



HEREFORD & WORCESTER Fire Authority

Full Authority

AGENDA

Wednesday, 18 February 2015

10:30

Conference Suites

**Headquarters, 2 Kings Court, Charles Hastings Way,
Worcester, WR5 1JR**

ACTION ON DISCOVERING A FIRE

- 1 Break the glass at the nearest **FIRE ALARM POINT**.
(This will alert Control and other Personnel)
- 2 Tackle the fire with the appliances available – **IF SAFE TO DO SO**.
- 3 Proceed to the Assembly Point for a Roll Call –

CAR PARK OF THE OFFICE BUILDING ADJACENT TO THE CYCLE SHED TO THE LEFT OF THE ENTRANCE BARRIER TO 2 KINGS COURT.

- 4 Never re-enter the building – **GET OUT STAY OUT**.

ACTION ON HEARING THE ALARM

- 1 Proceed immediately to the Assembly Point

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- 2 Close all doors en route. The senior person present will ensure all personnel have left the room.
- 3 Never re-enter the building – **GET OUT STAY OUT**.

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- the right to attend all Authority and Committee meetings unless the business to be transacted would disclose “confidential information” or “exempt information”;
- the right to film, record or report electronically on any meeting to which the public are admitted provided you do not do so in a manner that is disruptive to the meeting. **If you are present at a meeting of the Authority you will be deemed to have consented to being filmed or recorded by anyone exercising their rights under this paragraph;**
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- the right to inspect minutes of the Authority and Committees for up to six years following the meeting (available on our website: <http://www.hwfire.org.uk>); and
- the right to inspect background papers on which reports are based for a period of up to four years from the date of the meeting.

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WELCOME AND GUIDE TO TODAY’S MEETING. These notes are written to assist you to follow the meeting. Decisions at the meeting will be taken by the **Councillors** who are democratically elected representatives and they will be advised by **Officers** who are paid professionals. The Fire and Rescue Authority comprises 25 Councillors and appoints committees to undertake various functions on behalf of the Authority. There are 19 Worcestershire County Councillors on the Authority and 6 Herefordshire Council Councillors.

Agenda Papers - Attached is the Agenda which is a summary of the issues to be discussed and the related reports by Officers.

Chairman - The Chairman, who is responsible for the proper conduct of the meeting, sits at the head of the table.

Officers - Accompanying the Chairman is the Chief Fire Officer and other Officers of the Fire and Rescue Authority who will advise on legal and procedural matters and record the proceedings. These include the Clerk and the Treasurer to the Authority.

The Business - The Chairman will conduct the business of the meeting. The items listed on the agenda will be discussed.

Decisions - At the end of the discussion on each item the Chairman will put any amendments or motions to the meeting and then ask the Councillors to vote. The Officers do not have a vote.



Tel: 0845 122 4454





Hereford & Worcester Fire Authority

Full Authority

Wednesday, 18 February 2015,10:30

Agenda

Councillors

Mr D W Prodger MBE (Chairman), Brigadier P Jones CBE (Vice Chairman), Mr R C Adams, Ms P Agar, Mr S C Cross, Ms L R Duffy, Mr A Fry, Mr W P Gretton, Ms K S Guthrie, Mr A I Hardman, Mrs A T Hingley, Ms R E Jenkins, Mr J L V Kenyon, Mr R I Matthews, Mr A P Miller, Mrs F M Oborski, Professor J W Raine, Mr P Sinclair-Knipe, Mr C B Taylor, Mr D C Taylor, Mr J W R Thomas, Mr P A Tuthill, Mr R M Udall, Mr G J Vickery,

Councillor Mr Gordon Yarranton (Member)

No.	Item	Pages
1	Apologies for Absence To receive any apologies for absence.	
2	Declarations of Interest (if any) This item allows the Chairman to invite any Councillor to declare an interest in any of the items on this Agenda.	
3	Confirmation of Minutes To confirm the minutes of the meeting held on the 10 December 2014.	8 - 13
4	Chairman's Announcements To update Members on recent activities.	

5 Public Participation

To allow a Member of the public to present a petition, ask a question or make a statement relating to any topic concerning the duties and powers of the Authority.

