39,058	3,155,040	3,194,098
North Devon	37,068	3,867,246	3,904,314
Plymouth City	3,161	7,859,342	7,862,503
Somerset Council	443,606	21,813,585	22,257,191
South Hams	63,000	4,550,640	4,613,640
Teignbridge	124,876	5,293,355	5,418,231
Torbay	161,990	5,056,440	5,218,430
Torrige	31,527	2,711,024	2,742,551
West Devon	57,000	2,272,100	2,329,100
	<u><b>1,197,664</b></u>	<u><b>67,357,509</b></u>	<u><b>68,555,173</b></u>

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

## 2025/2026 Revenue Budget

Line No	2024/2025 Budget £000 (1)		2025/2026 Budget £000 (2)
<b>SPENDING</b>			
<b>EMPLOYEE COSTS</b>			
1	67,331	Service Delivery staff	68,409
2	14,317	Professional and technical support staff	15,162
3	952	Training investment	1,236
4	2,638	Fire Service Pension costs	2,835
	<b>85,237</b>		<b>87,641</b>
<b>PREMISES RELATED COSTS</b>			
5	1,281	Repair and maintenance	1,468
6	1,143	Energy costs	934
7	683	Cleaning costs	738
8	2,066	Rent and rates	2,153
	<b>5,172</b>		<b>5,293</b>
<b>TRANSPORT RELATED COSTS</b>			
9	709	Repair and maintenance	873
10	1,285	Running costs and vehicle insurance	1,136
11	901	Travel and subsistence	821
	<b>2,894</b>		<b>2,830</b>
<b>SUPPLIES AND SERVICES</b>			
12	4,399	Equipment and furniture	4,671
13	246	Hydrants-installation and maintenance	271
14	2,851	Communications technology	2,880
15	564	Protective Clothing	629
16	185	External Fees and Services	166
17	266	Partnership & Regional collaborative projects	457
18	23	Catering	21
	<b>8,533</b>		<b>9,094</b>
<b>ESTABLISHMENT COSTS</b>			
19	274	Printing, stationery and office expenses	262
20	31	Advertising including Community Safety	31
21	548	Insurances	543
	<b>852</b>		<b>836</b>
<b>PAYMENTS TO OTHER AUTHORITIES</b>			
22	1,119	Support service contracts	1,087
	<b>1,119</b>		<b>1,087</b>
<b>CAPITAL FINANCING COSTS</b>			
23	3,807	Loan Charges & Lease rentals	4,177
24	661	Revenue Contribution to Capital Spending	1,125
	<b>4,468</b>		<b>5,302</b>
25	(255)	Transfer to/(from) Earmarked Reserves	(1,011)
26	<b>108,020</b>	<b>TOTAL SPENDING</b>	<b>111,072</b>

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

## 2025/2026 Revenue Budget

<i>Line No</i>	<b>2024/2025 Budget £000 (1)</b>		<b>2025/2026 Budget £000 (2)</b>
		<b>INCOME</b>	
27	(1,200)	Treasury management income	(1,600)
28	(13,363)	Grants and reimbursements	(11,059)
29	(835)	Other income	(716)
30	-	Internal Recharges	(63)
31	<u><b>(15,398)</b></u>	<b>TOTAL INCOME</b>	<u><b>(13,438)</b></u>
32	<u><b>92,622</b></u>	<b>NET REVENUE BUDGET REQUIREMENT</b>	<u><b>97,634</b></u>
		<b>FINANCED BY:</b>	
33	7,293	Formula Funding Grant	11,882
34	16,259	Share of Non Domestic Business Rates	17,196
35	69,070	District Councils Collection Funds	68,555
36	<u><b>92,622</b></u>	<b>TOTAL FINANCING</b>	<u><b>97,634</b></u>

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

## Analysis of Budget Changes

## 2025/2026 Revenue Budget

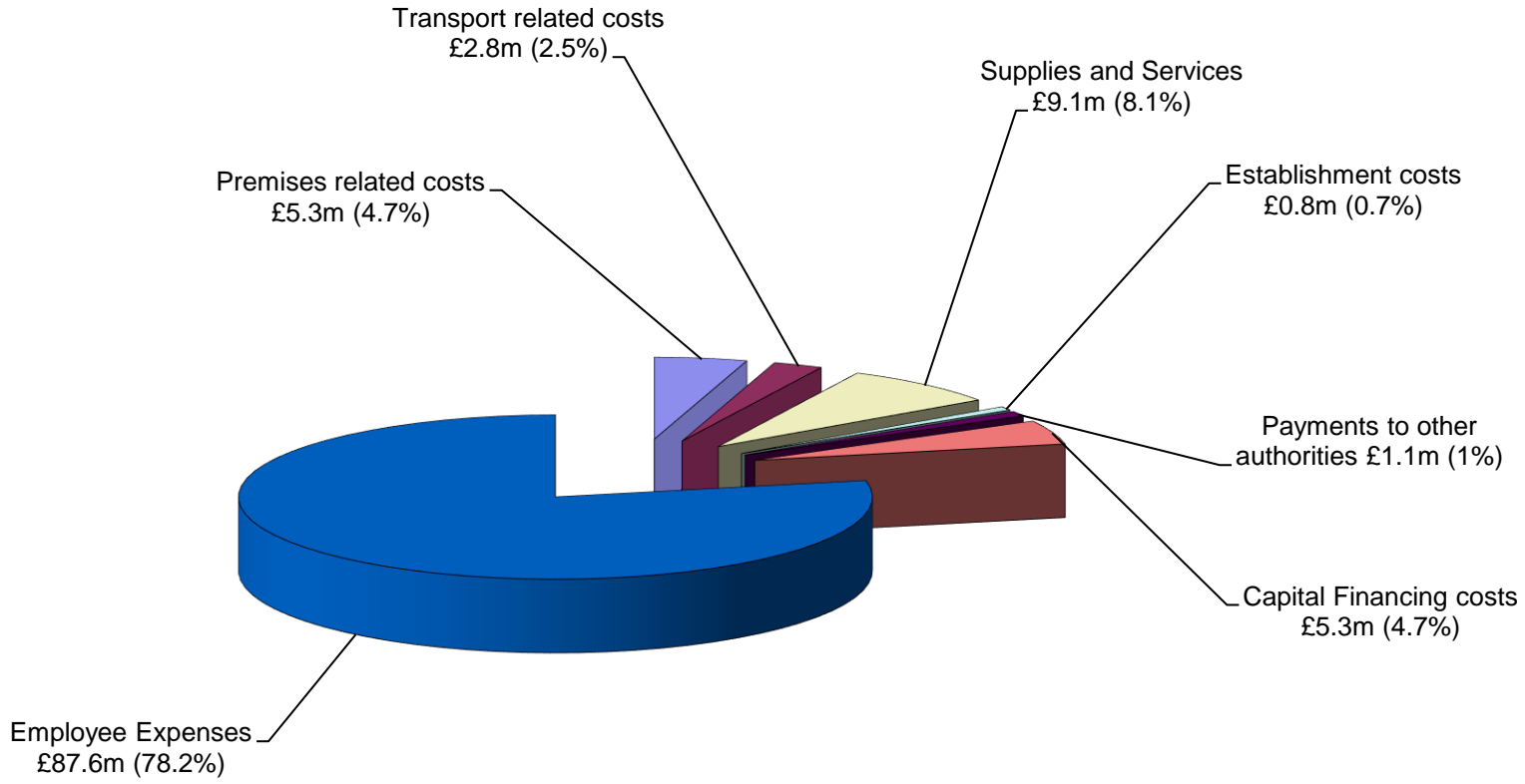
	£000	£000
<b>2024/2025 Revenue Budget</b>		<b>92,622</b>
Provision for Pay Awards and Prices Increases		
Provision for Cost of Pay Settlement for Uniformed Staff	1,665	
Provision for other Pay Awards and prices	658	2,323
Revenue contribution to capital increase	64	
Revenue contribution to capital increase - Red One	400	
Less reserve contribution	(756)	
Inescapable Commitments	2,416	
New investment	1,228	
Section 31 grant	2,055	
Red One dividend	(399)	
Budget Reductions	(2,320)	
		<b>2,688</b>
<b>2025/2026 Net Revenue Budget Requirement</b>		<b>97,634</b>

### ESTIMATED FINANCIAL COMMITMENTS INTO 2026/27 and 2027/28

The figures below have been extracted from the Medium Term Financial Strategy, and provide an indication of the estimated commitments into the next two financial years, flowing from the approval of the OPTION A - 2.99% draft revenue commitment budget. Any revision to these figures, e.g. Budget reductions arising from the implementation of the Change and Improvement programme or further investment in the Service will be included in the revised Medium Term Financial Plan and reported to the Authority during the course of the financial year.

	<b>(Cumulative effect above 2025/2026)</b>	
	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>
<b>Net Revenue Budget Requirement 2025/2026</b>	<b>97,634</b>	<b>97,634</b>
(i) Estimated Costs of pay awards and prices increases	1,868	3,736
Capital Financing charges and revenue contribution to the capital programme	(47)	3
(iii) <u>Other Changes</u>		
Provision for Pay & pension changes	0	0
Reserve funding	3,081	3,081
Other spending commitments	350	499
Section 31 grant removed	208	208
Replacement Structural PPE	1,750	1,750
Increase to pension charges for FFPS rate increase - McCloud/Sargent	0	0
<b>Increase over 2025/2026</b>	<b>7,210</b>	<b>9,277</b>
<b>INDICATIVE CORE BUDGET REQUIREMENT</b>	<b>104,844</b>	<b>106,911</b>

**Devon & Somerset Fire & Rescue Authority - Analysis of Spending 2025/26**



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# **DEVON & SOMERSET FIRE & RESCUE AUTHORITY**

## **PROPOSED REVENUE BUDGET 2025/2026 OPTION B - £5**



**DEVON & SOMERSET  
FIRE & RESCUE AUTHORITY**

**REVENUE BUDGET 2025/2026**

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# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

## COUNCIL TAX INFORMATION & PRECEPTS

<b>TOTAL SPENDING TO BE MET FROM COUNCIL TAX</b>			
Devon & Somerset Fire & Rescue Authority budget funded by District Councils' collection funds			£ 69,880,540
Net surplus on Council Tax collection in previous year			(1,197,664)
Total spending to be met from Council Tax precepts in 2025/2026			<u><b>68,682,876</b></u>
<b>EQUIVALENT NUMBERS OF BAND "D" PROPERTIES</b>			
<b>Billing Authority</b>	<b>Tax Base Used for Collection</b>		
East Devon	65,142.52		
Exeter	39,852.00		
Mid Devon	30,732.91		
North Devon	37,670.43		
Plymouth City	76,557.00		
Somerset Council	212,483.78		
South Hams	44,327.29		
Teignbridge	51,562.00		
Torbay	49,254.24		
Torrige	26,407.79		
West Devon	22,132.28		
	<u><b>656,122.24</b></u>		
<b>DEVON &amp; SOMERSET FIRE AUTHORITY COUNCIL TAX DUE FOR EACH PROPERTY VALUATION BAND</b>			
Valuation Band	Ratio	Government Multiplier %	Council Tax £ p
A	6/9	0.667	69.79
B	7/9	0.778	81.42
C	8/9	0.889	93.05
<b>D</b>	<b>1</b>	<b>1.000</b>	<b>104.68</b>
E	11/9	1.222	127.94
F	13/9	1.444	151.20
G	15/9	1.667	174.47
H	18/9	2.000	209.36
<b>Billing Authority</b>	<b>Surplus/(Deficit) for 2024/2025</b>	<b>Precepts Due 2025/2026</b>	<b>Total due in 2025/2026</b>
	£	£	£
East Devon	179,073	6,819,119	6,998,192
Exeter	57,305	4,171,707	4,229,012
Mid Devon	39,058	3,217,121	3,256,179
North Devon	37,068	3,943,341	3,980,409
Plymouth City	3,161	8,013,987	8,017,148
Somerset Council	443,606	22,242,802	22,686,408
South Hams	63,000	4,640,181	4,703,181
Teignbridge	124,876	5,397,510	5,522,386
Torbay	161,990	5,155,934	5,317,924
Torrige	31,527	2,764,367	2,795,894
West Devon	57,000	2,316,807	2,373,807
	<u><b>1,197,664</b></u>	<u><b>68,682,876</b></u>	<u><b>69,880,540</b></u>

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

## 2025/2026 Revenue Budget

Line No	Line No	2024/2025 Budget £000 (1)		2025/2026 Budget £000 (2)
<b>SPENDING</b>				
<b>EMPLOYEE COSTS</b>				
1	1	38,140	Wholetime uniform staff	38,674
2	2	23,179	Retained firefighters	22,838
3	3	1,911	Control room staff	1,856
4	4	18,417	Non uniformed staff	19,622
5	5	952	Training expenses	1,236
6	6	2,638	Fire Service Pension costs	2,835
		<b>85,237</b>		<b>87,061</b>
<b>PREMISES RELATED COSTS</b>				
7	7	1,281	Repair and maintenance	1,468
8	8	1,143	Energy costs	934
9	9	683	Cleaning costs	738
10	10	2,066	Rent and rates	2,153
		<b>5,172</b>		<b>5,293</b>
<b>TRANSPORT RELATED COSTS</b>				
11	11	709	Repair and maintenance	873
12	12	1,285	Running costs and vehicle insurance	1,136
13	13	901	Travel and subsistence	821
		<b>2,894</b>		<b>2,830</b>
<b>SUPPLIES AND SERVICES</b>				
14	14	4,399	Equipment and furniture	4,671
15	15	246	Hydrants-installation and maintenance	271
16	16	2,851	Communications	2,880
17	17	564	Protective Clothing	629
18	18	178	External Fees and Services	152
19	19	273	Partnership & Regional collaborative projects	471
20	20	23	Catering	21
		<b>8,533</b>		<b>9,094</b>
<b>ESTABLISHMENT COSTS</b>				
21	21	274	Printing, stationery and office expenses	262
22	22	31	Advertising including Community Safety	31
23	23	548	Insurances	543
		<b>852</b>		<b>836</b>
<b>PAYMENTS TO OTHER AUTHORITIES</b>				
24	24	1,119	Support service contracts	1,087
		<b>1,119</b>		<b>1,087</b>
<b>CAPITAL FINANCING COSTS</b>				
25	25	3,807	Loan Charges & Lease rentals	4,177
26	26	661	Revenue Contribution to Capital Spending	2,450
		<b>4,468</b>		<b>6,627</b>
27	32	(255)	Transfer to/(from) Earmarked Reserves	(1,011)
28	27	<b>108,020</b>	<b>TOTAL SPENDING</b>	<b>111,816</b>

**DEVON & SOMERSET FIRE & RESCUE AUTHORITY**

**2025/2026 Revenue Budget**

<b>Line No</b>	<b>2024/2025 Budget £000 (1)</b>		<b>2025/2026 Budget £000 (2)</b>
		<b>INCOME</b>	
28	(1,200)	Treasury management income	(1,600)
29	(13,363)	Grants and reimbursements	(11,059)
30	(835)	Other income	(716)
31	-	Internal Recharges	(63)
32	<u>(15,398)</u>	<b>TOTAL INCOME</b>	<u>(13,438)</u>
33	<u>92,622</u>	<b>NET REVENUE BUDGET REQUIREMENT</b>	<u>98,959</u>
		<b>FINANCED BY:</b>	
34	12,294	Formula Funding Grant	11,882
36	14,393	Share of Non Domestic Business Rates	17,196
38	65,935	District Councils Collection Funds	69,881
39	<u>92,622</u>	<b>TOTAL FINANCING</b>	<u>98,959</u>

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# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

## Analysis of Budget Changes

## 2025/2026 Revenue Budget

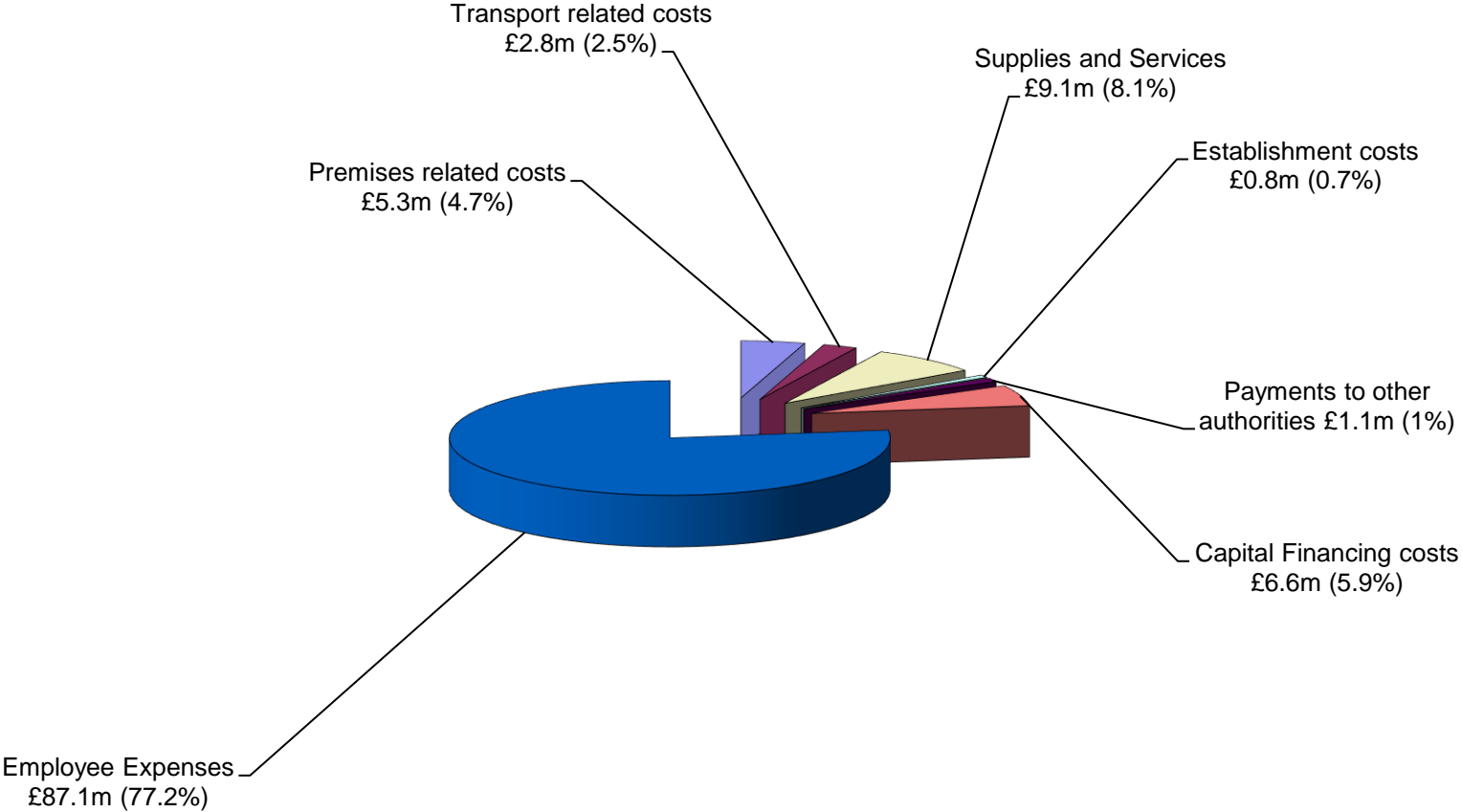
	£000	£000
<b>2024/2025 Revenue Budget</b>		<b>92,622</b>
Provision for Pay Awards and Prices Increases		
Provision for Cost of Pay Settlement for Uniformed Staff	1,665	
Provision for other Pay Awards and prices	658	2,323
Revenue contribution to capital increase	1,389	
Revenue contribution to capital increase - Red One	400	
Less reserve contribution	(756)	
Inescapable Commitments	2,416	
New investment	1,228	
Section 31 grant	2,055	
Red One dividend	(399)	
Budget Reductions	(2,320)	4,013
<b>2025/2026 Net Revenue Budget Requirement</b>		<b>98,959</b>

### ESTIMATED FINANCIAL COMMITMENTS INTO 2026/27 and 2027/28

The figures below have been extracted from the Medium Term Financial Strategy, and provide an indication of the estimated commitments into the next two financial years, flowing from the approval of the OPTION A - 2.99% draft revenue commitment budget. Any revision to these figures, e.g. Budget reductions arising from the implementation of the Change and Improvement programme or further investment in the Service will be included in the revised Medium Term Financial Plan and reported to the Authority during the course of the financial year.