Members of the public wishing to take part should notify the Head of Legal Services in writing or by email indicating both the nature and content of their proposed participation no later than 2 clear working days before the meeting (in this case Monday 16 February 2015). Further details about public participation are available on the Council's website. Enquiries can also be made through the telephone numbers/email listed below.

6 Budget and Precept 2015-16 and Medium Term Financial Plan **14 - 40**

1. To determine the Revenue and Capital Budgets and the Council Tax Requirement for 2015/16.
2. To approve the Prudential Indicators and Minimum Revenue Provision (MRP) Statement for 2015/16.
3. To identify potential future resources, their consequential impact on future year budgets and the future Council Tax Requirement.

7 Day Crewing Plus - Hereford and Worcester Fire Stations **41 - 46**

To report back to the Authority regarding the feasibility of introducing the Day Crewing Plus duty system to crew the second wholetime fire engines at Hereford and Worcester fire stations.

To seek approval to introduce Day Crewing Plus on a two year trial basis for the second fire engines at Hereford and Worcester fire stations.

8 Workforce Planning **47 - 51**

To update Members on options for reducing the whole time workforce as a consequence of changes in fire cover as agreed by the Fire Authority on 1 October 2014.

9	Hindlip Transformation Bid	52 - 54
	To update Members on progress on the project to relocate the Fire Authority Headquarters to join West Mercia Police at Hindlip Park near Worcester and to provide assurance that Officers of the Service are fully engaged with their counterparts in the Police to ensure that this project is delivered successfully with the appropriate resources.	
10	Joint Property Vehicle Update	55 - 56
	To update members on decisions made by other bodies with regard to the Joint Property Vehicle (JPV) and to reaffirm this Authority's decision to join the JPV.	
11	Pay Policy Statement 2015/16	57 - 66
	To bring to the attention of the Authority the requirement for the Service to publish its annual Pay Policy Statement for year 2015/16.	
12	Chief Fire Officer's Service Report	67 - 69
	To inform the Authority of recent key developments and activities.	
13	Minutes of the Audit and Standards Committee	70 - 71
	Minutes from Audit and Standards Committee 21 January 2015	
14	Minutes of the Policy and Resources Committee	72 - 75
	Minutes from Policy and Resources Committee 27 January 2015.	

These minutes will remain a draft until approved at the next meeting



Hereford & Worcester Fire Authority

10 December 2014, 10.30am at Service Headquarters

Minutes

Members Present:

Herefordshire:

Brigadier P Jones CBE (Vice-Chairman), Ms K Guthrie, Mr J Kenyon, Mr B Matthews, Mr P Sinclair-Knipe and Mr D C Taylor.

Worcestershire:

Mr R Adams, Ms P Agar, Mr S Cross, Ms L Duffy, Mr A Fry, Mr P Gretton, Mr A Hardman, Mrs A Hingley, Ms R E Jenkins, Mr T Miller, Mrs F M Oborski, Mr D W Prodger MBE (Chairman), Prof. J W Raine, Mr C Taylor, Mr J Thomas, Mr P Tuthill, Mr G Vickery and Mr G Yarranton.

1. Apologies for Absence

Apologies were received from Mr R Udall.

2. Declarations of Interest

None.

3. Confirmation of Minutes

RESOLVED that the Minutes of the meeting held on 1 October 2014, be confirmed as a correct record and signed by the Chairman.

4. Chairman's Announcements

- i) The Chairman welcomed Cllr Thomas back on to the Authority. Cllr Thomas replaces Cllr Peters as a Member of the Independent Group and Audit and Standards Committee. Thanks were also given to Cllr Peters for his contribution during his time on the Authority.
- ii) Chief Fire Officer Andy Hickmott and Councillor Les Caborn, Cabinet Member from Warwickshire County Council were welcomed to the meeting.
- iii) Toby Shergold, the new Communications Manager was also welcomed and introduced to Members.

- iv) An update on the recent Firefighters' dispute was given and Members were reminded of the correspondence recently sent to the Chairman and forwarded to them.
- v) The Chairman had recently attended the Herefordshire Medals and Awards Ceremony held on Friday 21 November at the Town Hall in Hereford.
- vi) Congratulations were given to Deputy Chief Fire Officer Richard Lawrence who recently attended Buckingham Palace to collect his Queen's Fire Service Medal.
- vii) The Chairman had recently attended the official opening of Bromsgrove and Malvern Fire Stations.
- viii) Several Authority Members joined the Chairman on 27 November in visiting the new facilities at Bromsgrove and Malvern as well as Operational Logistics and Bromyard Fire Station. A visit was also made to the site of the new Worcester Fire Station.
- ix) A Merry Christmas was wished to all Members.

5. Public Participation

None.

6. Closer Working with Warwickshire Fire and Rescue Service

The Chief Fire Officer presented the report on the progress made to date and asked Members to consider the recommendations which represented the detailed findings of the Project Arrow Team as supported by the Joint Project Board and the Member Reference Group.

Members were reminded that this report had already been received by the Policy and Resources Committee on 19 November 2014.

The Chief Fire Officer confirmed to Members that the reserve set aside for additional costs during the review had not been used.

RESOLVED that:

- i) ***an operational collaboration between the two Fire and Rescue Services be progressed under the direction of the two Chief Fire Officers and the Strategic Director of Resources, Warwickshire County Council;***
- ii) ***Hereford & Worcester Fire Authority and Warwickshire County Council continue exploring greater collaboration between the two Fire and Rescue Services, working towards a strategic alliance light by late 2015 under the direction of the Joint Project Board;***
- iii) ***a further report be submitted to the Joint Project Board in the summer of 2015 detailing the progress made;***
- iv) ***the Joint Project Board continue to meet biannually;***

- v) *work to date is shared with other key partners, notably Northamptonshire Fire and Rescue Service, Shropshire Fire and Rescue Service, West Mercia Police and Warwickshire Police with the aim of stimulating interest in wider collaboration; and*
- vi) *no further work on Options 4 (strategic alliance contractual) and 5 (full combination) in the options appraisal attached at Appendix 1 be progressed until the report submitted in the summer of 2015 has been considered.*

7. Transformation Bids

Members were informed that the Authority had been successful in attracting a total of £4.27 million from the Government's Fire Transformation Fund that was made available to fire and rescue authorities to help ensure better and more efficient front-line services for the public. Members were also provided with details of the Transformation Bids to develop a new Wyre Forest blue light hub and to relocate the Fire Authority Headquarters to join West Mercia Police at Hindlip. Both proposals were subject to Member approval and, in the case of the Wyre Forest Blue Light Hub, public consultation.

Members were reminded that this report had already been received by the Policy and Resources Committee on 19 November 2014.

RESOLVED that the Authority notes that:

- i) *the Policy and Resources Committee has authorised Officers to carry out the necessary work (including incurring professional fees, where necessary) to prepare detailed schemes and proposals for implementation of the Transformation Bids in relation to:*
 - a) *the development of a new Wyre Forest blue light hub; and*
 - b) *the relocation of Fire Authority Headquarters to join West Mercia Police at Hindlip; and*
- ii) *a further report will be submitted to the Authority for approval prior to undertaking public consultation or entering into any contractual arrangements for land purchase or building construction.*

(Brig Jones left the meeting at 11.26am)

8. Notice of Motion

Mr Fry presented the Notice of Motion to Members in Mr Udall's absence.

The Notice of Motion from Mr Udall asking the Authority to make representations to the Government with regard to the on-going pension dispute with the Government and the FBU was lost.

9. Joint Property Vehicle – Full Business Case

The Chief Fire Officer presented the report summarising the content of a Full Business Case (FBC) for a Joint Property Vehicle (JPV) and requested Members to analyse the potential benefits for the Fire Authority.

The Chief Fire Officer explained that the concept of the JPV suggested in the Full Business Case should bring increased resilience in estate management for the Service. Analysis of the FBC by the Treasurer suggested that the JPV was likely to result in savings, although of a lesser amount than indicated in the FBC. Members were asked to consider all risks and benefits carefully and were advised that a 'leap of faith' would be required to enter the JPV as without this approach it would be difficult to make a firm recommendation to be a partner.