	<b>(Cumulative effect above 2025/2026)</b>	
	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>
<b>Net Revenue Budget Requirement 2025/2026</b>	<b>98,959</b>	<b>98,959</b>
(i) Estimated Costs of pay awards and prices increases	1,868	3,736
Capital Financing charges and revenue contribution to the capital		
(ii) programme	(47)	3
(iii) <u>Other Changes</u>		
Provision for Pay & pension changes	0	0
Reserve funding	1,756	1,756
Other spending commitments	350	500
Section 31 grant removed	208	208
Replacement Structural PPE	1,750	1,750
Increase to pension charges for FFPS rate increase - McCloud/Sargent	0	0
<b>Increase over 2025/2026</b>	<b>5,885</b>	<b>7,953</b>
<b>INDICATIVE CORE BUDGET REQUIREMENT</b>	<b>104,844</b>	<b>106,912</b>

**Devon and Somerset FRA - Analysis of Spending 2025/26**



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<b>REPORT REFERENCE NO.</b>	DSFRA/25/4
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (Budget Meeting)</b>
<b>DATE OF MEETING</b>	17 FEBRUARY 2025
<b>SUBJECT OF REPORT</b>	<b>CAPITAL PROGRAMME 2025-26 TO 2027-28</b>
<b>LEAD OFFICER</b>	Head of Finance (Treasurer)
<b>RECOMMENDATIONS</b>	<p><b><i>That the Authority at its budget meeting on 17 February 2025 be recommended to approve:</i></b></p> <ul style="list-style-type: none"> <li><b><i>(a) the draft Capital Programme 2025-26 to 2027-28 and associated Prudential Indicators, including the capital financing requirement, operational boundary and authorised limits for external debt, as detailed in this report and summarised at Appendices A and B respectively; and</i></b></li> <li><b><i>(b) subject to (a) above, the forecast impact of the proposed Capital Programme (from 2028-29 onwards) on the 5% debt ratio Prudential Indicator as indicated in this report be noted.</i></b></li> </ul>
<b>EXECUTIVE SUMMARY</b>	<p>This report sets out the proposals for a three-year Capital Programme covering the years 2025-26 to 2027-28 and also outlines the difficulties in meeting the full capital expenditure requirement for the Authority, given the number of fire stations, fire appliances and associated equipment required to be maintained and eventually replaced.</p> <p>The Authority has been advised over recent years of the difficulties in maintaining a programme that is affordable within the 5% Prudential Indicator against a reducing revenue budget. The Authority has supported the Treasurer’s recommendation that the Authority should seek alternative sources of funding other than external borrowing to support future capital investment.</p> <p>It should be noted that the capital programme for 2028/29 onwards has been built on knowledge to date. There are potential decisions resulting from the Fire Cover Review that could impact the programme considerably.</p> <p>To inform longer term planning, the Prudential Indicator has been profiled for a further two years beyond 2027-28 based upon indicative capital programme levels, noting the comment about decisions above, for the years 2028-29 to 2029-30.</p>

<b>RESOURCE IMPLICATIONS</b>	As indicated within the report.
<b>EQUALITY IMPACT ASSESSMENT</b>	An initial assessment has not identified any equality issues emanating from this report.
<b>APPENDICES</b>	<p>A. Summary of Proposed Capital Programme 2025-26 to 2027-28 (and indicative Capital Programme 2028-29 to 2029-30).</p> <p>B. Prudential Indicators 2025-26 to 2027-28 (and indicative Prudential Indicators 2028-29 to 2029-30).</p>
<b>BACKGROUND PAPERS</b>	None



## **1. INTRODUCTION**

- 1.1. Each year, the Capital Programme is reviewed and adjusted to include new projects, and those carried forward, allowing the capital investment needs of the Service to be understood over a three year rolling programme. In constructing the programme, considerable effort is made to ensure that the impact of borrowing is maintained below the 5% ratio of financing costs to net revenue stream – one of several Prudential Indicators previously agreed by the Devon and Somerset Fire and Rescue Authority (hereinafter referred to as “the Authority”).
- 1.2. The Authority has in previous years used revenue contributions and capital reserve to finance the capital programme, ensuring the Authority stays within the 5% ratio. The Authority has faced increasing revenue budget pressures making the revenue contribution unaffordable in the two previous financial years, which in turn, speeds up the use of the capital reserve. This will impact on the 5% ratio. In the medium term, however, the modelled increases in net revenue budget indicate the ratio will remain well within the Prudential indicator.
- 1.3. The fleet replacement cycle continues, with 10 new “light” Medium Rescue Pumps (MRPs) and 4 all-wheel drive MRPs to be introduced during 2025/26, along with numerous support vehicles. The fleet replacement programme, when combined with a station rebuild and other works, will see a significant draw on the capital reserve which is now expected to be used up by 2026-27.
- 1.4. The Authority has set a strategy to reduce reliance on external borrowing. The proposed Capital Programme 2025-26 to 2027-28 and indicative Capital Programme 2028-29 to 2029-30 show that, despite the reduced number of assets, the Authority may need to borrow up to £23.7m (this is with £2m Revenue Contribution to Capital Outlay – (RCCO), with none it is £34m). When further decisions are made around the Fire Cover Review, this figure is likely to increase significantly. Alternatively, there may be a need to restrict the amount of funding available to the Capital Programme and task the Service with further rationalising of its assets.

## **2. FINANCING OF THE PROPOSED CAPITAL PROGRAMME**

- 2.1. The tests of affordability of future capital spending are measured by compliance with the Chartered Institute of Public Financial Accountants (CIPFA) Prudential Code for Capital Financing for Local Authorities. Under this code, the Authority is required to set a suite of indicators to provide assurance that capital spending is prudent, affordable and sustainable. The indicators are reviewed annually, although set for the three-year period. They also include setting maximum borrowing limits to provide assurance around prudence and the setting of maximum debt ratios to provide assurances in relation to affordability and sustainability.
- 2.2. The proposed programme and funding, as contained in this report, increases the external borrowing requirement to £33.3m (£39.2m with no RCCO) by 2027-28 from the current external borrowing of £23.3m as at 31 March 2025. The debt ratio remains below the 5% maximum limit throughout the planning period.

- 2.3. The focus of this Authority over many years has been to control spending within the 5% limit. To achieve this, the Service has utilised revenue funding wherever possible through allocation of budget or revenue underspends. This approach has been successful because neither the 5% prudential indicator has been breached nor has external borrowing increased.
- 2.4. Despite increasing pressure on revenue budgets, the revised programme has been prepared on the basis that Revenue Contributions to Capital will increase for 2025-26, at the target rate of £2.0m which is in line with the strategic intent.
- 2.5. Due to current interest rates and the potential need to borrow in the future, it is not currently recommended that the Authority repay loans early. This means that existing loans will be applied to the current capital programme until repayment is made in order to avoid an over-borrowed situation. The debt portfolio and interest rates will be regularly reviewed to maximise economy of funding sources.

### 3. **REVISED CAPITAL PROGRAMME FOR 2025-26 to 2027-28**

- 3.1. Appendix A to this report provides an analysis of the proposed programme for the three years 2025-26 to 2027-28 as detailed in this report. This programme represents a net increase in overall spending of £8.6m (before application of optimism bias) over the previously agreed indicative programme as illustrated in Figure 1 below:

**Figure 1**

	Estates £m	Fleet & Equipment £m	Total £m
<b>Existing Programme</b>			
2024-25	4.9	3.8	8.7
2025-26	6.0	2.9	8.9
2026-27 (provisional)	8.6	1.6	10.2
2027-28 (provisional)	3.4	2.4	5.8
<b>Total 2024-25 to 2027-28</b>	<b>22.9</b>	<b>10.7</b>	<b>33.6</b>
<b>Proposed Programme</b>			
2024-25 (forecast spending)	0.9	3.8	4.7
2025-26	4.8	4.7	9.5
2026-27 (provisional)	7.7	3.9	11.6
2027-28 (provisional)	11.6	4.8	16.4
<b>Total 2024-25 to 2027-28</b>	<b>25.0</b>	<b>17.2</b>	<b>42.2</b>
<b>Proposed change</b>	<b>2.1</b>	<b>6.5</b>	<b>8.6</b>

## ***Estates***

- 3.2. The Service continues to progress with rationalising the Estate as part of the new ways of working, along with the disposal of surplus non-operational buildings, whilst also incorporating the Authority's Green Service Environmental Strategy. The Estates Department continues to work in close partnership with the Service Delivery and Academy Training Teams to support a sustainable training infrastructure model for the future.
- 3.3. With consideration of the strategic output from the Community Risk Management Plan (CRMP), a Fire Cover Review and the Target Operating Model (TOM), the programme for 2025-26 maintains the focus on existing projects; particularly the new build project for Camels Head Fire Station, Dignity at Work covering welfare and rest accommodation for the remaining Wholetime Fire Stations, alongside works to ensure compliance such as Muster Bay Separation works and associated Personal Protective Equipment (PPE) at On Call Stations as well as the major refurbishment and extension of Bere Alston Fire Station.
- 3.4. Within the programme is investment in a replacement Hot Villa and scrubbers based at the airport. There is also investment in carbon reduction at two Stations which is part funded by a grant from the Public Sector Decarbonisation Scheme.

## ***Operational Assets***

- 3.5. The Service is preparing for the development of the Medium Rescue Pumps 2 (MRP2) (previously known as Light Rescue Pumps (LRP)) requirements and replacements as part of the long-term fleet replacement plan. A review of numbers and locations of specialist vehicles is being considered alongside the Community Risk Management Plan.
- 3.6. A 10-year vehicle replacement programme has been developed along with an equipment replacement programme (which is funded from revenue due to the low value of each individual asset). The Asset Management Project will enable the Service to better assess the whole life costs of the Service's assets in the future.
- 3.7. The benefits of the Fleet Replacement Programme are:
  - Economic benefits of new fleet;
  - Standardisation of vehicles leading to reduced maintenance and training costs; and
  - Environmental benefits from reduced emissions and savings on fuel consumption

3.8. The Fleet Replacement plan has replaced some of the Service’s oldest appliances with new MRPs and cascaded existing vehicles to the reserve and training fleet. Currently the Service has:

- MRP – 56 front-line appliances of which 16 are overdue replacement (more than 15 years old – 29%);
- MRP Reserves – 10 MRP reserve appliances of which 8 are overdue replacement (more than 15 years old – 80%);
- LRP – 38 front-line LRP appliances of which 6 become due replacement in 2025/26 based on 12 years expected life-cycle;
- LRP Reserves – 4 LRP Reserve appliances which are 10 years old;
- Rapid Intervention Vehicle (RIV) – 18 front-line RIV appliances of which none will be due replacement until 2028/29 based on a ten-year life cycle. (Note: these vehicles have not been in service long enough to accurately predict life cycle so will rely on condition reporting;
- RIV Reserves – 2 RIV reserve appliances which are both 6 years old;
- Training Appliances – 7 MRP training appliances of which 6 are over 15 years old; and
- Driver Training Appliances – 2 x MRP driver training specific appliances which are 14 years old. 1 x new MRP (driver training specific) and 1 x MRP appliance (not driver training specific) which is 16 years old. 1 x LRP driver training specific which is 7 years old.

#### 4. **FORECAST DEBT CHARGES**

4.1. Appendix A also provides indicative capital requirements beyond 2027-28 to 2029-30. The estimated debt charge emanating from this revised spending profile is illustrated in Figure 2.

**Figure 2 - Summary of Estimated Capital Financing Costs and future borrowing**

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Forecast Debt outstanding at year end	26.369	23.900	34.459	39.198	41.190
Base budget for capital financing costs and debt charges	4.137	3.830	4.426	4.856	4.817
Change over previous year		(0.307)	0.596)	0 430	0.042
<b>Debt ratio</b>	<b>2.98%</b>	<b>2.58%</b>	<b>3.08%</b>	<b>3.38%</b>	<b>3.24 %</b>

4.2. The forecast figures for external debt and debt charges beyond 2027-28 are based upon the indicative programmes as included in Appendix A for the years 2028-29 to 2029-30. The affordability of these programmes will need to be subject to annual review based upon the financial position of the Authority.

## 5. **PRUDENTIAL INDICATORS**

5.1. Appendix B provides a summary of the Prudential Indicators associated with the level of spending over this period. It is forecast that the Capital Financing Requirement (the need to borrow to fund capital spending) will have increased from current levels of £26.4m to £41.1m (including impact of proposed revenue contributions) by 2029-30.

5.2. The reducing revenue budget impacts significantly upon the borrowing capacity of this Authority and the ability to baseline revenue contribution. Whilst the programme now presented maintains borrowing within 5% to 2029-30, this will only be possible with appropriate annual revenue contributions to the capital programme to maintain an affordable and sustainable Capital Programme.

5.3. Two Treasury Management Indicators control the level of borrowing. They are:

**The operational boundary:** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Estimated Operational Boundary	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Non-HRA expenditure	24,871	24,413	24,346	34,920
Other Long Term Liabilities	4,620	4,620	3,650	2,663
<b>Total</b>	<b>29,490</b>	<b>29,032</b>	<b>27,996</b>	<b>37,583</b>

**The authorised limit for external debt:** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Authority. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

5.4. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Authority's plans, or those of a specific Authority, although this power has not yet been exercised.

5.5. The Authority is asked to approve the following authorised limit (and as included at Appendix B of this report):

Estimated Authorised Limit	2024-25	2025-26	2026-27	2027-28
	£m	£m	£m	£m
Non-HRA expenditure	26,037	25,574	25,430	36,583
Other Long Term Liabilities	4,825	4,777	3,758	2,719
Total	30,862	30,351	29,188	39,302

5.6. These limits are also covered within the report on the Treasury Management Strategy approved elsewhere on the agenda for this meeting.

## 6. **CONCLUSION**

6.1. This report emphasises the difficulties in meeting the full capital expenditure requirement for the Service, given the geographical size and the number of fire stations and fire appliances required to be maintained (and eventually replaced) whilst keeping debt charges within the 5% limit.

6.2. The Capital Programme has been constructed on the basis that the revenue budget contribution to capital will be maintained in future years and highlights that, unless capital assets are further rationalised, there will be a need to borrow in 2026-27. The Programme proposed in this report does not commit any spending beyond 2027-28. Decisions on further spending will be subject to annual review based upon the financial position of the Authority. The programme is therefore recommended for approval, and a future affordability review will be undertaken.

**ANDREW FURBEAR**  
**Head of Finance (Treasurer)**

**APPENDIX A TO REPORT DSFRA/25/4**

**SUMMARY OF PROPOSED CAPITAL PROGRAMME 2025-26 TO 2027-28 (AND INDICATIVE CAPITAL PROGRAMME 2028-29 TO 2029-30).**

Capital Programme 2025/26 to 2029/30									
2024/25 £000 Budget	2024/25 £000 Forecast Outturn	Item	PROJECT	2025/26 £000 Budget	2026/27 £000 Budget	2027/28 £000 Budget	2028/29 £000 Indicative Budget	2029/30 £000 Indicative Budget	
			<b>Estate Development</b>						
531	(22)	1	Site re/new build	100	3,600	7,250	3,800	0	
4,338	923	2	Improvements & structural maintenance	4,696	4,059	4,392	2,498	930	
<b>4,869</b>	<b>901</b>		<b>Estates Sub Total</b>	<b>4,796</b>	<b>7,659</b>	<b>11,642</b>	<b>6,298</b>	<b>930</b>	
			<b>Fleet &amp; Equipment</b>						
2,236	2,254	3	Appliance replacement	3,574	3,355	3,214	3,326	3,450	
1,543	1,545	4	Specialist Operational Vehicles	1,131	565	1,611	800	1,692	
0	0	5	ICT Department	0	0	0	250	0	
<b>3,779</b>	<b>3,799</b>		<b>Fleet &amp; Equipment Sub Total</b>	<b>4,705</b>	<b>3,920</b>	<b>4,825</b>	<b>4,376</b>	<b>5,142</b>	
<b>(1,000)</b>	<b>0</b>	6	<b>Optimism bias Sub Total</b>	<b>(1,000)</b>	<b>(500)</b>	<b>(800)</b>	<b>1,000</b>	<b>1,300</b>	
<b>7,648</b>	<b>4,700</b>		<b>Overall Capital Totals</b>	<b>8,501</b>	<b>11,079</b>	<b>15,667</b>	<b>11,674</b>	<b>7,372</b>	
			<b>Programme funding - Option A - revenue funding at £2m</b>						
5,167	2,369	7	Earmarked Reserves:	3,993	8,402	0	0	0	
661	861	8	Revenue funds:	2,450	2,450	2,500	2,550	2,550	
0	0	9	Capital receipts:	0	0	0	0	0	
1,391	1,391	10	Borrowing - internal	1,812			2,091	2,387	
		11	Borrowing - external	0	97	13,167	5,633	2,435	
429	79	16	Grants	0	0	0	0	0	
0	0	12	Contributions:	246	130	0	1,400	0	
<b>7,648</b>	<b>4,700</b>		<b>Total Funding</b>	<b>8,501</b>	<b>11,079</b>	<b>15,667</b>	<b>11,674</b>	<b>7,372</b>	

The "Optimism Bias" incorporates learning that these figures will change throughout the year, the reasons for any such changes will be outlined in subsequent papers.