RESOLVED that, subject to all other partners participating:

- i) the Authority approves the formation of a new JPV company, limited by shares and becomes a shareholder in that company holding an equal share with all other partners;***
- ii) the Chief Fire Officer appoints officers to represent the Authority as a Shareholder and in establishing the Board for the new company;***
- iii) the Authority authorises the Chief Fire Officer to agree the Articles of Association of the Company, formal Shareholder Agreement and Service Level Agreement, in conjunction with the Treasurer and Head of Legal Services;***
- iv) the Authority authorises the Chief Fire Officer to work with the other partners to nominate and appoint a Managing Director of the new company, following company formation; and***
- v) the Authority authorises the transfer of relevant employees to the new JPV company and authorises the commencement of formal consultation with Trade Unions and staff on the proposals.***

10. Revision to Medium Term Financial Plan

The Treasurer presented the report providing Members with an update on the approved Medium Term Financial Plan (MTFP) following decisions made at the October meeting of the Fire Authority.

Members' attention was drawn to the information on the core funding elements, which will not be confirmed until the end of the year and also changes that have been identified and that are now factored into the revised projection.

RESOLVED that the report be noted.

11. Appointment to Health and Safety Committee

The Head of Legal Services presented the report to agree the appointment of an Authority Member to the Health and Safety Committee.

RESOLVED that Mr Yarranton be appointed as the Authority Member to the Health and Safety Committee.

12. LGA Fire Commission Update

The Chairman of the Authority presented the report to update Members on issues raised at the recent Local Government Association (LGA) Fire Commission.

RESOLVED that the following issues considered at the recent LGA Fire Commission meeting be noted:

- ***Fire Commission Priorities for 2014/15;***
- ***the LGA Response to the Independent Review of Terms and Conditions of Service for Operational Staff;***
- ***the Fire and Rescue Services' Proposition to the Next Government; and***
- ***Fire Commission Industrial Relations.***

13. Chief Fire Officer's Service Report

The Chief Fire Officer presented the report to inform the Authority of recent key developments and activities.

- The recent Annual Service Level Exercise was a great success.
- Mrs Oborski requested that the family's thanks be passed on to the Crews at Kidderminster Fire Station following the flat fire in Kidderminster on Thursday 27 November 2014.
- Bromsgrove Police and Fire Station was officially opened on Thursday 30 October by Princess Alexandra.
- Malvern Fire Station was officially re-opened by The Hon. Lady Morrison.

RESOLVED that the report be noted.

14. FRA and Committee Dates 2015/16

The Head of Legal presented the report to inform Members of the meeting dates for 2015/16.

RESOLVED that the meeting dates for 2015/16 be noted.

15. Minutes of the Audit and Standards Committee

The Chairman of the Committee reported the proceedings of the Audit and Standards Committee meeting held on 24 September 2014 and made Members aware that the Chairman of the Authority attended the meeting.

RESOLVED that the minutes of the Audit and Standards Committee meeting held on 24 September 2014 be received and noted.

16. Minutes of the Policy and Resources Committee

The Chairman of the Committee reported the proceedings of the Policy and Resources Committee meeting held on 19 November 2014.

Mr Kenyon expressed concerns regarding the lack of a Road Traffic Collisions (RTC) attendance standard. The Chief Fire Officer assured Mr Kenyon that although attendance time standards are not set at present, this does not affect the attendance at RTCs. The matter would be considered as part of a planned review of attendance standards in the future.

RESOLVED that the minutes of the Policy and Resources Committee meeting held on 19 November 2014 be received and noted.

The meeting ended at 12.20pm.

Signed:.....
Chairman

Date:.....

Report of the Treasurer and the Chief Fire Officer

6. Budget and Precept 2015-16 and Medium Term Financial Plan

Purpose of report

1. To determine the Revenue and Capital Budgets and the Council Tax Requirement for 2015/16.
2. To approve the Prudential Indicators and Minimum Revenue Provision (MRP) Statement for 2015/16.
3. To identify potential future resources, their consequential impact on future year budgets and the future Council Tax Requirement.