**APPENDIX B TO REPORT DSFRA/25/4**

**PRUDENTIAL INDICATORS 2025-26 TO 2027-28 (And Indicative Prudential Indicators 2028-29 To 2029-30).**

<b>PRUDENTIAL INDICATORS</b>	<b>INDICATIVE INDICATORS</b>				
	2025/26 £m Estimate	2026/27 £m Estimate	2027/28 £m Estimate	2028/29 £m Estimate	2029/30 £m Estimate
<b>Capital Expenditure</b>					
Non - HRA	8.501	11.079	15.667	11.674	7.372
HRA (applies only to housing authorities)					
<b>Total</b>	<b>8.501</b>	<b>11.079</b>	<b>15.667</b>	<b>11.674</b>	<b>7.372</b>
<b>Ratio of financing costs to net revenue stream</b>					
Non - HRA	2.98%	2.59%	3.08%	3.38%	3.24%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Capital Financing Requirement as at 31 March</b>	£000	£000	£000	£000	£000
Non - HRA	23,219	21,738	33,322	38,836	41,190
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	3,150	2,163	1,137	362	0
<b>Total</b>	<b>26,369</b>	<b>23,900</b>	<b>34,459</b>	<b>39,198</b>	<b>41,190</b>
<b>Annual change in Capital Financing Requirement</b>	£000	£000	£000	£000	£000
Non - HRA	(1,063)	(2,469)	10,559	4,739	1,993
HRA (applies only to housing authorities)	0	0	0	0	0
<b>Total</b>	<b>(1,063)</b>	<b>(2,469)</b>	<b>10,559</b>	<b>4,739</b>	<b>1,993</b>
<b>PRUDENTIAL INDICATORS - TREASURY MANAGEMENT</b>					
<b>Authorised Limit for external debt</b>	£000	£000	£000	£000	£000
Borrowing	25,574	25,503	36,656	41,972	44,431
Other long term liabilities	4,777	3,758	2,719	1,655	862
<b>Total</b>	<b>30,351</b>	<b>29,261</b>	<b>39,376</b>	<b>43,626</b>	<b>45,293</b>
<b>Operational Boundary for external debt</b>	£000	£000	£000	£000	£000
Borrowing	24,413	24,416	34,990	40,030	42,372
Other long term liabilities	4,620	3,650	2,663	1,637	862
<b>Total</b>	<b>29,032</b>	<b>28,066</b>	<b>37,653</b>	<b>41,667</b>	<b>43,233</b>
<b>Maximum Principal Sums Invested over 364 Days</b>					
Principal Sums invested > 364 Days	7,000	7,000	7,000	7,000	7,000

<b>TREASURY MANAGEMENT INDICATOR</b>	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2025/26		
Under 12 months	30%	0%
12 months and within 24 months	30%	14%
24 months and within 5 years	50%	1%
5 years and within 10 years	75%	4%
10 years and above	100%	80%



<b>REPORT REFERENCE NO.</b>	<b>DSFRA/25/5</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (Budget Meeting)</b>
<b>DATE OF MEETING</b>	<b>17 FEBRUARY 2025</b>
<b>SUBJECT OF REPORT</b>	<b>TREASURY MANAGEMENT STRATEGY (INCLUDING PRUDENTIAL AND TREASURY INDICATORS REPORT 2025-26 TO 2027-28)</b>
<b>LEAD OFFICER</b>	<b>Head of Finance (Treasurer)</b>
<b>RECOMMENDATIONS</b>	<i>That the Authority be recommended to approve:</i>  <i>(a). the Treasury Management Strategy and the Annual Investment Strategy; and</i>  <i>(b). the Minimum Revenue Provision statement for 2025-26, as contained at Appendix B;</i>
<b>EXECUTIVE SUMMARY</b>	As agreed at the Authority meeting of 18 December 2017, item DSFRA/49a refers, there is a requirement for the Resources Committee to review the Treasury Management Strategy for recommendation to the Authority. This report sets out a treasury management strategy and investment strategy for 2025-26, including the Prudential Indicators associated with the capital programme for 2025-26 to 2027-28 considered elsewhere on the agenda of this meeting. A Minimum Revenue Provision Statement for 2025-26 is also included for approval. The 2021-22 revised Prudential Code also requires the Treasurer to certify that none of the Authority's spending plans include the acquisition of assets primarily held for yield.
<b>RESOURCE IMPLICATIONS</b>	As indicated in this report
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	The contents of this report are considered compatible with existing human rights and equality legislation.
<b>APPENDICES</b>	A. Prudential and Treasury Management Indicators 2025-26 to 2027-28  B. Minimum Revenue Provision Statement 2025-26.  C. MUFG Corporate Markets Treasury Ltd (Formally Link Treasury Solutions) economic report
<b>BACKGROUND PAPERS</b>	Local Government Act 2003.

	Chartered Institute of Public Finance Accountancy's (CIPFA) Prudential Code and CIPFA Treasury Management Code of Practice
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## 1. **INTRODUCTION**

### ***Background***

- 1.1. The Authority is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2. The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Authority risk or cost objectives.
- 1.3. The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.4. CIPFA defines treasury management as:

*“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 1.5. The Authority has not engaged in any commercial investments and has no non-treasury investments.

### ***Statutory requirements***

- 1.6. The Local Government Act 2003 (the Act) and supporting regulations requires the Authority to “have regard to” the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

- 1.7. The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act); this sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.8. The Ministry of Housing, Communities and Local Government (MHCLG) issued revised investment guidance which came into force from 1 April 2018. This guidance was captured within the revised Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code 2017.

### ***CIPFA requirements***

- 1.9. The CIPFA 2021/22 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:
- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
  - an overview of how the associated risk is managed;
  - the implications for future financial sustainability; and
  - declare that the capital spends do not include the acquisition of assets primarily for yield.
- 1.10. The aim of this capital strategy is to ensure that all elected members on the Authority fully understand the overall long-term policy objectives, the resulting capital strategy requirements, governance procedures and the risk appetite.

### ***Treasury Management reporting***

- 1.11. The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
- a. Prudential and Treasury Indicators and Treasury Strategy** (this report):  
The first, and most important report is forward looking and covers:
- the capital plans, (including prudential indicators);
  - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
  - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
  - an investment strategy, (the parameters on how investments are to be managed).
- b. A Mid-year Treasury Management Report: This is primarily a progress report and will update the Authority on the capital position, amending prudential indicators** as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.

**c. An Annual Treasury Report:** This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.12. The above reports are required to be adequately scrutinised before being recommended to the Authority. This role is undertaken by the Resources Committee.

1.13. In addition to the Treasury management reports identified in 1.11 of this report, quarterly treasury management reports will be prepared as part of the budget monitoring reporting cycle. These will update on the approved indicators as required by the CIPFA Prudential Code 2021.

1.14. The Authority has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities;
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives;
- Receipt by the Authority of an annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a mid-year review report and an annual report (stewardship report) covering activities during the previous year;
- Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices - for the Authority the delegated body is Resources Committee - and for the execution and administration of treasury management decisions - for the Authority the responsible officer is the Treasurer; and
- Delegation by the Authority of the role of scrutiny of treasury management strategy and polices to a named body - for the Authority the delegated body is Resources Committee.

#### ***Treasury Management Strategy for 2025-26***

1.15. The suggested strategy for 2025-26 in respect of the following aspects of the treasury management function is based upon the Treasury Officers' views on interest rates, supplemented with leading market forecasts provided by the Authority's treasury advisor, MUFG Corporate Markets Treasury (formally Link Treasury Solutions).

1.16. The strategy for 2025-26 covers two main areas:

#### ***Capital Issues***

- capital plans and prudential indicators; and

- the Minimum Revenue Provision statement.

### ***Treasury Management Issues***

- treasury limits in force which will limit the treasury risk and activities of the Authority;
- treasury Indicators;
- the current treasury position;
- the borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

### ***Training***

- 1.17. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

### ***Treasury Management Advisors***

- 1.18. The Authority uses MUFG Corporate Markets Treasury Ltd. as its external treasury management advisors.
- 1.19. The Authority recognises that responsibility for treasury management decisions remains with the Authority at all times and will ensure that undue reliance is not placed upon the services of its external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, its treasury advisers.
- 1.20. The Authority also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subjected to regular review.

## 2. CAPITAL PRUDENTIAL INDICATORS FOR 2025-26 TO 2026-27

2.1. The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

2.2. This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. The Committee is asked to recommend approval of the capital expenditure forecasts as proposed in the Capital Programme report considered elsewhere on this meeting's agenda. Other long-term liabilities such as Private Finance Initiative (PFI) and leasing arrangements which already include borrowing instruments are excluded.

Proposed Capital Expenditure	2024/25 (forecast spending)	2025 /26	2026/27 (provisional)	2027/28 (provisional)	2026 /27	2027 /28
	£m	£m	£m	£m	£m	£m
Estates	0.901	3.796	7.159	10.842	7.298	2.230
Fleet & Equipment	3.799	4.705	3.920	4.825	4.376	5.142
<b>Total</b>	<b>4.700</b>	<b>8.501</b>	<b>11.079</b>	<b>15.667</b>	<b>11.674</b>	<b>7.372</b>

2.3. The table below summarises the financing of the capital programmes shown above. Additional capital finance sources may become available during the year, for example, additional grants or external contributions. The Authority will be requested to approve increases to the capital programme to be financed from other capital resources as and when the need arises.

Capital Financing	2024-25 (forecast spending)	2025-26	2026-27 (provisional)	2027-28 (provisional)	2026/27	2027/28
	£m	£m	£m	£m	£m	£m
Capital receipts/ contributions	0.000	0.246	0.130	0.000	1.400	0.000
Capital grants	0.079	0.000	0.000	0.000	0.000	0.000
Capital reserves	2.369	3.993	8.472	-0.070	0.000	0.000
Revenue	0.861	2.450	2.450	2.500	2.550	2.550
Existing borrowing	1.391	1.812	0.000	0.000	2.086	1.046
New borrowing	0.000	0.000	0.027	13.167	5.638	3.776
<b>Total</b>	<b>4.700</b>	<b>8.501</b>	<b>11.079</b>	<b>15.597</b>	<b>11.674</b>	<b>7.372</b>

### ***The Authority's Borrowing Need (Capital Financing Requirement)***

- 2.4. The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 2.5. The CFR does not increase indefinitely, as the Minimum Revenue Provision is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.
- 2.6. The CFR includes any other long-term liabilities (e.g. Private Finance Initiative (PFI) schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of scheme include a borrowing facility by the PFI via a public-private partnership lease provider and so the Authority is not required to separately borrow for these schemes. The Authority currently has £3.150m of such schemes within the CFR.

#### **Capital Financing Requirement:**

<b>Capital Financing Requirement (CFR)</b>	<b>2024-25 (forecast spending) £m</b>	<b>2025-26 £m</b>	<b>2026-27 (provisional) £m</b>	<b>2027-28 (provisional) £m</b>
Non-HRA expenditure	23.312	23.219	21.738	33.322
Other Long Term Liabilities	4.120	3.150	2.163	1.137
Total CFR	27.432	26.369	23.900	34.459
Movement in CFR	5.539	1.812	0.097	13.167
Less MRP	(2.534)	(2.875)	(2.566)	(2.608)
Net movement in CFR	3.005	(1.063)	(2.469)	10.559

#### ***Core funds and expected investment balances***

- 2.7. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed, within the table overleaf, are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.



**Estimates of year-end balances for each resource and anticipated day-to-day cash flow balances:**

<b>Estimated Year end Resources</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
	£m	£m	£m	£m
Reserve Balances	15.400	6.700	4.480	1.918
Capital receipts/ contributions	0.000	0.000	0.000	0.000
Provisions	0.000	0.000	0.000	0.000
Other	17.104	18.495	20.307	19.292
Total core funds	32.504	25.195	24.787	21.210
Working capital*	1.000	1.000	1.000	1.000
Under/over borrowing	0.000	0.000	0.000	0.000
Expected investments	33.504	26.195	25.787	22.210

\*Working capital balances shown are estimated year-end; these may be higher mid-year

***Minimum Revenue Provision Strategy***

- 2.8. The Authority is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision).
- 2.9. The Ministry of Housing, Communities and Local Government (MHCLG) regulations have been issued which require the Authority to approve a **Minimum Revenue Provision Statement** in advance of each year. A variety of options are provided under which Minimum Revenue Provision could be made, with an overriding recommendation that the Authority should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits.
- 2.10. The Authority does not plan to make any Voluntary Revenue Provisions within the next three years.
- 2.11. Although four main options are provided under the guidance, the Authority has adopted as set out in the paragraphs overleaf:

### ***The Asset Life Method***

- 2.12. Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, Minimum Revenue Provision is to be made in equal annual instalments over the life of the asset. In this circumstance the asset life is to be determined when Minimum Revenue Provision commences and not changed after that. Minimum Revenue Provision should normally commence in the financial year following the one in which the expenditure is incurred. However, when borrowing to construct an asset, the Authority may treat the asset life as commencing in the year in which the asset first becomes operational. It may accordingly postpone beginning to make Minimum Revenue Provision until that year. Investment properties should be regarded as becoming operational when they begin to generate revenues.
- 2.13. As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
- 2.14. A draft Minimum Revenue Provision statement for 2025-26 is attached at Appendix B of this report for Authority approval.
- 2.15. The financing of the approved 2025-26 Capital Programme (included elsewhere on the agenda for this meeting) and the resultant prudential indicators, have been set on the basis of the content of this statement.

### ***Prudential Indicators for Affordability***

- 2.16. The previous sections of this report cover the overall limits for capital expenditure and borrowing, but within the overall framework indicators are also included to demonstrate the affordability of capital investment plans.
- 2.17. A key indicator of the affordability of capital investment plans is the ratio of financing costs to the net revenue stream; this indicator identifies the trend in the cost of capital financing (borrowing costs net of investment income) against the Authority's net budget requirement. Annual capital financing costs are a product of total debt outstanding, the annual repayment regime and interest rates. The forecast ratios for 2025-26 to 2027-28 based on current commitments and the proposed Capital Programme are shown below.

Financing costs as a % of net revenue	2024-25 (forecast spending)	2025-26	2026-27 (provisional)	2027-28 (provisional)
Annual cost	1.99%	2.98%	2.58%	3.07%

### 3. **BORROWING**

3.1. The capital expenditure plans set out in Section 2 of this report provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

#### ***Current borrowing position***

3.2. The Authority's treasury portfolio position at 31 March 2024 and the current position are summarised below:

<b>TREASURY PORTFOLIO</b>				
	actual 31.3.24	actual 31.3.24	current 31.12.24	current 31.12.24
	£000	%	£000	%
<b>Treasury investments</b>				
banks	14,150	63%	33,150	61%
building societies - unrated		0%		0%
building societies - rated		0%		0%
local authorities	5,000	22%	12,000	22%
DMADF (H.M.Treasury)		0%		0%
money market funds	3,320	15%	8,960	17%
certificates of deposit		0%		0%
<b>Total managed in house</b>	<b>22,470</b>	<b>100%</b>	<b>54,110</b>	<b>100%</b>
bond funds		0%		0%
property funds		0%		0%
<b>Total managed externally</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Total treasury investments</b>	<b>22,470</b>	<b>100%</b>	<b>54,110</b>	<b>100%</b>
<b>Treasury external borrowing</b>				
local authorities		0%		0%
PWLB	23,862	100%	23,724	100%
LOBOs		0%		0%
<b>Total external borrowing</b>	<b>23,862</b>	<b>100%</b>	<b>23,724</b>	<b>100%</b>
<b>Net treasury investments / (borrowing)</b>	<b>-1,392</b>	<b>0</b>	<b>30,386</b>	<b>0</b>

- 3.3. The Authority's forward projections for borrowing are summarised below. The Table below shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing. Actual external debt against the underlying capital borrowing need:

External Debt	2024-25 (forecast spending)	2025-26	2026-27	2027-28
	£m	£m	£m	£m
Debt at 1 April	23.313	23.219	20.653	33.227
Expected change in Debt	(0.458)	(0.093)	(2.566)	12.574
Other long-term liabilities (OLTL)	4.120	3.150	2.163	1.137
Expected change in OLTL	(0.969)	(0.988)	(1.026)	1.026
Actual gross debt at 31 March	26.004	25.289	19.224	47.963
CFR	27.432	26.369	23.830	34.392
Under/ Over borrowing	(1.427)	(1.080)	(4.606)	13.571

- 3.4. Within the prudential indicators there are a number of key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025-26 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 3.5. The Authority complied with this prudential indicator in the current year and is not envisaging difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

#### ***Limits to Borrowing Activity***

- 3.6. Two Treasury Management Indicators control the level of borrowing. They are:
- **The operational boundary:** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Estimated Operational Boundary	2024-25	2025-26	2026-27	2027-28
	£m	£m	£m	£m
Non-HRA expenditure	24,871	24,413	24,346	34,920
Other Long Term Liabilities	4,620	4,620	3,650	2,663
Total	29,490	29,032	27,996	37,583

- **The authorised limit for external debt:** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Authority. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Authority's plans, or those of a specific Authority, although this power has not yet been exercised.

Estimated Authorised Limit	2024-25	2025-26	2026-27	2027-28
	£m	£m	£m	£m
Non-HRA expenditure	26,037	25,574	25,430	36,583
Other Long Term Liabilities	4,825	4,777	3,758	2,719
Total	30,862	30,351	29,188	39,302

### ***Prospects for interest rates***

- 3.7. The Authority has appointed MUFG Corporate Markets Treasury as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. The table overleaf, and narrative within Appendix C - paragraphs C28 and C33, gives their view.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

### ***Borrowing strategy***

- 3.8. As reported within the “Capital Programme 2025-26 to 2027-28” at agenda item 6 of this meeting’s agenda, it is the strategic intent of the Authority not to increase its exposure to external borrowing during the next three years. Subject to permitted increases to Council Tax, the revenue contribution to capital investment has been increased to the target of £2.0m for 2025-26.
- 3.9. This being the case there is no intention to take out any new borrowing during 2025-26 as the Authority can rely on its prudent Capital Reserve. Should this position change then the Treasury Management Strategy will need to be reviewed to reflect any change to the borrowing strategy and would be subject to a further report to the Authority.

### ***Policy on borrowing in advance of need***

- 3.10. Per statutory requirements, the Authority will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of such funds.

### ***Debt rescheduling***

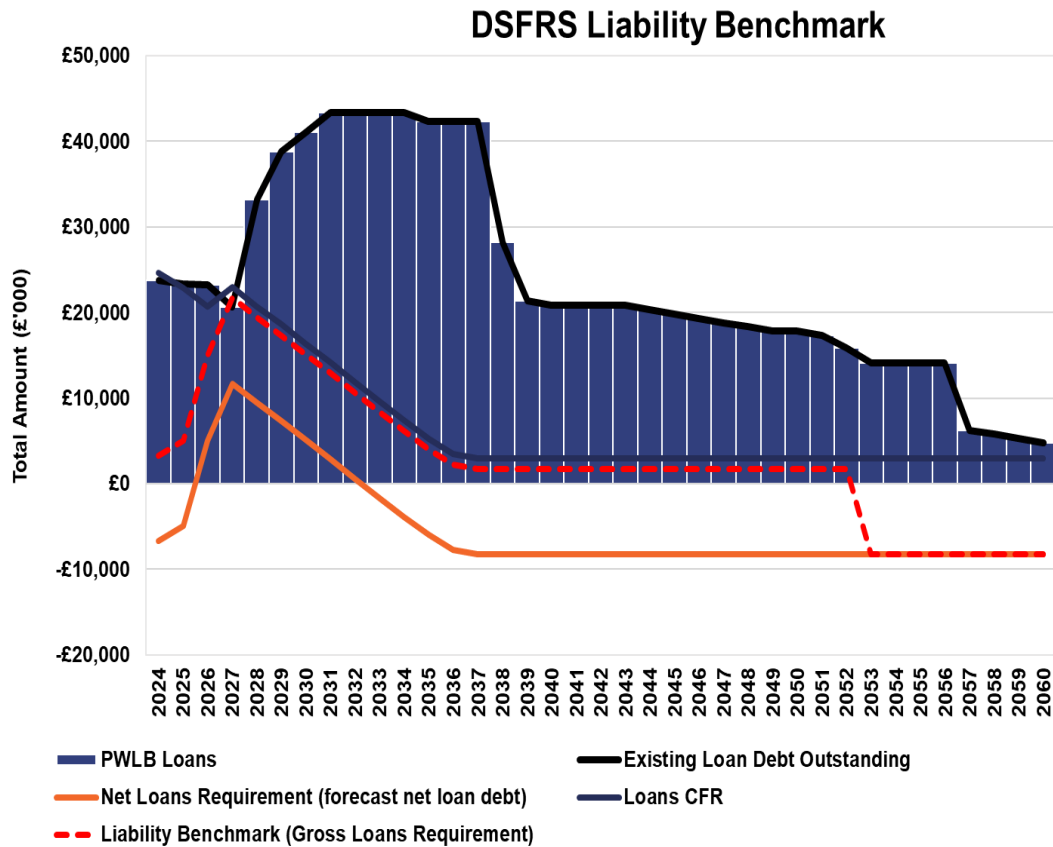
- 3.11. Officers regularly engage with MUFG Corporate Markets Treasury to review the Public Works Loan Board (PWLB) loan portfolio and consider opportunities for early repayment, this is not currently economically viable due to the penalties applied.
- 3.12. Rescheduling of current borrowing in our debt portfolio is unlikely to occur in the short-term but a watchful eye is kept on the viability of early repayment without incurring a penalty in doing so.
- 3.13. If rescheduling was to occur, it would be reported to this Committee at the earliest meeting following its action.

### ***Liability Benchmark***

- 3.14. CIPFA has issued revised codes of practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. One of the changes to the Treasury Management Code is the introduction of a liability benchmark that can be compared to the Local Authority’s borrowing strategy and can be calculated to show the lowest risk level of borrowing.
- 3.15. The chart below shows the liability benchmark that has been calculated from 2024 and future years: The following explanations are provided to assist with understanding the chart:
- i. Blue shaded area – represents the Authority’s current fixed term loans for 2021 and future years. The amounts shown include any new borrowing for schemes included in the capital programme but does not include the replacement borrowing for maturing loans, hence the line reduces over time as existing loans are paid off.

- ii. Solid blue line – an estimate of Loans Capital Financing Requirement (the CFR less any other long-term debt liabilities), this being the required level to fund the capital programme.
- iii. Solid red line – a forecast of the year end liability benchmark representing the lowest amount of borrowing that should be undertaken to maintain the Authority’s liquidity and minimise credit risk.

3.16. It is anticipated that the above borrowing requirement is manageable within the current borrowing strategy.



## 4. ANNUAL INVESTMENT STRATEGY

### *Investment Policy*

4.1. The Authority’s Investment Policy has regard to the MHCLG’s Guidance on Local Government Investments (“the Guidance”), CIPFA’s Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”) and the CIPFA Treasury Management Guidance Notes 2018. The Authority’s investment priorities will be security first, portfolio liquidity second, then yield.

- 4.2. In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Authority applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
- 4.3. Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings
- 4.4. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

#### ***Creditworthiness Policy***

- 4.5. The Authority applies the creditworthiness service provided by MUFG Corporate Markets Treasury. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's.
- 4.6. The credit ratings of counterparties are supplemented with the following overlays:
- Credit watches and credit outlooks from credit rating agencies;
  - Credit defaults swap spreads to give early warning of likely changes in credit ratings; and
  - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 4.7. This modelling approach combines credit ratings, credit watches, credit outlooks and Credit Default Swap spreads in a weighted scoring system which is then combined with an overlay of Credit Default Swap spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Authority to determine the duration for investments and are therefore referred to as durational bands. The Authority is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Authority would not be able to replicate using in house resources.
- 4.8. The MUFG Corporate Markets Treasury creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.



- 4.9. Typically, the minimum credit ratings criteria the Authority uses will be a Short-Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 4.10. All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the MUFG Corporate Markets Treasury creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of Credit Ratings the Authority will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.
- 4.11. Sole reliance will not be placed on the use of this external service. In addition, the Authority will also use market data and market information, information on government support for banks and the credit ratings of that government support.

#### ***Approved Instruments for Investments***

- 4.12. Investments will only be made with those bodies identified by the authority for its use through the Annual Investment Strategy.
- 4.13. **Country Limits.** The Authority will apply a sovereign rating at least equal to that of the United Kingdom (UK) for any UK based counterparty. At the time of writing this report, this was AA long term and F1+ short term. It is possible that the credit rating agencies could downgrade the sovereign rating for the UK but as there is no minimum sovereign rating applying to the UK this approach will not limit the number of UK counterparties available to the Authority. Therefore, to ensure the credit risk is not increased outside the UK, the sovereign rating requirement for investments was amended to "Non UK countries with a minimum sovereign rating of AA-".
- 4.14. **IFRS16 Lease Accounting.** As a result of the introduction of a new accounting standard associated with leasing, the cost of a lease now needs to be shown on the face of the balance sheet as an asset with the cost of financing the lease shown as a cost of financing. This change took effect from April 2024.

#### ***Non-specified Investments***

- 4.15. Non specified investments are those which do not meet the Specified Investment Criteria and covers those counterparties where there is either no recognised credit rating and/or an anticipation that an investment will be for greater than one year in duration.

- 4.16. The Authority had not previously placed non-specified investments as a result of its prudent approach to place security and liquidity over yield. However, from April 2015, it was agreed that the strategy be amended to include investments with maturity of longer than 364 days. The maximum duration limit on any non-specified deposit will be determined by the colour assigned to the Counterparty on the MUFG Corporate Markets Treasury credit list on the date the investment is placed, but typically will be for no longer than 24 months. Where such investments are placed via the Secondary Market i.e. buying the remaining term of an existing instrument, then the term will be for 24 months.
- 4.17. A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the categories outlined in the below table.
- 4.18. The maturity limits recommended will not be exceeded. Under the delegated powers the Section 112 Officer (Treasurer) can set limits that are based on the latest economic conditions and credit ratings. The Table below shows those bodies with which the Authority will invest.

<u>Specified Investments</u>	<u>Non Specified Investments</u>
Deposits with the Debt Management Agency Deposit Facility	Subsidiary entities
Term Deposits with UK government, UK local authorities, highly credit rated banks and building societies (including callable deposits and forward deals)	Term Deposits with UK government, UK local authorities, highly credit rated banks and building societies (including callable deposits and forward deals) Non-credit rated building societies. <b><i>The total amount of non-specified investments will not be greater than £5m in value.</i></b>
Banks nationalised/part nationalised or supported by the UK government	Banks nationalised/part nationalised or supported by the UK government
Money Market Funds	
Non UK highly credited rated banks	
UK Government Treasury Bills	
Certificates of Deposit	
Corporate Bonds	
Gilts	

- 4.19. The Authority's detailed risk management policy is outlined in the Treasury Management Policy which is reviewed and considered on an annual basis.

**Investment Strategy**

- 4.20. In-house funds: The Authority’s in-house managed funds are mainly cash-flow derived and investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates.
- 4.21. Investment returns: Bank Rates has seen some activity during the last 12 months reducing from 5.25% in March 2024 to the current 4.75% however, the projection is for reductions in the rate during 2025. The Service has assumed that investment earnings from money market-related instruments will be in the region of 3.50%-4.00% for the next 12 months.
- 4.22. The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

2025-26	4.00%
2026-27	3.50%
2027-28	3.50%
2028-29	3.00%
Later years	3.00%

- 4.23. **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority’s liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

<b>Maximum principal sums invested &gt; 365 days</b>			
<b>£m</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Principal sums invested > 365 days	£7m	£7m	£7m

**End of year investment report**

- 4.24. At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

**Treasury Management Scheme of Delegation**

**The Authority**

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy;
- Approval of/amendments to the Authority’s adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;

- Approval of the division of responsibilities;
- Approving the selection of external service providers and agreeing terms of appointment; and
- Reviewing the treasury management policy and procedures and making recommendations to the Authority.

***Resources Committee:***

- Receiving and reviewing regular monitoring reports and acting on recommendations; and
- Review of annual strategy prior to recommendation to full authority.

***Role of the Section 112 officer (Head of Finance (Treasurer))***

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit and liaising with external audit; and
- Recommending the appointment of external service providers.

**5. SUMMARY AND RECOMMENDATIONS**

- 5.1. The Authority is required to consider and approve the Treasury Management Strategy to be adopted prior to the start of the financial year. This strategy must also include proposed prudential indicators and a Minimum Revenue Provision statement. Approval of the strategy for 2025-26 as contained in this report will also incorporate the adoption of the revised CIPFA Treasury Management Code of Practice.

**ANDREW FURBEAR**  
**Head of Finance (Treasurer)**

## APPENDIX A TO REPORT DSFRA/25/5

### Prudential and Treasury Management Indicators 2025-26 to 2027-28

<b>PRUDENTIAL INDICATORS</b>	<b>INDICATIVE INDICATORS</b>				
	2025/26	2026/27	2027/28	2028/29	2029/30
	£m Estimate	£m Estimate	£m Estimate	£m Estimate	£m Estimate
<b>Capital Expenditure</b>					
Non - HRA	8.501	11.079	15.667	11.674	7.372
HRA (applies only to housing authorities)					
<b>Total</b>	<b>8.501</b>	<b>11.079</b>	<b>15.667</b>	<b>11.674</b>	<b>7.372</b>
<b>Ratio of financing costs to net revenue stream</b>					
Non - HRA	2.98%	2.58%	3.07%	3.38%	3.24%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Capital Financing Requirement as at 31 March</b>	£000	£000	£000	£000	£000
Non - HRA	23,219	21,668	33,255	38,772	41,129
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	3,150	2,163	1,137	362	0
<b>Total</b>	<b>26,369</b>	<b>23,830</b>	<b>34,392</b>	<b>39,134</b>	<b>41,129</b>
<b>Annual change in Capital Financing Requirement</b>	£000	£000	£000	£000	£000
Non - HRA	(1,063)	(2,539)	10,562	4,742	1,995
HRA (applies only to housing authorities)	0	0	0	0	0
<b>Total</b>	<b>(1,063)</b>	<b>(2,539)</b>	<b>10,562</b>	<b>4,742</b>	<b>1,995</b>
<b>PRUDENTIAL INDICATORS - TREASURY MANAGEMENT</b>					
<b>Authorised Limit for external debt</b>	£000	£000	£000	£000	£000
Borrowing	25,574	25,430	36,583	41,903	44,366
Other long term liabilities	4,777	3,758	2,719	1,655	862
<b>Total</b>	<b>30,351</b>	<b>29,188</b>	<b>39,302</b>	<b>43,558</b>	<b>45,228</b>
<b>Operational Boundary for external debt</b>	£000	£000	£000	£000	£000
Borrowing	24,413	24,346	34,920	39,965	42,310
Other long term liabilities	4,620	3,650	2,663	1,637	862
<b>Total</b>	<b>29,032</b>	<b>27,996</b>	<b>37,583</b>	<b>41,602</b>	<b>43,171</b>
<b>Maximum Principal Sums Invested over 364 Days</b>					
Principal Sums invested > 364 Days	7,000	7,000	7,000	7,000	7,000

<b>TREASURY MANAGEMENT INDICATOR</b>	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2024/25		
Under 12 months	30%	2%
12 months and within 24 months	30%	11%
24 months and within 5 years	50%	3%
5 years and within 10 years	75%	5%
10 years and above	100%	79%

## MINIMUM REVENUE STATEMENT 2025-26

### ***Supported Borrowing***

The Minimum Revenue Provision will be calculated using the regulatory method (option 1). Minimum Revenue Provision will therefore be calculated using the formulae in the old regulations, since future entitlement to RSG in support of this borrowing will continue to be calculated on this basis.

### ***Un-Supported Borrowing (including un-supported borrowing prior to 1 April 2008)***

The Minimum Revenue Provision in respect of unsupported borrowing under the prudential system will be calculated using the asset life method (option 3). The Minimum Revenue Provision will therefore be calculated to repay the borrowing in equal annual instalments over the life of the class of assets which it is funding. The repayment period of all such borrowing will be calculated when it takes place and will be based on the finite life of the class of asset at that time and will not be changed.

### ***Finance Lease and PFI***

In the case of Finance Leases and on balance sheet PFI schemes, the Minimum Revenue Provision requirement is regarded as met by a charge equal to the element of the annual charge that goes to write down the balance sheet liability. Where a lease or PFI scheme is brought, having previously been accounted for off-balance sheet, the Minimum Revenue Provision requirement is regarded as having been met by the inclusion of the charge, for the year in which the restatement occurs, of an amount equal to the write-down for the year plus retrospective writing down of the balance sheet liability that arises from the restatement. This approach produces a Minimum Revenue Provision charge that is comparable to that of the Option 3 approach in that it will run over the life of the lease or PFI scheme and will have a profile similar to that of the annuity method.

Minimum Revenue Provision will normally commence in the financial year following the one in which the expenditure was incurred. However, when borrowing to construct an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. It may accordingly postpone the beginning to make Minimum Revenue Provision until that year. Investment properties will be regarded as becoming operational when they begin to generate revenues.

### ***Minimum Revenue Provision Overpayments***

A change introduced by the revised MHCLG Minimum Revenue Provision Guidance was the allowance that any charges made over the statutory Minimum Revenue Provision, Voluntary Revenue Provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until 31 March 2024 the total Voluntary Revenue Provision overpayments were £nil.

## MUFG CORPORATE MARKETS TREASURY ECONOMIC REPORT

### ECONOMICS UPDATE

- The third quarter of 2024/25 (October to December) saw:
  - GDP growth contracting by 0.1% m/m in October following no growth in the quarter ending September;
  - The 3my rate of average earnings growth increase from 4.4% in September to 5.2% in October;
  - CPI inflation increase to 2.6% in November;
  - Core CPI inflation increase from 3.3% in October to 3.5% in November;
  - The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
  - 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).
- The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3% (it was initially 1.8% in the immediate wake of the Budget.)
- This quarter saw the composite activity Purchasing Manager Index (PMI) dip below the level of 50 that separates expansion from contraction for the first time since October 2023. Although December's composite PMI came in above this level, at 50.5, this was still consistent with the 0% rise in real GDP in Q3 being followed by a flat-lining, or potential contraction, in the final quarter of 2024. However, the economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI fell for its fourth consecutive month in December, from 48.0 in November to 47.3. That's consistent with manufacturing output falling by 1.5% q/q in the final quarter of 2024 after flatlining through the summer months. This weakness in the manufacturing sector was offset by a rebound in the services sector. The services PMI rose from 50.8 in November to 51.4 in December, which is consistent with non-retail services output growth increasing from +0.1% q/q to +0.3% for October - December. This suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors. Additionally, the services output prices balance rose for the third consecutive month, from 55.4 in November to 56.9, showing signs that price pressures are reaccelerating.

- After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of the year. Indeed, the bigger-than-expected 0.7% m/m fall in retail sales in October (consensus forecast -0.3% m/m) suggested that households' concerns about expected tax rises announced in the Budget on 30<sup>th</sup> October contributed to weaker retail spending at the start of the quarter. The monthly decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, the potential for seasonally adjusted sales to rise in November - if October's figures were impacted by the timing of the school half term – combined with a rebound in consumer confidence and rising real incomes, points to some promise to the final quarter of 2024
- The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost 1¾% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.
- December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.
- The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.
- CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.



- Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.
- The FTSE 100 started off this quarter at 8,276, before finishing up at 8,121. In particular, UK markets have continued to fall further behind US equities, a trend which has accelerated since Trump's election victory in November, partly due to the UK stock market being less exposed to AI hype, and it being weighed down by its relatively large exposure to the energy and materials sectors.

#### **MPC meetings: 7<sup>th</sup> November & 18<sup>th</sup> December 2024**

- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut, but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.
- At the 18 December meeting, another split vote arose. Members voted 6-3 to keep Bank Rate on hold at 4.75%, but dissenters (Dhingra, Ramsden and Taylor) were keen for rates to be cut further as concerns over the slowing down of the UK economy took root, despite near-term inflation fears remaining.
- The MPC again stated that "a gradual approach" to rate cuts "remains appropriate" and that policy will "remain restrictive for sufficiently long".

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<b>REPORT REFERENCE NO.</b>	DSFRA/25/6
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (Budget Meeting)</b>
<b>DATE OF MEETING</b>	<b>17 FEBRUARY 2025</b>
<b>SUBJECT OF REPORT</b>	<b>LOCALISM ACT 2011 – PAY POLICY STATEMENT 2025-26</b>
<b>LEAD OFFICER</b>	<b>Clerk to the Authority (&amp; Monitoring Officer</b>
<b>RECOMMENDATIONS</b>	<i><b>That the Pay Policy Statement 2025-26 as appended to this report be approved and published on the Authority’s website.</b></i>
<b>EXECUTIVE SUMMARY</b>	<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 (2025-26) financial year.</p> <p>The draft Pay Policy Statement for 2025-26 has been updated to reflect the recent changes to the Executive Board structure and current levels of pay for senior officers and other employees but, other than that, is unchanged from the previous year and is recommended to the Authority for approval.</p>
<b>RESOURCE IMPLICATIONS</b>	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.
<b>EQUALITY RISKS &amp; BENEFITS ANALYSIS</b>	The contents of this report are considered compatible with existing equalities and human rights legislation.
<b>APPENDICES</b>	A. Draft Pay Policy Statement 2025-26
<b>BACKGROUND PAPERS</b>	<ol style="list-style-type: none"> <li>1. <a href="#">Localism Act 2011 Sections 38 to 43.</a></li> <li>2. <a href="#">“Pay Policy and Practice in Local Authorities: A Guide for Councillors” produced by the Local Government Association, published January 2013.</a></li> <li>3. <a href="#">Local Government Transparency Code 2015.</a></li> <li>4. <a href="#">Fire and Rescue National Framework for England – May 2018</a></li> </ol>

## **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 Government at that time 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 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. AMENDMENTS TO THE PAY POLICY STATEMENT 2024-25**

3.1. On 25 September 2023 (Minute DSFRA/23/16 refers), the Authority approved the appointment of one of its officers (Democratic Services Manager) as its Monitoring Officer in accordance with the provisions of the Local Government & Housing Act 1989. As a Statutory Officer appointment, which holds significant influence over the affairs of the Authority, the annual allowance paid is disclosed within this Pay Policy Statement.