Recommendations

It is recommended that:

- i) the Capital Budget and Programme (Appendix 1) be approved;*
- ii) the Revenue Budget (Appendix 5) be approved;*
- iii) the Authority calculates that in relation to the year 2015/16:*
 - a) the aggregate expenditure it will incur will be £32,989,000.00;*
 - b) the aggregate income it will receive will be £13,512,414.00;*
 - c) the net amount transferred to financial reserves will be £585,718.00;*
 - d) the net amount of its Council Tax Requirement will be £20,062,304.00;*
 - e) the basic amount of Council Tax will be £76.50 (Band D;*
 - f) the precept demands on the individual Billing Authorities are:*

• Bromsgrove	£2,670,332.76
• Herefordshire	£5,037,173.49
• Malvern Hills	£2,213,791.59
• Redditch	£1,900,690.04
• Worcester	£2,296,658.88
• Wychavon	£3,509,992.87
• Wyre Forest	£2,433,664.37
- iv) the Medium Term Financial Plan (Appendix 7) be approved; and*
- v) the Statement of Prudential Indicators and Minimum Revenue Provision Policy be approved.*

Introduction and Background

4. In February 2014 the Authority approved a Medium Term Financial Plan (MTFP), which identified a significant cumulative budget gap of £2.1m by 2016/17, and potentially £5.5m by 2019/20.
5. This budget gap formed the financial background to the Community Risk Management Plan (CRMP) which the Authority approved on 1 October 2014.
6. Final information is now available on resources:
 - a. Council Tax-bases – from Billing Authorities;
 - b. Band D Council Tax level – recommendation from the Policy and Resources Committee;
 - c. Council Tax increase referendum threshold – from government;
 - d. Collection Fund surpluses - from Billing Authorities;
 - e. Estimated Retained Business Rates yield - from Billing Authorities; and
 - f. Confirmed grant settlement 2015/16 – from government. *Although issued on 4th February 2015 (and unchanged from the provisional position) this will not be formally approved by parliament until 10th February 2015; after this report is issued. Any impact of the final approval will be given as a verbal update to the Authority meeting.*
7. The Policy and Resources Committee considered draft budget proposals on 27 January 2015 based on the provisional information then available. The Committee recommended to the Fire Authority that:
 - a. the 2015/16 precept increase is set at £1.44 per year at Band D;
 - b. the inflation assumptions now laid out in paragraph 41 are accepted; and future years planning should assume an annual precept increase of 2%.

Review of Available Resources

8. The latest projection of future resources can be split between formula grant, business rates and Council Tax precept.

Formula Grant

9. Since the new finance regime was implemented from 2013/14 there will be no re-set of proportionate distribution of grant until 2019/20 and the percentage reduction in grant for all Fire Authorities from 2014/15 is the broadly same.
10. This baseline is set by government, from which an estimate of the Authority's share of retained business rate (1%) is deducted to arrive at the grant figure payable. In reality the process is slightly more complicated than this as some elements of the grant are reducing at different rates, or are not payable to all Authorities, but the underlying principle applies.
11. The final grant figure for 2015/16 is 0.6% lower than forecast and although this is within the reasonable limits of accurate forecasting, it still represents £0.047m less resource in 2015/16.

12. Of this reduction £0.031m (0.4%) relates to assumptions government is making about the average net reduction in employers' pension contributions as a result of the introduction of the 2015 Firefighters Pension Scheme.
13. Government indicated timescales mean that it is very unlikely that the new employers contribution rates will be known before the Authority has to set a budget. The exact impact on Authority expenditure will be dependent on the ratio of 1992 and 2006 Firefighters Pension Scheme membership relative to the national average, consequently it has been deemed prudent not to assume an expenditure saving until the contribution rates are confirmed.
14. Government has given no indication of the detail of future grant reductions; therefore, in the absence of anything else, the MTFP has assumed that the underlying percentage cut indicated for 2015/16 (8.25%) will apply to future years.
15. This pre-supposes that government will not seek to top-slice future perceived savings from the 2015 Firefighters Pension Scheme.
16. Although all three major parties have suggested that they will stick to the existing control totals for 2016/17, distribution within totals may change to meet different political directions.
17. Estimating grant beyond 2016/17 is even more speculative, although the three major parties have all acknowledged that "austerity" will continue in some form until at least 2019/20.