3.2. On 25 March 2024, the Authority appointed the Service's Head of Finance on a temporary basis as its proper officer (Treasurer) with effect from 6 April 2024 following the resignation and imminent departure of the Director of Finance & Corporate Services with effect from 5 April 2024. As a Statutory Officer appointment, which holds significant influence over the affairs of the Authority, the annual allowance paid is disclosed within this Pay Policy Statement.

3.3. As mentioned in paragraph 3.2 above, the resignation of the Director of Finance & Corporate Services resulted in a vacancy being held at Executive Board level. As an interim measure, the Assistant Director – Corporate Services – received an allowance to uplift her pay commensurate with the duties being taken on resulting from the departure of the Director of Finance & Corporate Services and equivalent to EB3.

- 3.4. Since approval of the 2024-25 Pay Policy Statement on 25 March 2024, the Authority confirmed the appointment of its new Chief Fire Officer in May 2024 and considered and endorsed a revised Executive Board structure on 31 July 2024. The permanent appointment of the Authority's Treasurer (Head of Finance) was also approved in July 2024.
- 3.5. The new structure contains the following posts:
- Chief Fire Officer;
  - Deputy Chief Fire Officer (temporary appointment made from 1 December 2024);
  - Assistant Chief Fire Officer – Service Delivery (temporary appointment made from 1 January 2025);
  - Director of Strategy and Improvement (no appointment made as yet);
  - Director of Corporate Services (no appointment made as yet);
  - Assistant Director - People and
  - Deputy Assistant Chief Fire Officer (temporary appointment from 1 January 2025).
- 3.6. The Assistant Director – Corporate Services – remains in post until such time as appointments to the new structure are confirmed (paragraph 3.3 above refers).
- 3.7. The above changes, where appropriate, have been incorporated within the draft Pay Policy Statement for 2025-26 as appended to this report. Further in year changes will be required to the Pay Policy Statement on appointment to the substantive posts of Deputy Chief Fire Officer, Director of Strategy and Improvement and Director of Corporate Services.

#### **4. SENIOR EMPLOYEES AND PAY RATIOS**

- 4.1. Whilst the Localism Act 2011 does not require details on salary levels to be published in the Pay Policy Statement, Schedule 1 to the Accounts and Audit Regulations 2015 (as amended) requires the published Statement of Accounts for an authority to include information on the number of senior employees who are paid over £50,000. These numbers are to be reported in bands of £5,000. Any senior employee earning in excess of £150,000 must be identified by name.
- 4.2. "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".

- 4.3. 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 [then] 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”.*

- 4.4. Section 5 of the proposed Pay Policy Statement shows two pay multiples. The first is a comparison with the median earnings of the whole workforce (as recommended by Hutton), using the basic pay for full-time equivalents.
- 4.5. The second multiple is the relationship between the highest (for this Authority, the Chief Fire Officer) and lowest pay point. This method has previously been used as a benchmark 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. The Service revised its pay grading structure for professional, technical and support staff (“Green Book” staff) in 2019-20. This resulted in a reduction in the number of pay increments within a salary grade from five to four for grades 3 to 11. For grade 2, the number of pay increments was decreased to three and for grade 1 this was reduced to two (although the Service does not currently have any posts at Grade 1 or Grade 2). The effect of this was that the pay multiple ratio between the Chief Fire Officer and the lowest paid employee decreased from 12.8 to 1 to 8.5 to 1 in that year. The lowest pay point is currently £25,992 giving a ratio of 14.4 to 1.

## **5. RE-EMPLOYMENT OF OFFICERS**

- 5.1 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 [the then] 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).

- 5.2 The LGA guidance contains a 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.”*
- 5.3 The covering letter to the LGA guidance suggested that this paragraph should be widened to incorporate retirements in addition to redundancies. This modification was incorporated into the Authority Pay Policy Statement 2014-15 and has been retained in subsequent Pay Policy Statements.
- 5.4 Additionally, the Fire and Rescue National Framework for England, published by the Home Office in May 2018, included a section of “Re-engagement of Senior Officers”. Paragraph 6.8 of the Framework sets out that:
- “Fire and rescue authorities must not re-appoint principal fire officers after retirement to their previous, or a similar, post save for in exceptional circumstances when such a decision is necessary in the interests of public safety. Any such appointment must be transparent, justifiable and time limited”.*
- 5.5 Principal Officers in this respect is defined as Area Managers and above, or those with comparable responsibilities to those roles.
- 5.6 The Authority’s Pay Policy Statement sets out, in Section 8, controls approved by the Authority for the re-employment of former employees (whether through redundancy or retirement) which reflect the relevant contents of the 2018 National Framework.

## **6. THE TRANSPARENCY CODE**

- 6.1 The Local Government (Transparency Requirements) (England) Regulations 2015 imposed additional requirements in terms of publishing data relating to the Authority. The requirements are set out in the Local Government Transparency Code 2015. The Local Government Association produced a set of revised practical guidance documents to support local authorities in understanding and implementing the Transparency Code 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.
- 6.2 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 Managers, including grading and responsibilities, where salary levels are in excess of £50,000 and also Trade Union Facility time.



**7. PAY POLICY STATEMENT 2025-26**

7.1 This is now the fourteenth iteration of the Pay Policy Statement, the Authority having approved and published a Statement for each of the last fourteen consecutive years following introduction of the requirement by the Localism Act 2011.

7.2 The draft Pay Policy Statement to operate for the 2025-26 financial year is appended to this report. The changes to the Pay Policy Statement as approved by the Authority for 2024-25 are as highlighted in paragraph 3.1 to 3.7 of this report.

**8. CONCLUSION**

8.1 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.

8.2 The Authority is now invited to approve the Pay Policy Statement 2025-26 as appended to this report for publication on the Authority's website.

**SAMANTHA SHARMAN**  
**Clerk to the Authority (& Monitoring Officer)**

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DEVON & SOMERSET FIRE & RESCUE AUTHORITY

LOCALISM ACT 2011 – PAY POLICY STATEMENT 2025-26

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 its 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 fourteenth 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 the Accounts and Audit Regulations 2015 require authorities to disclose individual remuneration details for senior employees and these can be viewed here: [Senior Management Salaries](#)
- 1.4. In addition, the rates of pay for all other categories of staff can be found at: [Rates of Pay](#)
- 1.5. The Local Government (Transparency Requirements) (England) Regulations 2015 imposed additional requirements in terms of publishing data relating to the Authority. The requirements are set out in the Local Government Transparency Code 2015. The Local Government Association produced a set of revised practical guidance documents to support local authorities in understanding and implementing the Transparency Code 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: [Transparency Data](#)
- 1.6. 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 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 fire authorities, arrangements for which are set out in paragraphs 3.8 to 3.10.
- 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 (NJC) for Local Government Services known as the "Green Book". 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 £144,337 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 £179,676.
- 3.3. The 2015 review also saw the Authority agree 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.
- 3.4. The other positions within the Executive Board (following restructure in July 2024) are as follows:
- Deputy Chief Fire Officer (temporary appointment from 1 November 2024);
  - Assistant Chief Fire Officer – Director of Service Delivery (temporary appointment from 1 January 2025);
  - Assistant Chief Fire Officer – Director of Service Delivery Support (until 31 December 2024);
  - Assistant Director – Corporate Services;
  - Assistant Director – People; and
  - Deputy Assistant Chief Fire Officer (temporary appointment from 1 January 2025).
- 3.5. There are two additional posts within the revised Executive Board structure, namely Director of Strategy and Improvement and Director of Corporate Services, which have not completed the appointments process.
- 3.6. On 25 September 2023, the Authority approved the appointment of one of its officers (Democratic Services Manager) as its Monitoring Officer in accordance with the provisions within in the Local Government & Housing Act 1989. As a Statutory Officer appointment, which holds significant influence over the affairs of the Authority, the annual allowance paid is disclosed within this Pay Policy Statement.

- 3.7. On 25 March 2024, the Authority appointed the Service’s Head of Finance as its proper officer (Treasurer) with effect from 6 April 2024 following the resignation and imminent departure of the Director of Finance & Corporate Services with effect from 5 April 2024. As a Statutory Officer appointment, which holds significant influence over the affairs of the Authority, the annual allowance paid is disclosed within this Pay Policy Statement.
- 3.8. As mentioned in paragraph 3.7 above, the resignation of the Director of Finance & Corporate Services resulted in a vacancy being held at Executive Board level (currently EB4). As an interim measure and to allow for the revised Executive Board structure changes to be implemented, the Assistant Director – Corporate Services – received an allowance on a temporary basis to uplift pay commensurate with the additional duties and equivalent to EB3 (as set out in paragraph 3.10 below).
- 3.9. Further details of our Executive Board can be found at [Devon and Somerset Fire and Rescue Service - Organisational Structure](#).
- 3.10. The original structure, including the Deputy Chief Fire Officer and Assistant Chief Fire Officer salaries, had previously been set locally at 80% and 75% respectively 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 was removed. The current salary for a Deputy Chief Fire Officer is £149,130. The current salary for an Assistant Chief Fire Officer is £134,754.
- 3.11. Uniformed Brigade Managers (Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer and Deputy Assistant Chief Fire Officer) also provide “stand-by” hours outside of the normal working day within a Brigade Manager rota. As such, this salary is inclusive of an enhancement of 20% over that which is afforded to non-uniformed EB4 (see para. 3.11 below)
- 3.12. The remaining two “non-uniformed” Executive Board positions are the Assistant Director – Corporate Services and Assistant Director – People. The Assistant Director - Corporate Services - is on Grade 1 (with an honorarium currently taking this to Grade 3 equivalent – see paragraph 3.8 above) within a four-point grading structure with the Assistant Director - People on Grade 1. The grading structure was determined by the [then] Shadow Devon and Somerset Fire and Rescue Authority in 2006 following an external, independent Job Evaluation process. The salary levels for these grades were set as a percentage of the Chief Fire Officer’s salary but following the review of Executive Board Officers’ pay conducted by the Authority in 2015, the percentage link to the Chief Fire Officer salary was removed.

3.13. The current salary levels for the four Executive Board grades are:

<b>Grade</b>	<b>2023</b>	<b>2024</b>
4	£109,025	£112,296
3	£99,939	£102,938
2	£90,856	£93,581
1	£81,771	£84,224

3.14. Both the Monitoring Officer and Treasurer are paid an allowance in recognition of their statutory roles. This is in addition to their Service roles of Democratic Services Manager (Grade 10) and Head of Finance (Grade 11). The current allowance paid are £12,768 and £12,300 per annum respectively (due to timing differences on appointments). Details of the remuneration offered to these grades are published under '[Support staff rates of pay.](#)'

3.15. The Gold Book NJC recommended that minimum increases are implemented with effect from 1 January of each year.

3.16. 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.*

3.17. Any locally determined increases in the Executive Board Officers' remuneration are subject to approval by the 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.

3.18. 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.

#### **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 grade for substantive employees is Grade 3. Each grade has a number of spinal column points and a new joiner will progress through these with increasing service. The salary range at Grade 3 is currently £25,992 to £27,711 for a 37-hour week and is usually subject to review from 1 April each year. For contextual purposes the salary level for a competent full-time firefighter is £37,675 per annum and is usually subject to review from 1 July each year.

#### **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 (currently £36,226). The second multiple is for the lowest pay point (currently £25,992). This multiple 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.

5.2. The current pay multiple ratios are:

median basic pay	4.96 : 1
lowest pay point	14.4 : 1

5.3. 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 OFFICERS AND EXECUTIVE BOARD**

6.1. These additional elements relate to the following:

- 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. The Chief Fire Officer has an operational requirement for a Service provided emergency response vehicle. This is currently a 'provided car' who's annual cost cannot exceed the maximum permitted. As Brigade Managers operate on continuous duty, no benefit in kind is attributable. It should be noted that, instead of a provided car, all flexible duty officers (including that of ACFO, DCFO and CFO) are eligible to avail themselves of a car allowance at rates outlined in para 6.3 below. However, in doing so, this is treated as taxable income. Non-uniformed executive board members are classed as 'essential car users' and do not have the option to receive a 'provided car' but are paid at rates outlined in para 6.3 below which is treated as taxable income.

6.3. Allowance and mileage rates payable are:

<b>Role</b>	<b>Response annual allowance: Service provided vehicle</b>	<b>Response annual allowance: Taxable allowance</b>	<b>Essential car user annual allowance</b>	<b>Mileage rate (not applicable to Service provided vehicle)</b>
Flexible Duty Officer	5,470.00	5,970.00		0.43
Non-uniformed staff	-	-	1,239.00	0.43
Service Leadership Team	5,470.00	5,970.00	4,000.00	0.43
EB Grade 1 to 3	5,470.00	5,970.00	5,020.00	0.43
EB Grade 4/ ACFO/ DCFO	9,235.00	9,735.00	6,850.00	0.43
CFO	13,000.00	13,500.00	13,000.00	0.43

- 6.4. In relation to 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 before age 55 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 subject to any pensions benefit payable before the age of 55 not representing an unauthorised payment as defined in the Finance Act 2004.
- 6.5. The notice period from either the employee or employer for termination of employment for the post of Chief Fire Officer 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 a Chief Fire Officer is subject to approval by the Authority. The current rate of remuneration would apply to any new 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**

### ***Redundancy***

- 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 People Committee will be required for the re-employment, following redundancy, of any former employee from Station Manager up to and including Area Manager level (or non-uniformed equivalent posts); or
- the approval of the full Authority will be required for the re-employment, following redundancy, of any post-holder at Brigade Manager (including non-uniformed equivalent); and
- for both of the above two approval processes, the Authority may require the repayment of one 24<sup>th</sup> 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.

### ***Retirement***

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).

8.4. However, the Fire and Rescue National Framework for England (“the National Framework”), published by the Home Office in May 2018, sets out that “fire and rescue authorities must not re-appoint principal fire officers after retirement to their previous, or a similar, post save for in exceptional circumstances when such a decision is necessary in the interests of public safety”. In this context, Principal Officers refers to those officers at Area Manager and above, or those with comparable responsibilities to those roles. The National Framework also states that fire and rescue authorities will “have regard to this principle when appointing at any level”.

8.5. 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.

8.6. 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 below.

- 8.7. With this in mind and taking account of the National Framework provisions, the Authority has agreed the following approach in relation to requests for re-employment following retirement, subject in each case to an approved business case:
- (a). the Chief Fire Officer has delegated authority to approve such requests up to and including Watch Manager level (or non-uniformed equivalent posts);
  - (b). the People Committee has delegated authority to approve such requests for Station Manager up to and including Area Manager level (or non-uniformed equivalent posts); and
  - (c). the approval of the full Authority is required for the re-employment, following retirement, of any post-holder at Brigade Manager (or equivalent non-uniformed) level i.e. any member of the Service Executive Board (the Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officers, Director of Governance & Digital Services and Director of Finance and Resourcing). Such approval will only be granted in exceptional circumstances where the re-appointment is necessary in the interests of public safety. The rationale for the decision (together with any alternative approaches considered but deemed not appropriate) must be published.

**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 Authority.

<b>REPORT REFERENCE NO.</b>	DSFRA/25/7
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY (Budget Meeting)
<b>DATE OF MEETING</b>	17 FEBRUARY 2025
<b>SUBJECT OF REPORT</b>	AUTHORITY MEMBERSHIP & APPOINTMENTS TO COMMITTEES
<b>LEAD OFFICER</b>	Clerk to the Authority (& Monitoring Officer)
<b>RECOMMENDATIONS</b>	<p><i>(a). That Councillor Noble be appointed to the Audit and Governance Committee to replace Councillor Sproston until the Authority's Annual Meeting on 16 June 2025;</i></p> <p><i>(b). that Councillor Biederman be appointed to the Audit &amp; Governance Committee to fill the Liberal Democrat vacancy left by Councillor Roome;</i></p> <p><i>(c). that the Authority considers the appointment of Chair of the Audit &amp; Governance Committee; and</i></p> <p><i>(d). that the vacancy for an Independent on both the Audit &amp; Governance and Shareholder Committees be filled by the Devon County Council appointee unless this position should change whereupon this vacancy should be left open until the Authority's Annual Meeting on 16 June 2025 pending the review of the Authority's political balance.</i></p>
<b>EXECUTIVE SUMMARY</b>	The Clerk has been advised of a number of changes impacting the Authority membership and appointments to committees. These changes together with the implications and proposed actions are set out within this report.
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	Not applicable
<b>APPENDICES</b>	Nil.
<b>BACKGROUND PAPERS</b>	None.

## **1. INTRODUCTION**

- 1.1. The Clerk has been advised of a number of changes impacting the Authority membership and appointments to committees. These changes together with the implications and proposed actions are set out within this report.

## **2. RESIGNATION OF AUTHORITY MEMBERS**

- 2.1. On 15 January 2025, the Clerk to the Authority (& Monitoring Officer) was advised by Plymouth City Council that Councillor Kevin Sproston had resigned and was being replaced on the Authority by Councillor William Noble.
- 2.2. Further to this, the Clerk has been advised of the resignation of Councillor Ian Roome effective from 5 February 2025. Councillor Biederman (previously an Independent Group Member) has become a Liberal Democrat Member and Devon County Council has notified the Clerk that he is filling the vacancy left on the Authority by Councillor Roome.

## **3. IMPLICATIONS OF THE CHANGES IN MEMBERSHIP**

- 3.1. Councillor Sproston's departure has left a vacant position on the Authority's Audit and Governance Committee. Given the late stage in the municipal year, it is recommended that the Authority appoints Councillor Noble to this vacancy until the Authority's Annual General Meeting on 16 June 2025. Councillor Noble is in agreement with this proposed appointment.
- 3.2. Councillor Biederman is Vice Chair of the Authority and this change in political group does not impact this position. Standing Orders state:

### **Standing Order 3 – Chair and Vice Chair:**

- (2). Any person elected as Vice-Chair must:
- (a) if the Chair is a Member appointed by a constituent authority, be from a different constituent body to the person elected as Chair;

- 3.3. Councillor Roome was also Chair of the Audit & Governance Committee. Standing Order 34(1) states that:
- (1) Chairs and Vice-Chairs of standing Committees will be appointed by the Authority at its Annual Meeting and will remain in office until their replacements are appointed or they cease to be a Member of the Authority, in which case a substantive replacement will be appointed at the next meeting of the Authority.
- 3.4. There is a further meeting of the Audit & Governance Committee scheduled for 29 April 2025 at 14:00 hours. The Authority is therefore asked to consider the appointment of Chair of this Committee. The Vice Chair of Audit & Governance Committee is Councillor Kerley who can take the Chair of this meeting should it be proposed to leave this appointment until the Authority's Annual Meeting on 16 June 2025.

- 3.5. The appointment of Councillor Biederman to replace Councillor Roome still leaves a Devon vacancy on the Authority (currently Independent) and further information is awaited from Devon County Council on the replacement. If this information is received prior to the budget meeting on 17 February 2025, the Clerk will provide an update at the meeting.
- 3.6. If the Devon vacancy is not filled by an Independent Group Member, this may impact on the political balance of the Authority and thus, a review of the allocation of seats on committees would be required.

#### **4. APPOINTMENTS TO COMMITTEES**

- 4.1. As stated in 3.1. above, it is recommended that Councillor Noble be appointed to the Audit & Governance Committee to replace Councillor Sproston.
- 4.2. It is also recommended that Councillor Biederman be appointed to replace Councillor Roome as a Liberal Democrat member of the Audit & Governance Committee. This will leave an Independent Group vacancy currently on Audit & Governance Committee pending the appointment of a new Authority Member by Devon County Council.
- 4.3. Should the Devon County Council vacancy be filled by an Independent Group Member, the Clerk is seeking approval to fill the vacancies left by Councillor Biederman on both the Audit & Governance Committee and the Shareholder Committee accordingly (which meets on 25 April 2025). Should Devon County Council not appoint an Independent member to the vacancy left by Councillor Biederman, it is recommended that these vacancies on committees be left until the Authority's Annual Meeting on 16 June 2025 pending a review of the Authority's political balance.
- 4.4. The existing appointments to committees as agreed by the Authority at its Annual Meeting in June 2024 are set out at Appendix A of this report for reference.

**SAMANTHA SHARMAN**  
**Clerk to the Authority (& Monitoring Officer)**

**APPENDIX A TO REPORT DSFRA/25/7**

**APPOINTMENTS TO COMMITTEES 2024-25 MUNICIPAL YEAR**

**AUDIT & GOVERNANCE COMMITTEE (9 Members)**

<b>Con</b>	<b>LD</b>	<b>Lab</b>	<b>Ind.</b>
Clayton	Kendall	Sproston	Biederman
Fellows	Kerley		
Prowse	Roome (Chair)		
Sellis			

**COMMUNITY SAFETY COMMITTEE (7 Members)**

<b>Con</b>	<b>LD</b>	<b>Lab</b>	<b>Ind.</b>
Chesterton	Best	Hendy (Chair)	
Fellows	Brazil		
Radford	Kerley		

**PEOPLE COMMITTEE (7 Members)**

<b>Con</b>	<b>LD</b>	<b>Lab</b>	<b>Ind.</b>
Clayton (Chair)	Carter	Atkinson	
Peart	Coles		
Trail BEM	Kendall		

**RESOURCES COMMITTEE (7 Members)**

<b>Con</b>	<b>LD</b>	<b>Lab</b>	<b>Ind.</b>
Peart (Chair)	Best	Gilmour	
Power	Carter		
Lugger	Sully		

**SHAREHOLDER COMMITTEE**

<b>Con</b>	<b>LD</b>	<b>Lab</b>	<b>Ind.</b>
Cook-Woodman (Chair)	Coles	Hendy	Biederman
Peart	Sully		
Randall Johnson			

**APPOINTMENTS & DISCIPLINARY COMMITTEE (4 Members)**

<b>Con</b>	<b>LD</b>	<b>Lab</b>	<b>Ind.</b>
Cook-Woodman	Coles (Chair)	Hendy	
Randall Johnson			

**APPEALS COMMITTEE (4 Members)**

<b>Con</b>	<b>LD</b>	<b>Lab</b>	<b>Ind.</b>
Clayton	Roome	Gilmour	
Power			



<b>REPORT REFERENCE NO.</b>	DSFRA/25/8
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
<b>DATE OF MEETING</b>	17 FEBRUARY 2025
<b>SUBJECT OF REPORT</b>	APPOINTMENT OF INDEPENDENT MEMBER OF THE AUDIT & GOVERNANCE COMMITTEE
<b>LEAD OFFICER</b>	Clerk to the Authority (& Monitoring Officer)
<b>RECOMMENDATIONS</b>	<p><i>That the Authority:</i></p> <p>(a). <i>authorises the Clerk to undertake a process to identify a suitable candidate for appointment as co-opted independent members of the Audit &amp; Governance Committee; and</i></p> <p>(b). <i>delegates final appointment of the co-opted independent members to the Appointments &amp; Disciplinary Committee.</i></p>
<b>EXECUTIVE SUMMARY</b>	This paper identifies the need for consideration of the appointment of a new co-opted independent member of the Authority's Audit & Governance Committee following the resignation of one of the existing members effective from 21 January 2025.
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	Not applicable.
<b>APPENDICES</b>	Nil.
<b>BACKGROUND PAPERS</b>	<a href="#">CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022</a>

## **1. INTRODUCTION**

- 1.1. In July 2022, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised position statement (the Statement) on audit committees for local authorities and the police.
- 1.2. The scope of the position statement included the audit committees of fire and rescue authorities in England and Wales. The statement set out the purpose, model, core functions and membership of audit committees.
- 1.3. Terms of Reference of the Authority's Audit & Governance Committee are compliant with the core functions and specific responsibilities of an audit committee as set out in the Statement.
- 1.4. In terms of membership, however, the Statement comments:

“Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide the appropriate technical expertise.”
- 1.5. The Authority received a report on 26 September 2022 (Minute DSFRA/22/20 refers) setting out proposals for the appointment of independent members of the Audit & Governance Committee. The paper identified relevant considerations for the Authority in relation to this recommendation including those of the legal and financial issues such as role and remuneration. The Authority approved the recommendations and subsequently, two independent, co-opted members were appointed to the Audit & Governance Committee following a process held on 17 March 2023 via the Appointment & Disciplinary Committee (Minute ADC/23/4 refers). The two co-opted, independent members were appointed to serve for a maximum term of office of nine years, subject to confirmation at each annual meeting of the Authority (the first such confirmation to be at the Authority annual meeting in 2024).
- 1.6. The independent members appointed have contributed greatly to the work of the Audit and Governance Committee with constructive challenge of processes and procedures demonstrating value in these appointments. On 21 January 2025, however, one of the independent, co-opted Members tendered his resignation due to other, more pressing commitments.

## **2. RELEVANT CONSIDERATIONS**

- 2.1. By virtue of Section 13(1) of the Local Government and Housing Act 1989, co-opted members may not exercise a vote. This may work to the advantage of the Authority in that attendance at meetings need not be physical. This in turn means that any associated recruitment process may be national, rather than restricted to the immediate locality.
- 2.2. From a resourcing perspective, funding is already included within the Authority's revenue budget under Members' Allowances for two co-opted independent members of the Audit & Governance Committee (based on 0.5 the basic allowance for an Authority Member, i.e., £1523 per annum currently).

- 2.3. The CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 for the audit committees of all relevant authorities (including combined fire and rescue authorities) recommends the appointment of **at least** two co-opted independent members to provide appropriate technical expertise.
- 2.4. It is considered, therefore, that a process should be undertaken to seek a replacement co-opted, independent member of the Audit & Governance Committee.

**3. RECOMMENDATIONS**

- 3.1. The Authority is asked to consider this report with a view to:
- (a). authorising the Clerk to undertake a process to identify suitable candidates for appointment as a co-opted, independent member of the Audit & Governance Committee; and
  - (b). delegating final appointment of the co-opted independent member to the Appointments & Disciplinary Committee.

**SAMANTHA SHARMAN**  
**Clerk to the Authority (& Monitoring Officer)**

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<b>REPORT REFERENCE NO.</b>	<b>DSFRA/25/9</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>17 FEBRUARY 2025</b>
<b>SUBJECT OF REPORT</b>	<b>PEOPLE COMMITTEE OVERVIEW - 24 JANUARY 2025</b>
<b>LEAD OFFICER</b>	<b>Clerk to the Authority (&amp; Monitoring Officer)</b>
<b>RECOMMENDATIONS</b>	<b><i>That the report be noted.</i></b>
<b>EXECUTIVE SUMMARY</b>	<p>On 24 January 2025, the arrival of Storm Eowyn prompted the issuance of severe weather warnings across the country. To ensure the safety of attendees, the in-person People Committee meeting scheduled for 10:00 AM that morning was cancelled. The papers prepared for that meeting, which had not required Committee decision, were reviewed during an online workshop which was open to all Authority Members.</p> <p>The Workshop considered:</p> <ul style="list-style-type: none"> <li>• performance against the three strategic priorities, for the period October to December 2024, that are usually delegated to the People Committee for monitoring; and</li> <li>• the progress made against the Action Plan resulting from the 2021/22 His Majesty’s Inspectorate for Constabulary and Fire &amp; Rescue Services (HMICFRS) inspection and its subsequent recommendations.</li> </ul>
<b>RESOURCE IMPLICATIONS</b>	None.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	An initial assessment has not identified any equality issues emanating from this report.
<b>APPENDICES</b>	None.
<b>BACKGROUND PAPERS</b>	Performance Monitoring Report 2024-25: Quarter 3 HMICFRS: Action Plan Update.

## **1. INTRODUCTION**

- 1.1. On 24 January 2025, the arrival of Storm Eowyn prompted the issuance of severe weather warnings across the Country. To ensure the safety of attendees, the in-person People Committee meeting scheduled for 10:00 AM that morning was cancelled.
- 1.2. The reports prepared for the cancelled Committee Meeting did not require an agreement or a decision from the Committee. Therefore, to ensure that the Authority still received the information contained within those reports, an online workshop was instead held. This workshop was open to, and well attended by, Authority Members.
- 1.3. This report provides the Authority with an overview of the proceedings of that Workshop, organised under the headings of the two documents considered.

## **2. PERFORMANCE MONITORING REPORT 2024-25: QUARTER 3**

- 2.1. The report detailed performance, as at Quarter 3 of 2024-25, against those Key Performance Indicators (KPIs) agreed by the People Committee for measuring against the following three strategic priorities:
  - 3(a). Ensure that the workforce is highly trained and has the capability and capacity to deliver services professionally, safely and effectively;
  - 3(b). Increase the diversity of the workforce to better reflect the communities we serve, promoting inclusion and developing strong and effective leaders who ensure that we have a fair place to work where our organisational values are a lived experience; and
  - 3(c). Recognise and maximise the value of all employees, particularly the commitment of on-call firefighters, improving recruitment and retention.
- 2.2. The report provided information on performance against each of the following areas based on a red, amber, green system, which were then explored in more detail as summarised in paragraphs 2.3 to 2.16:
  - Operational Core Competence Skills;
  - Fitness;
  - Health and Safety including the reporting of Injuries, Diseases and Dangerous occurrences Regulations 2013 (RIDDOR)
  - Capability, Disciplinary and Grievance case summary (for the last financial year);
  - Strategic Workforce Planning including Recruitment and Retention; and
  - People Services System Project

- 2.3. Operational Core Competency – Maritime Level 2: as of 16 January 2025, the Hot Villa had returned to normal operating use and it was anticipated that this competency would move back in to the “Green” during Quarter 4 of 2024-25.
- 2.4. Operational Core Competency – Working at Height and Confined Spaces (SHACS): Currently graded as “Red”, options were being considered to increase course delivery of the SHACS training modules to move this competency back to “Green”.
- 2.5. Fitness: As of 15<sup>th</sup> January 2025, 99% of operational staff had achieved the requisite fitness testing standards. Of the remaining 1%, the Service had identified steps to support staff towards re-achieving the standard.
- 2.6. Accidents: The Service had identified an increasing trend in the rolling 12-month Accident data. When comparing this to the mobilisation data, it was identified that there had been a 50% increase in mobilisations during Quarter 3 however accidents had increased by just 17% during the same period. It could be surmised that accidents were not rising in line with mobilisations which was a positive outcome.
- 2.7. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR): whilst RIDDOR events were lower than in 2023-24, there had been two RIDDOR events during Quarter 3 which were currently undergoing investigation.
- 2.8. Sickness and absence – Mental Health: The Service had seen a repeat, from 2023, of an increase in Mental Health reports during the months of October to December 2024. A large percentage of these absences were from corporate staff rather than operational staff. The Service was looking into possible contributing factors (including workplace and personal life stresses) and recognised that each case was unique to the individual. There was a breadth of support available to staff which included (but was not limited to) counselling, occupational health, Health and Wellbeing advisors, access to Firefighter’s Charity workshops, and the Jump Start January initiative.
- 2.9. Health and Wellbeing – Trauma Informed Practice: The Service had experienced a positive impact from the use of Trauma Informed Practice at its Wholetime stations and, with the continued support of the Firefighter’s Charity, would be rolling out this practice at other stations too. The Fire Fighters Charity would be invited to a forthcoming Member’s Forum where the charity would have the opportunity to present on the beneficial work they conduct in collaboration with the Service.
- 2.10. Health and Wellbeing – Occupational Health: While the delivery of Occupational Health services was showing improvement, there remained certain challenges, particularly in processing medicals for On Call recruits and routine medicals. The Service was considering options actively for future improvements.

- 2.11. Capability - It was noted that paragraph 3.2 of the report referred to historical data that the Service held. For the financial year (FY) 2023-2024 there were 19 formal capability cases compared to 7 cases in the FY 2022-2023.
- 2.12. Disciplinary - Breaches of Service Policy and cultural issues continued to be the primary reasons for disciplinary cases within the Service. To address these concerns, the Service would be implementing training for all employees on the new Workers Protection Act 2024 and on preventing sexual harassment in the workplace.
- 2.13. Grievance – The Service aimed to resolve grievance cases informally through mediation, in the first instance, wherever possible. Of the 9 reported cases in the 24/25 financial year, to end of December 2024, 8 had remained in the Service thereafter.
- 2.14. Performance - promoting inclusion: The Service had planned an event on 8<sup>th</sup> March 2025 coinciding with International Women’s Day to encourage the breaking down of barriers and stereotypes. The People Committee would be provided with an update on the outcomes of that event.
- 2.15. Turnover and Attrition: The Service is currently reviewing its approach to recruiting professional and technical staff to ensure that the roles are appealing to high-calibre applicants. Advertising these roles as short-term positions, in an effort to address financial challenges, may be limiting the number of suitable applications received.
- 2.16. People Services Project: The new system had been launched in November 2025. Full digitisation of employee records was anticipated to be in place by the end of March 2025.

**3. HIS MAJESTY’S INSPECTORATE OF CONSTABULARY & FIRE & RESCUE SERVICES (HMICFRS) AREAS FOR IMPROVEMENT UPDATE**

- 3.1. This report outlined progress to date against the Action Plans developed to address both His Majesty’s Inspectorate of Constabulary & Fire & Rescue Service’s (HMICFRS) Areas for Improvement (from the 2021/22 inspection report) and the subsequent national recommendations.
- 3.2. The Actions and Recommendations explored in greater detail during the meeting were as follows:
- HMI-3.1-202208 (Secondary Contracts), HMI-3.2-202210 (Temporary Promotions) and HMI-3.4-202213 Selection and Promotions: The Service had completed consulting on the revised Recruitment Policy and was confident that it would achieve the 31 January 2025 deadline for publishing the final version.
  - HMI-3.4-202215 (High Potential Staff): The Service had paused this action until it had clarified its understanding of what potential, and high potential, looked like.



- REC09 (Background Checks), REC12 (Staff disclosure, complaint and grievance handling standard) and REC14 (Misconduct allegations standard): The Service had identified 1634 employees that required DBS checks, or re-checks. The composition of this 1634 included a range of staff requiring enhanced DBS checks (having previously held standard DBS checks), 757 On Call staff re-checks, and 538 support staff standard DBS checks. Additional resources had been secured to facilitate the checks; however, it was acknowledged that the project would require a considerable amount of time to complete. The sequence of the checks had been organised based on the assessed risk level. DBS checks for new starters as of July 2024 were in place.
- REC03 (Watch Movements): The Service had experienced challenges around moving promoted staff into new watches and would be reviewing its position on this.
- REC07 (Misconduct Policies) and REC08 (Allegations of Misconduct): This remained a topic of national focus. The Service had commissioned an audit into this area, which would not meet the HMICFRS deadline but would ultimately provide a more robust system that exceeded minimal requirements in the future.

**SAMANTHA SHARMAN**  
**Clerk to the Authority (& Monitoring Officer)**

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<b>REPORT REFERENCE NO.</b>	<b>DSFRA/25/10</b>																														
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>																														
<b>DATE OF MEETING</b>	<b>17 FEBRUARY 2025</b>																														
<b>SUBJECT OF REPORT</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY PERFORMANCE REPORT 2024-25: QUARTER 3</b>																														
<b>LEAD OFFICER</b>	<b>Director Of Service Delivery</b>																														
<b>RECOMMENDATIONS</b>	<p>(a). That the Authority requests reports on areas of performance in relation to agreed strategic objectives; and</p> <p>(b). That, subject to (a) above, the report be noted.</p>																														
<b>EXECUTIVE SUMMARY</b>	<p>To make sure that the Service is delivering the best possible service to the communities of Devon and Somerset and its visitors, performance should be monitored regularly.</p> <p>This report covers the period up to the end of quarter three of the 2024/25 financial year and focuses on a selection of key performance indicators (KPIs), aligned to our four service priorities.</p> <p><b>Performance summary:</b></p> <p>Table 1: KPI performance status overview 2024-25 Quarter 3 with change from previous report:</p> <p><i>Table 1: performance status overview 2024/25 Q3</i></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 20%; background-color: #008000; color: white;">Succeeding</th> <th style="width: 20%; background-color: #FFA500;">Near target</th> <th style="width: 20%; background-color: #DC143C; color: white;">Requires improvement</th> <th style="width: 25%; background-color: #A9A9A9;">Monitoring only</th> </tr> <tr> <th></th> <th>(✓)</th> <th>(•)</th> <th>(✖)</th> <th></th> </tr> </thead> <tbody> <tr> <td>Priority 1</td> <td>14 (-1)</td> <td>5 (+1)</td> <td>1 (-)</td> <td>0</td> </tr> <tr> <td>Priority 2</td> <td>2 (+1)</td> <td>5 (-)</td> <td>1 (-1)</td> <td>0</td> </tr> <tr> <td>Priority 3</td> <td>12 (-1)</td> <td>7 (+1)</td> <td>1 (-)</td> <td>5</td> </tr> <tr> <td>Priority 4</td> <td>5</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>Quarter 3 of 2024-25 saw three indicators in exception, these were:</p> <ul style="list-style-type: none"> <li>KPI 1.1. Number of fire-related deaths in dwellings</li> <li>KPI 2.8. - Percentage availability of risk dependant pumping appliances; and</li> </ul>		Succeeding	Near target	Requires improvement	Monitoring only		(✓)	(•)	(✖)		Priority 1	14 (-1)	5 (+1)	1 (-)	0	Priority 2	2 (+1)	5 (-)	1 (-1)	0	Priority 3	12 (-1)	7 (+1)	1 (-)	5	Priority 4	5	0	0	0
	Succeeding	Near target	Requires improvement	Monitoring only																											
	(✓)	(•)	(✖)																												
Priority 1	14 (-1)	5 (+1)	1 (-)	0																											
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Priority 4	5	0	0	0																											

	<ul style="list-style-type: none"> <li>• KPI 3.16. - Operational competence: percentage of staff competent in safety at height and confined spaces (SHACS).</li> </ul> <p>Where a performance exception is identified, further analysis is provided. Exceptions are reported through to the relevant Committees for scrutiny.</p> <p>Priority one and two: Community Safety Committee</p> <p>Priority three: People Committee</p> <p>Priority four: Resources Committee.</p> <p>An analysis of each of the areas in exception and the action being taken to mitigate this is included within the Appendix of this report.</p>
<b>RESOURCE IMPLICATIONS</b>	Existing budget and staffing are sufficient to deliver required improvements.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	N/A
<b>APPENDICES</b>	A. Devon & Somerset Fire & Rescue Authority Performance Report 2024-25 Quarter 3
<b>BACKGROUND PAPERS</b>	<p>Community Safety Committee: Strategic Priority 1 and 2 Performance Measures: Quarter 3 2024-25</p> <p>People Committee: Performance Monitoring Report 2024-25: Quarter 3</p> <p>Resources Committee: Financial Performance Report 2024-25: Quarter 3</p>



DEVON &  
SOMERSET  
FIRE & RESCUE SERVICE

APPENDIX A TO REPORT DSFRA/25/10

# Fire Authority Performance Report – Q3 2024/25

## April 2024 to December 2024 Performance

This report summarises performance of the Devon and Somerset Fire and Rescue Service corporate key performance indicators (KPIs).