Retained Business Rates

18. As stated above, the grant regime made an initial assumption about the level of business rates to be retained by each local authority and this is increased each year by the increase in the National Non-Domestic Rate poundage.
19. Each year however, the Billing Authorities provide an estimate of the amount they believe is collectable in 2015/16.
20. This year that figure (including Section 31 grant paid by government to compensate for continuation of some rebates) is 2.4% greater than the baseline. This compares with figures of 7.8% and 2.8% in the 2 preceding years.
21. In comparison to the 2014/15 Billing Authority estimates this is a 2.8% reduction, whereas the 2014/15 figure was higher than 2013/14 by 6.6%
22. This difference is partly due to the fact that the Billing Authorities in the Worcestershire Pool did not declare any 2013/14 deficits in their 2014/15 estimates, and these are now coming through in 2015/16.
23. Members of Policy & Resources Committee will recall that as part of the closure of the budget this issue was recognised and the additional income in 2013/14 was transferred to a reserve to be used in 2015/16. Some of this reserve is

being used to offset the one off timing issue. This has the impact of increasing the overall yield by 0.6% compared to 2014/15.

24. Given the short experience and volatility of the numbers, for future years it has been assumed that net yield will grow by the 2015/16 increase in base-line i.e. 1.9% per year.
25. Future forecasting of this income stream will improve with experience and knowledge.

Precept Assumptions

26. The level of income from precept is determined by the Band D tax and the total tax-base.
27. The actual level of tax-base has again risen significantly by 1.9% in 2015/16 as a result of :
 - a. Improvement in the estimate of actual collection from tax-payers who had previously not paid any Council Tax.
 - b. Changes to Council Tax support schemes increasing the amount of Council Tax payable.
 - c. A review of (and reduction in) the granting of single person discounts.
 - d. New properties.
28. This increase provides the Authority with £0.264m more income than was previously forecast, as well as a one off £0.222m surplus on the Collection Funds.
29. Although there have now been two years tax-base growth approaching 2%, it is not yet considered that this has established a trend and it is considered prudent to continue with the assumption of an annual 0.5% increase in the tax-base for a further year.
30. Although the annual net Collection Funds out-turn has ranged from a net deficit of £0.002m to a net surplus of £0.222m, there have been significant annual variations, both surplus and deficit, from individual Authorities and it would be imprudent to fund core expenditure from this source. The Collection Fund is therefore assumed to be neutral in future years.

Council Tax Freeze Grant

31. For 2015/16 the government has again offered an incentive to any Authority which freezes Council Tax. This grant would be payable in 2015/16 before being added to the base and then subject to proportionate grant reduction, and the estimate payable to this Authority has risen slightly from £0.210m to £0.218m.
32. Although the Authority is free to increase the precept by any level it feels is appropriate, any increase above the threshold set by government (2% for 2015/16), requires the Authority to hold a referendum on the increase. The Authority has previously concluded that a referendum is not preferable given the percentage increase necessary merely to fund the cost of the referendum.

33. Following discussion, the Policy & Resources Committee has recommended that the Authority increase the Band D tax by £1.44 per year in 2015/16 and that a planning assumption of annual increases of 2.0% thereafter be made.
34. This figure would be below the level (2.0%) that would require the Authority to conduct a referendum on the level of increase in 2015/16.