Where a KPI is assessed as requiring improvement, an exception report is provided. These provide additional information relating to the indicator and details of any actions that have been put in place to improve performance.

Alice Murray, Strategic Analyst

February 2025

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# Introduction

To make sure that we are delivering the best possible service to the communities of Devon and Somerset and its visitors, we need to regularly monitor our performance.

Our Key Performance Indicators are aligned to our corporate objectives and support us to deliver our strategic priorities. This report focuses on priority one and two:



Priority one: our targeted prevention and protection activities will reduce the risks in our communities, improving health, safety and wellbeing and supporting the local economy.



Priority two: our operational resources will provide an effective emergency response to meet the local and national risks identified in our Community Risk Management Plan.



Our Service is recognised as a great place to work. Our staff feel valued, supported, safe and well trained to deliver a high performing fire and rescue service.



We are open and accountable and use our resources efficiently to deliver a high performing, sustainable service that demonstrates public value.

Our assessment method varies based on the type and nature of the data that a KPI uses.

If a KPI has a status of “requires improvement”, an exception report will be provided which will contain further analysis and identify whether any action needs to be taken to drive improvement. Updates on progress against actions will be provided in future reports until they are closed.

KPIs that are “near target” will be monitored by the lead manager to assess whether performance is likely to improve and where appropriate implement tactical changes to influence the direction of travel. No further information will be provided within this report.

# Performance summary

Table 1: performance status overview 2024/25 Q3

	Succeeding	Near target	Requires improvement	Monitoring only
	(✓)	(•)	(✘)	
Priority 1	14 (-1)	5 (+1)	1 (-)	0
Priority 2	2 (+1)	5 (-)	1 (-1)	0
Priority 3	12 (-1)	7 (+1)	1 (-)	5
Priority 4	5	0	0	0

KPIs requiring improvement

Exception report

KPI 1.1. Number of fire-related deaths in dwellings

Page 8

KPI 2.8. Percentage availability of risk dependant pumping appliances

Page 14

KPI 3.16. Operational competence: percentage of staff competent in safety at height and confined spaces (SHACS)

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# Priority one performance



Our targeted prevention and protection activities will reduce the risks in our communities, improving health, safety and wellbeing and supporting the local economy.

**Objective one: we will work with partners to target our prevention activities where they have the greatest impact on the safety and wellbeing of our communities.**

Key:	✓ Succeeding	• Near target	✗ Requires improvement
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Table 2: KPIs requiring improvement - priority one, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
1.1. Number of fire-related deaths in dwellings	Q3 '24 ✗	1	0	NA	↓
	Rolling-12 ✓	1	5	-80.0%	
	Exception				

Table 3: KPIs near target – priority one, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
1.4. Number of home fire safety visits completed	YTD •	12,656	13,500	-6.3%	↑
1.14. Number of persons requiring hospital treatment due to a vehicle or outdoor location fire	Rolling-12 •	15	14	7.1%	↓
1.18. Number of false alarms due to apparatus attended in dwellings	Rolling-12 •	3,345	3,340	0.1%	↓

Table 4: KPIs succeeding - priority one, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
1.2. Number of persons requiring hospital treatment due to a dwelling fire	Rolling-12 ✓	44	71	-38.0%	↓
1.3. Number of primary dwelling fires	Rolling-12 ✓	811	864	-6.1%	↓

KPI	Period	Actual	Target	% Diff.	Aim
1.5. Number of targeted home fire safety visits completed to households with more than one high risk factor	YTD ✓	62.1%	60.0%	2.1 pp	↑
1.13. Number of fire-related deaths in vehicles or outdoor locations	Q3 '24 ✓	0	0	0.0%	↓
	Rolling-12 ✓	0	1	-100.0%	
	On target				
1.15. Number of primary vehicle or outdoor location fires	Rolling-12 ✓	697	720	-3.2%	↓
1.16. Number of secondary fires	Rolling-12 ✓	1,401	1,763	-20.5%	↓
1.17. Number of deliberate fires	Rolling-12 ✓	1,097	1,232	-11.0%	↓
1.20. Number of road traffic collisions attend by the fire service	Rolling-12 ✓	735	757	-2.9%	↓
1.21. Number of persons killed or seriously injured at road traffic collisions attended by the fire service	Rolling-12 ✓	442	442	0.0%	↓

## Exception report: KPI1.1 number of fire-related deaths in dwellings

This KPI reports on the number of fire-related fatalities in dwellings located within the Devon and Somerset Fire and Rescue Service area.

### Analysis

The KPI is in exception due to a fire-fatality being recorded within the reporting quarter. Performance for the 12-month period remains below the five-year average.

KPI	Period	Actual	Target	% Diff.	Aim
1.1. Number of fire-related deaths in dwellings	Q3 '24 ✘	1	0	NA	↓
	Rolling-12 ✔	1	5	-80.0%	
	Exception				

### Details

On the 29 November 2024 at 08:43:30, fire control received a call alerting them to a “Fire Domestic Persons Report” in the Gittisham area, near Honiton.

Three fire appliances were mobilised, one each from Honiton, Sidmouth and Ottery St Mary along with a Flexi-Duty Officer. The first appliance arrived at 08:58:19, 14 minutes 49 seconds after the emergency call was received.

On arrival, the Incident Commander (IC) confirmed that one person was unaccounted for and that the fire was confined to the first-floor bedroom. A crew with breathing apparatus was committed to the property and located an unresponsive male on the bed.

Sadly, despite the best efforts of the crews and paramedics, CPR was unsuccessful and the victim was pronounced deceased at the scene.

The fire in the bedroom was extinguished, with the rest of the property unaffected.

Following investigation, it is believed that the fire started accidentally when a lit cigarette was dropped onto the bed, resulting in a slow, smouldering fire that was confined to the bed. The victim did not react to the fire due to existing risk factors, in addition to the premises having no smoke detection.

The victim had been referred for a Home Fire Safety Visit by the South West Ambulance Service Foundation Trust (SWAST) on the 26/10/2023, with a visit booked with the occupant for the 08/11/2023. A visit was attempted on 08/11/2023

but the technician was unable to make any contact and a 'calling card' was left for the occupant asking them to contact us. The case was then closed on our system. A second referral was received from SWAST on 19/11/2024 and a call attempt was made to the occupant on the same day. Unfortunately, we were unable to make contact, so a text message was sent asking the occupant to contact us.

Following the incident, a fire protection officer attended the address to confirm how the premises was being used and whether they needed to comply with the fire safety order 2005. As a result, a temporary prohibition notice was served prohibiting sleeping at the address. Subsequently, a joint visit was conducted with East Devon District Council Housing team and the Fire Service protection team, and it was decided that the housing act was the lead regulator, with the housing team taking the lead role in investigating, supported by the fire service.

**Objective two: we will protect people in the built environment through a proportionate, risk-based approach to the regulation of fire safety legislation.**

Key:	✓ Succeeding	• Near target	✘ Requires improvement
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*Table 7: KPIs requiring improvement – priority one, objective two.*

KPI	Period	Actual	Target	% Diff.	Aim
No KPIs currently require improvement					

*Table 8: KPIs near target – priority one, objective two.*

KPI	Period	Actual	Target	% Diff.	Aim
1.9. Number of primary non-domestic premises fires	Rolling-12 •	448	432	3.7%	↓
1.12. Percentage of building regulation and licensing jobs completed on time	YTD •	95.7%	100.0%	-4.3 pp	↑

*Table 9: KPIs succeeding – priority one, objective two.*

KPI	Period	Actual	Target	% Diff.	Aim
1.7. Number of fire-related deaths in non-domestic premises	Q3 '24 ✓	0	0	0.0%	↓
	Rolling-12 ✓	0	0	0.0%	
	On target				
1.9. Number of primary non-domestic premises fires	Rolling-12 ✓	430	433	-0.7%	↓
1.10. Number of fire safety checks completed	YTD ✓	2,054	1,875	9.5%	↑
1.11. Number of fire safety audits completed	YTD ✓	591	525	12.6%	↑
1.19. Number of false alarms due to apparatus attended in non-domestic premises	Rolling-12 ✓	2,542	2,554	-0.4%	↓

## Priority two performance



Our operational resources will provide an effective emergency response to meet the local and national risks identified in our Community Risk Management Plan.

**Objective one: we will maintain accurate, timely and relevant risk information, enabling our operational crews to understand and be prepared to respond to the demand and risks present in their local communities.**

Key:	✓ Succeeding	• Near target	✘ Requires improvement
------	-----------------	------------------	---------------------------

Table 10: KPIs requiring improvement – priority two, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
No KPIs currently require improvement					

Table 11: KPIs near target – priority two, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
No KPIs currently near target					

Table 12: KPIs succeeding – priority two, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
2.1. Percentage of level three operational risk sites in date for revalidation	YTD ✓	98.7%	92.0%	6.7 pp	↑
2.2. Percentage of level four operational risk sites in date for revalidation	YTD ✓	100.0%	96.0%	4 pp	↑

**Objective two: We will monitor changes in risk to ensure that our resources are most available in the locations necessary to mitigate them.**

Key:	✓ Succeeding	• Near target	✘ Requires improvement
------	-----------------	------------------	---------------------------

*Table 13: KPIs requiring improvement – priority two, objective two.*

KPI Ref	KPI Description	Current	Target	% Diff.	Aim
Currently, no KPIs assessed as requiring improvement.					

*Table 14: KPIs near target – priority two, objective two.*

KPI	Period	Actual	Target	% Diff.	Aim
2.3. Percentage of dwelling fire incidents attended within 10 minutes of call answer	YTD •	71.7%	75.0%	-3.3 pp	↑
2.4. Percentage of road traffic collision incidents attended within 15 minutes of call answer	YTD •	69.5%	75.0%	-5.5 pp	↑

*Table 15: KPIs succeeding – priority two, objective two.*

KPI Ref	KPI Description	Current	Target	% Diff.	Aim
Currently, no KPIs assessed as succeeding.					

**Objective four: we will support the effective delivery of our frontline services by seeking improvements to our operational resourcing, mobilising and communications functions.**

Key:	✓ Succeeding	• Near target	✘ Requires improvement
------	-----------------	------------------	---------------------------

*Table 16: KPIs requiring improvement – priority two, objective four.*

KPI	Period	Actual	Target	% Diff.	Aim
2.7. Percentage availability of risk dependant pumping appliances	YTD ✘	57.5%	85.0%	-27.5 pp	↑

*Table 17: KPIs near target – priority two, objective four.*

KPI	Period	Actual	Target	% Diff.	Aim
2.5. Percentage availability of priority pumping appliances	YTD •	90.8%	98.0%	-7.2 pp	↑
2.6. Percentage availability of standard pumping appliances	YTD •	77.2%	85.0%	-7.8 pp	↑
2.8. Percentage of emergency calls handled within target time	YTD •	87.1%	90.0%	-2.9 pp	↑

*Table 18: KPIs succeeding – priority two, objective four.*

KPI	Period	Actual	Target	% Diff.	Aim
No KPIs currently succeeding					



## Exception report: KPI 2.8. Percentage availability of risk dependant pumping appliances

This KPI reports on the proportion of time that risk dependant availability (RDA) appliances (fire engines) were available to respond as a percentage of the total required time. All RDA appliances are crewed by on-call personnel on two pump stations, where one appliance will always aim to be available. RDA appliances are required to be available to respond during periods when risk is deemed highest.

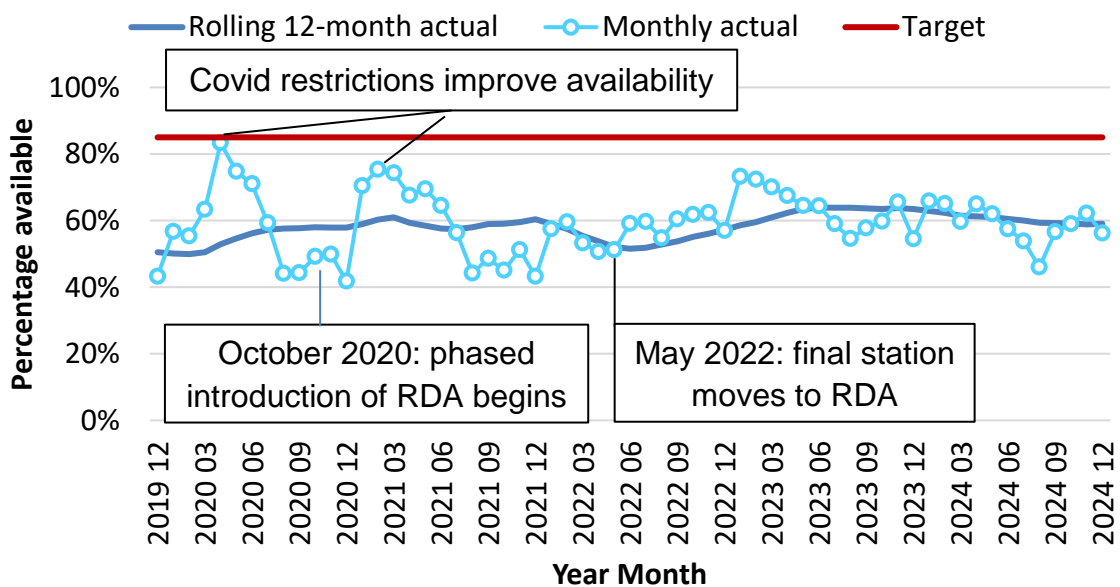
### Analysis

The KPI is in exception as availability is more than 10 percentage points (pp) below target. The expectation is that RDA appliances should be available for at least 85.0% of the required hours, the same proportion as a standard on-call appliance (which is required to be available 24 hours a day, 7 days a week).

Table 19: performance status – percentage of level four operational risk sites in date for revalidation, as at 31 December 2024

KPI	Period	Actual	Target	% Diff.	Aim
2.7. Percentage availability of risk dependant pumping appliances	YTD ✘	57.5%	85.0%	-27.5 pp	↑

Table 20: risk dependant availability by month and rolling 12-month average, December 2019 to December 2024



The indicator has consistently been in exception, and it is likely that this will continue. Peaks in availability during 2020 and 2021 were a result of periods of COVID-19 lockdown, during which on-call availability increased significantly.

Table 21: risk dependant availability performance during Q3 2024/25 by station and comparison against previous quarter and previous year.

Appliance	2024/25 Q3	vs 2024/25 Q2	vs 2023/24 Q3
P2: Ilfracombe	46.6% (Exception)	21.2% (25.4%)	27.0% (19.6%)
P2: Okehampton	91.4% (Succeeding)	13.8% (77.7%)	-5.3% (96.7%)
P2: Brixham	42.6% (Exception)	6.4% (36.2%)	17.5% (25.1%)
P2: Dartmouth	7.3% (Exception)	4.3% (3.0%)	7.2% (0.1%)
P2: Teignmouth	72.0% (Exception)	-0.9% (72.9%)	-8.0% (80.0%)
P2: Honiton	90.7% (Succeeding)	1.8% (88.9%)	7.0% (83.7%)
P2: Sidmouth	81.0% (Near target)	0.6% (80.4%)	1.0% (80.0%)
P2: Tiverton	83.3% (Near target)	1.1% (82.2%)	-6.0% (89.3%)
P2: Tavistock	69.8% (Exception)	28.0% (41.7%)	0.2% (69.6%)
P2: Williton	59.0% (Exception)	2.1% (56.9%)	-9.6% (68.6%)
P2: Wells	6.4% (Exception)	-1.5% (7.9%)	-39.6% (46.0%)
Overall	59.1% (Exception)	7.0% (52.1%)	-0.8% (59.9%)

As shown in table 21, all but two appliances saw an improvement in availability compared to Q2 2024/25. There has been a slight decline in overall performance compared to Q3 2023/24.

During 2024/25 Q3, only Okehampton and Honiton achieved the 85.0% target, Sidmouth and Tiverton were near target and the seven remaining appliances were in exception.

Generally, RDA crews will be mobilised in support of the first appliance, simultaneous attendance at different incidents is unusual. The speed of first

attendance is the most critical element of response, however, any delay in additional resources is less than ideal.

Workforce planning on on-call stations can be particularly challenging and this can be a more significant problem on quieter two pump stations, such as those where RDA is in operation.

Not only is recruitment a challenge but maintaining sufficient personnel with the skills such as driving and incident command can be difficult. For a crew to mobilise, there must be a competent driver and incident commander, therefore if personnel with these skills leave the Service or move to another location it can have a significant impact on performance.

## Priority three performance



Our Service is recognised as a great place to work. Our staff feel valued, supported, safe and well trained to deliver a high performing fire and rescue service.

**Objective one: we will ensure that the workforce is highly trained and has the capability and capacity to deliver services professionally, safely and effectively.**

Key:	✓ Succeeding	• Near target	✘ Requires improvement
------	-----------------	------------------	---------------------------

Table 22: KPIs requiring improvement – priority three, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
3.16. Operational competence: percentage of staff competent in safety at height and confined spaces (SHACS)	As at: Dec '24  ✘	86.7%	95.0%	-8.3 pp	↑

Table 23: KPIs near target – priority three, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
3.3. Number of RIDDOR safety events	Rolling-12 •	15	13	15.4%	↓
3.10. Operational competence: number of competencies with 90% of staff competent	As at: Dec '24 •	85.7%	100%	-9.3%	↑
3.15. Operational competence: percentage of staff competent in maritime rescue	As at: Dec '24 •	94.7%	95.0%	-0.3 pp	↑

Table 24: KPIs succeeding – priority three, objective one.

KPI	Period	Actual	Target	% Diff.	Aim
3.2. Total number of safety events	Rolling-12 ✓	230	254	-9.4%	↓
3.5. Rate of safety events involving vehicles per 100 mobilisations	Rolling-12 ✓	0.35	0.4	-12.4%	↓
3.6. Number of safety events involving injuries	Rolling-12 ✓	47	52	-17.3%	↓
3.11. Operational competence: percentage of staff competent in breathing apparatus (BA)	As at: Dec '24 ✓	97.8%	95.0%	2.8 pp	↑
3.12. Percentage of operational personnel requiring skill competent in casualty care	As at: Dec '24 ✓	97.0%	95.0%	2.0 pp	↑
3.13. Percentage of operational personnel requiring skill competent in response driving	As at: Dec '24 ✓	98.6%	95.0%	3.6 pp	↑
3.14. Percentage of operational personnel requiring skill competent in incident command	As at: Dec '24 ✓	98.3%	95.0%	3.3 pp	↑
3.17. Operational competence: percentage of staff competent in water rescue	As at: Dec '24 ✓	95.9%	95.0%	-0.9 pp	↑

Table 25: KPIs monitoring only, priority three, objective one

KPI	Period	Actual	Target	% Diff.	Aim
3.1.1 Rate of shifts/working days lost due to sickness absence per fte wholetime and support services	YTD	7.7	8.0*	-4.0%	↓
3.1.2. Rate of shifts / working days lost due to sickness absence per fte – on-call	YTD	12.6	11.2	12.2%	↓
3.4. Number near miss events	Rolling-12	62	69	-10.1%	↑

\*YTD previous year

### Exception Report: 3.16. Operational competence: percentage of staff competent in safety at height and confined spaces (SHACS)

This KPI reports on the proportion of operational personnel that are competent in skills relating to safe working at height and in confined spaces. The target for this indicator is 95%, with a lower exception threshold of 90%.

#### Analysis

This KPI is in exception due to being more than five percentage points below the exception threshold.

Table 26: 3.16. Operational competence: percentage of staff competent in safety at height and confined spaces (SHACS) performance Q3 2024/25

KPI	Period	Actual	Target	% Diff.	Aim
3.16. Operational competence: percentage of staff competent in safety at height and confined spaces (SHACS)	Rolling-12 ✘	86.7%	95.0%	-5.7 pp	↑

#### Analysis

As identified above, overall SHACS competency is well below target. However, performance varies significantly by level.

Table 27: Performance by SHACS Level Q3 2024/25

	Target	Percentage Competent	Roles	Difference	Performance Status
Level 1	95.0%	93.2%	854 of 916	-1.8 pp	Monitor
Level 2	95.0%	73.3%	261 of 356	-20.7 pp	Exception
Level 3	95.0%	68.7%	57 of 83	-26.3 pp	Exception

There are three levels of SHACs qualification, with level one being the most basic and level three the most complex.

There are a number of factors that have influenced performance:

- The academy transitioned to a new accreditation provider which enabled a change of skill structure. The new structure ensured both height and confined space have a re-qualification period at each level to comply with working at

height and confined space regulations. This highlighted an increased training need and led to a number of issues which affected the booking process for courses. New processes have been put in place to prioritise bookings and enable sufficient coverage to be maintained across the service area.

- A review into Technical Rescue Teams has resulted in proposals that are currently out for consultation. One of the proposals is to remove level 2 capability from the on-call stations that currently require the skill. The affected stations were given an option to defer level 2 training until the consultation is completed and a final decision on the proposals is made. This has affected the competency levels at these stations and in turn the overall performance of the KPI.

Significant work has been carried out to determine the training requirements for both the remainder of 2024/25 and for the 2025/26 training plan.

**Objective two: we will increase the diversity of the workforce to better reflect the communities we serve, promoting inclusion and developing strong and effective leaders who ensure that we have a fair place to work where our organisational values are a lived experience.**

Key:	✓ Succeeding	• Near target	✘ Requires improvement
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*Table 28: KPIs requiring improvement – priority three, objective two.*

KPI	Period	Actual	Target	% Diff.	Aim
Currently, no KPIs assessed as requiring improvement.					

*Table 29: KPIs near target – priority three, objective two.*

KPI	Period	Actual	Target	% Diff.	Aim
3.31.2. Percentage of senior leaders that are female: wholetime	Dec '23 (•)	11.1%	11.1%	0.0 pp	↑
3.33. Percentage of on-call firefighters that are from an ethnic minority background	Dec '23 (•)	2.7%	2.8%	-0.1 pp	↑
3.34.1. Percentage of senior leaders from an ethnic minority background: wholetime	Dec '23 (•)	0.0%	0.0%	0.0 pp	↑
3.34.2. Proportion of personnel from an ethnic minority background in senior roles: professional and technical services	Dec '23 (•)	9.1%	9.1%	0.0 pp	↑

*Table 30: KPIs succeeding – priority three, objective two.*

KPI	Period	Actual	Target	% Diff.	Aim
2.29. Percentage of wholetime firefighters that are female	Dec '23 (✓)	7.7%	6.9%	0.8 pp	↑



KPI	Period	Actual	Target	% Diff.	Aim
2.30. Percentage of on-call firefighters that are female	Dec '23 (✓)	6.2%	6.0%	0.2 pp	↑
3.31.2. Percentage of senior leaders that are female: professional and technical services	Dec '23 (✓)	45.5%	36.4%	9.1 pp	↑
3.32. Percentage of wholetime firefighters that are from an ethnic minority background	Dec '23 (✓)	4.0%	3.7%	0.3 pp	↑

**Objective three: we will recognise and maximise the value of all employees, particularly the commitment of on-call firefighters, improving recruitment and retention.**

Key:	✓ Succeeding	• Near target	✘ Requires improvement
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*Table 31: KPIs requiring improvement – priority three, objective three.*

KPI	Period	Actual	Target	% Diff.	Aim
Currently, no KPIs assessed as requiring improvement.					

*Table 32: KPIs near target – priority three, objective three*

KPI	Period	Actual	Target	% Diff.	Aim
Currently, no KPIs assessed as near target					

*Table 33: KPIs succeeding – priority three, objective three*

KPI	Period	Actual	Target	% Diff.	Aim
Currently, no KPIs assessed as succeeding					

*Table 34: KPIs monitoring only, priority three, objective three*

KPI	Period	Actual	Target	% Diff.	Aim
3.18. Staff turnover: wholetime	As at Dec '24	11.9%	TBC		+/-
3.19. Staff turnover: on-call	As at Dec '24	10.6%	TBC		+/-
3.20. Staff turnover: professional and technical services	As at Dec '24	10.3%	TBC		+/-

## Priority four performance



We are open and accountable and use our resources efficiently to deliver a high performing, sustainable service that demonstrates public value.

Key:	✓ Succeeding	• Near target	✗ Requires improvement
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Table 35: KPIs requiring improvement – priority four, objective one

KPI	Period	Actual	Target	% Diff.	Aim
Currently, no KPIs assessed as requiring improvement.					

Table 36: KPIs near target – priority four, objective one

KPI	Period	Actual	Target	% Diff.	Aim
Currently, no KPIs assessed as near target					

Table 37: KPIs succeeding – priority four, objective one

KPI	Period	Actual	Target	% Diff.	Aim
4.6. Forecast outturn spending against agreed revenue budget	As at Sep '24 (✓)	£89.626 million	£92.622 million	-3.2%	↓
4.6.1. Forecast outturn general reserve balance as % of total revenue budget (minimum)	As at Sep '24 (✓)	5.01%	5.00%	1 bp	↑
4.7. Forecast outturn spending against agreed capital budget	As at Sep '24 (✓)	£4.700 million	£7.648 million	-38.5%	↓
4.13. Forecast outturn external borrowing within Prudential Indicator limit	As at Sep '24 (✓)	£27.432 million	£29.490 million	-6.98%	↓
4.14. Forecast outturn debt ratio (debt charges over total revenue budget)	As at Sep '24 (✓)	1.99%	5.00%	-301 bp	↓

## Appendix A: glossary

Most terms and definitions can be found within the Home Office Fire Statistics Definitions document: <https://www.gov.uk/government/publications/fire-statistics-guidance/fire-statistics-definitions>

Some other terms are listed below:

Operational risk information: this information is focused on location specific risks posed to firefighters.

Site specific risk information (SSRI): this information is captured for locations that are particularly complex and pose greater levels of risk to our fire-fighters. Visits are made to these locations, hazards identified and plans made on how to respond if an incident occurs.

Risk prioritised pump: there are 33 priority fire engines in areas that present higher levels risk or demand which are essential to enabling us to effectively manage risk levels. There is an expectation that each of these appliances will be available to respond a minimum of 98% of the time.

Standard pump: there are 89 fire engines located in areas of lower risk or lesser demand, but which are still key to ensuring that we are keeping our communities safe. These are all crewed by on-call or volunteer firefighters and there is an expectation that each fire engine will be available at least 85% of the time.

Home fire safety visits: these are visits that are carried out at people's homes by our home safety technicians and wholetime firefighters.

Fire safety checks: FSCs are delivered by our operational crews and provide a basic assessment of fire safety standards within businesses. Where potential issues are identified premises will be referred for a fire safety audit that is conducted by one of our professional fire safety officers.

# Agenda Item 16

<b>REPORT REFERENCE NO.</b>	DSFRA/25/11
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
<b>DATE OF MEETING</b>	17 FEBRUARY 2025
<b>SUBJECT OF REPORT</b>	RED ONE LTD. – AUTHORITY APPOINTED NON-EXECUTIVE DIRECTOR
<b>LEAD OFFICER</b>	Clerk to the Authority (& Monitoring Officer)
<b>RECOMMENDATIONS</b>	<p>(a). <i>That, in accordance with the Articles of Association of Red One Ltd., the Clerk to the Authority (&amp; Monitoring Officer) be authorised to instigate a process to identify appropriate candidates for the vacancy of Authority Appointed Non-Executive Director on the Board of Red One Ltd. from 1 May 2025; and</i></p> <p>(b). <b>that the Appointments &amp; Disciplinary Committee be delegated authority to determine the appointment.</b></p>
<b>EXECUTIVE SUMMARY</b>	<p>The current Articles of Association (v4) for Red One Ltd. (“the company”) provide for the Authority (as sole shareholder) to appoint Authority Members as Non-Executive Directors. Such appointments would usually be for an initial period of three years.</p> <p>The current incumbent of one of the two Authority appointed Non-Executive Directors was appointed on 12 August 2021 and this term of appointment was extended by the Authority at its meeting on 31 July 2025 (Minute DSFRA/24/23 refers). The Clerk to the Authority (&amp; Monitoring Officer) is seeking delegated authority to run a process for appointment of a Non-Executive Director to the Board of Red One Ltd. for appointment on 1 May 2025.</p> <p>This was undertaken successfully by the Authority’s Appointments &amp; Disciplinary Committee when a vacancy arose in 2023 and it is proposed that this approach is instigated again.</p>
<b>RESOURCE IMPLICATIONS</b>	This appointment process was undertaken internally successfully on the previous appointment reducing costs to the minimum.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	N/A
<b>APPENDICES</b>	Nil.
<b>BACKGROUND PAPERS</b>	Red One Ltd. Articles of Association (4th edition).

**SAMANTHA SHARMAN**  
**Clerk to the Authority (& Monitoring Officer)**

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# Agenda Item 17

<b>REPORT REFERENCE NO.</b>	<b>DSFRA/25/12</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE OF MEETING</b>	<b>17 FEBRUARY 2025</b>
<b>SUBJECT OF REPORT</b>	<b>HIS MAJESTY'S INSPECTORATE OF CONSTABULARY &amp; FIRE &amp; RESCUE SERVICES (HMICFRS) ACTION PLAN UPDATE</b>
<b>LEAD OFFICER</b>	<b>Chief Fire Officer</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>On 27th July 2022 His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) published the DSFRS 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs).</p> <p>Since the inspection report, two national thematic reports have been published by HMICFRS. The first, published on 31 March 2023, examined the values and culture in fire and rescue services. The second, published on 01 August 2024, examined standards of behaviour and the handling of misconduct in fire and rescue services.</p> <p>The paper appended to this report outlines the progress that has been made against the HMICFRS Areas for Improvement and national recommendations since the last update to the Fire and Rescue Authority in October 2024. The key highlights are that:</p> <ul style="list-style-type: none"> <li>• Two areas are currently marked as 'In Progress – Off Track'. This is due to the following: <ul style="list-style-type: none"> <li>- Recommendations 04 and 15 (HMICFRS Standards of Behaviour) will remain open until reporting requirements have been defined and the first meeting held for Part 2 Professional Standards Board (scheduled 12 February).</li> </ul> </li> </ul>
<b>RESOURCE IMPLICATIONS</b>	Considered within the Action Plan where appropriate.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	Considered within the Action Plan where appropriate.
<b>APPENDICES</b>	None
<b>BACKGROUND PAPERS</b>	None

## **1. INTRODUCTION**

- 1.1. On 27th July 2022 His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) published the DSFRS 2022 inspection report. The inspection report identified one Cause of Concern and 14 Areas for Improvement (AFIs).
- 1.2. On 31 March 2023, HMICFRS published a report into the values and culture in fire and rescue services. The report contained 35 recommendations, 1 specific for the police, 14 which required action at a national level and 20 which were specific for fire and rescue services
- 1.3. 01 August 2024 HMICFRS published a report into standards of behaviour and the handling of misconduct in fire and rescue services. The report contained 15 recommendations to chief fire officers, fire and rescue authorities and others.
- 1.4. This report outlines the progress that has been made against the HMICFRS Cause of Concern, Areas for Improvement and national recommendations since the last update to Fire and Rescue Authority.

## **2. CAUSE OF CONCERN ACTION COMPLETION STATUS**

- 2.1 The Cause of Concern is as follows:

The service has shown a clear intent from the executive board to improve the culture of the service. However, more needs to be done throughout the organisation. We have found evidence of poor behaviours that are not in line with service values. Some staff didn't have the confidence to report these issues. By 31st August 2022, the service should develop an action plan to:

- Make sure that its values and behaviours are understood and demonstrated at all levels of the organisation.
- Make sure that staff are trained and supported to identify and challenge inappropriate behaviour when identified and that they have clear mechanisms in place to raise their concerns.

- 2.2 All actions under the cause of concern have now been marked as completed. The recommendation for closure was approved by the Executive Board on 19/03/2024.

## **3. AREAS FOR IMPROVEMENT**

- 3.1. Table 1 lists the open Areas for Improvement and their individual status.
- 3.2. Total Areas for Improvement closed: 8 (of 16)



**Table 1:**

Reference	Description	Target Completion	Status
HMI-1.2-202203	Prevention Activity	31/10/2024	Completed
HMI-2.2-202207a	Prevention and Protection - Technology and Innovation	30/04/2025	In Progress – On Track
HMI-3.1-202208	Secondary Contracts	28/02/2025	In Progress – On Track
HMI-3.2-202210	Temporary Promotions		
HMI-3.4-202213	Selection and Promotions Process		
HMI-3.2-202209	Workforce Planning	31/03/2025	In Progress – On Track
HMI-3.4-202214	PDR Process	31/05/2025	In Progress – On Track
HMI-3.4-202215	High Potential Staff	TBC	Paused

- 3.3. HMI-1.2-202203 (Prevention Activity) has now been marked as completed. The closure of this Area for Improvement is subject to review and approval by Professional Standards Board and the Executive Board in February 2025.
4. **VALUES AND CULTURE RECOMMENDATIONS (PUBLISHED MARCH 2023)**
- 4.1. HMICFRS required services to provide a final update on the status and progress against each of the values and culture recommendations by Tuesday 19/03/2024. The recommendations outlined in table 2 below have remained marked as 'In Progress'.
- 4.2. Total recommendations closed: 16 (of 20)

**Table 2:**

Reference	Description	Target Completion	Status
REC09	Background checks	30/11/2024	Completed
REC12	Staff disclosure, complaint and grievance handling standard		
REC14	Misconduct allegations standard		
REC32	Diversity in succession planning	31/12/2024	In Progress – On Track

4.3. Recommendation 09 (Background Checks), Recommendation 12 (Staff disclosure, complaint and grievance handling standard) and Recommendation 14 (Misconduct allegations standard) have now been marked as completed. The closure of these recommendations is subject to review and approval by Professional Standards Board and the Executive Board in February 2025

**5. STANDARDS OF BEHAVIOUR RECOMMENDATIONS (PUBLISHED AUGUST 2024)**

5.1. Table 3 lists the recommendations made in the HMICFRS report on standards of behaviour and the handling of misconduct and their individual status. The table outlines the deadline set by HMICFRS and also the internal target completion date (TCD) set by the Service.

5.2. Recommendations closed since the last report to the Authority: 1

5.3. Total recommendations closed: 3 (of 16)

5.4. Dates marked with an asterisk (\*) indicate that the Service is 'Off Track' for completion of the recommendation by that date.

**Table 3:**

Reference	Description	Deadline	TCD
REC13a	Appeals Process	01/11/2024	Closed
REC01	Code of Ethics (SB)	01/02/2025*	30/06/2025
REC03	Watch Movements	01/02/2025*	30/04/2025
REC04	Professional Standards	01/02/2025*	01/02/2025*
REC05	Raising a Concern	01/11/2024*	TBC
REC06	Training for Managers	01/02/2025	Completed
REC07	Misconduct Policies	01/05/2024	31/03/2025
REC08	Allegations of Misconduct	01/11/2024*	31/03/2025
REC09	Case Management	01/08/2025	01/08/2025
REC10	Misconduct Investigations	01/05/2025	01/05/2025
REC11	Misconduct Investigation Training	01/05/2025	01/05/2025
REC13b	Appeals Training	01/02/2025	01/02/2025
REC14	Performance Against Misconduct Issues	01/11/2025	01/04/2025
REC15	Learning from Misconduct	01/02/2025*	01/02/2025*

5.5. Recommendation 06 (Training for Managers) has now been marked as completed. The closure of this recommendation is subject to review and approval by Professional Standards Board and the Executive Board in February 2025

**6. AREAS WHICH ARE 'OFF-TRACK'**

6.1. Table 4 overleaf outlines three Areas for Improvement from the HMICFRS inspection report which are currently marked as 'In Progress – Off Track'.

**Table 4:**

<b>Reference</b>	<b>Description</b>	<b>Deadline</b>	<b>TCD</b>
REC04	Professional Standards	01/02/2025*	01/02/2025*
REC15	Learning from Misconduct	01/02/2025*	01/02/2025*
<b>Description</b>			
<b>REC04 Professional Standards</b>  By 1 February 2025, chief fire officers should make sure their services create or have access to a dedicated professional standards function to oversee the investigation of concerns raised within a service or from an external source. This should oversee cases to make sure they are investigated in a fair and transparent way, manage complex cases directly and act as a point of contact for all staff involved.			
<b>REC15 Learning from Misconduct</b>  By 1 February 2025, chief fire officers should put in place a process for sharing learning from misconduct cases that have been resolved while preserving the confidentiality of all parties involved. Any learning should feed into the national system, when established.			
<b>Factors Impacting Delivery</b>			
Meeting dates and the initial core group have been agreed for Part 2 Professional Standards Board starting 12 February. This will consider learning from appraisals, grievances, complaints, disciplinary procedures, speak up and competence achievement and maintenance. These recommendations will remain open until reporting requirements have been defined and the first meeting held.			

**GAVIN ELLIS**  
Chief Fire Officer