Expenditure Requirement

35. The expenditure requirement has continued to be refined and the key assumptions around pay, inflation and interest rates are outlined in the paragraphs below.
36. An assumption of general inflation at 2.5% has been made for the MTFP period. This should reflect the costs of items purchased by the Authority and not necessarily the level of Consumer Price Index (CPI) or Retail Price Index (RPI) inflation. The sum will be held as a provision to be allocated only when there is clear evidence of price rises. This will make it much easier to remove any over-provision from future year budgets.
37. In addition it has been thought prudent to include an additional inflation provision for two key areas of expenditure that are projected to individually increase well above the average CPI/RPI level. These areas are utilities (gas and electricity) and diesel fuel.
38. Although diesel and some gas prices have fallen sharply in the last few months the long term trend is uncertain, and the provision at the rates assumed amounts to only £0.020m.
39. Although the Chancellor has made clear the government's policy on public sector pay increases, i.e. a maximum of 1%, it is not entirely clear how this will translate to the fire sector as pay awards are negotiated independently of central government.
40. Whilst the 2014 award was held at 1%, it is considered prudent to provide above this for future years, although clearly if there is no pay award the resultant savings will flow through to reduce future budget gaps.
41. The relevant assumptions are summarised below in tabular form for ease of reference:

General Inflation	2.50%
Utilities - Gas	5.00%
Utilities - Electricity	5.00%
Diesel Fuel	5.00%
Pay Awards	2.00%
Long Term Interest	4.00%
42. In line with the indicated wishes of the Authority, provision has been made for a trial provision of Day Crewing Plus cover for the second pumps at Hereford and

Worcester fire stations. This proposal is subject to a detailed report elsewhere on this agenda.

Capital Programme

43. The Capital Programme, using prudent financing assumptions and based on the agreed Asset Management Plan and Fleet Strategy, and with the usual annual provision of £0.600m for minor buildings and IT schemes etc. is included as Appendix 1. The revenue consequences of the schemes, including financing costs, are included in the revenue budget projections in Appendices 3, 4, 5 and 7, and the Statement of Prudential Indicators and Minimum Revenue Provision Policy at Appendix 8.
44. Although budget provision has been given for specific schemes within the proposed Major Buildings block, as individual contracts are still subject to tender etc., individual allocations are not shown in order that the information does not compromise the Authority's negotiating position.

The Budget Gap 2015/16 to 2019/20

45. The MTFP approved in February 2014 identified cumulative budget gaps of £1.0m in 2015/16 and £2.1m by 2016/17.
46. The changes detailed in Appendices 5 and 7 including the implementation of the CRMP and the improved tax-base have resulted in a balanced budget for 2015/16 and the 2016/17 gap is reduced to £0.300m.
47. This gap can be closed by achieving savings away from the front line operational services.
48. Beyond 2016/17 the projections are more speculative but assuming:
 - a. 2% annual pay awards;
 - b. 2% annual increase in precept;
 - c. 8% annual reduction in grant/business rates; and
 - d. 0.5% annual increase in council tax-baseA further gap of £1.6m in 2017/18 rises to £3.3m by 2019/20.

2015/16 Budget and Precept

49. In accordance with previous practice, and to provide a continuous record of year on year budget changes, Appendix 3 tracks the changes in the budget gap for the 2014/15 to 2016/17 period as originally identified in February 2013.
50. The details of movements contained in and relating to 2015/16 are summarised in Appendix 4. This consolidates the variations included in the MTFP approved in February 2013, updated in February 2014 and subsequent amendments.
51. Appendix 5 allocates these amendments to the relevant approved budget heads.

52. The net budget of £32.275m, with the expected resources, gives rise to a gross Council Tax requirement of £20.285m, reducing to £20.062m after Collection Fund surpluses. This gives a Band D precept of £76.50, an increase of £1.44 per year, or less than 3 pence per week. Full details of this calculation are laid out in Appendix 6.

Budget Risks

53. Setting a net budget at £32.275m still presents risks, for example:
- Pay Award – a provision of 2% has been made in 2015/16, a variance of +/- 0.5% adds or saves £0.090m.
 - General Inflation – each additional 1% costs/saves £0.100m.
 - Each 1% increase in grant cuts amounts to around £0.090m of lost income.
 - Future Council Tax Policy is also unknown; although a 2.0% increase is included in the MTFP a reduction by 1.0% would reduce resources by around £0.200m.
54. In addition, following the changes in local government finance, the Authority now bears an income risk in relation to the level of income from Business Rates and the costs of Council Tax support. As yet there is insufficient experience of the new regime to quantify this risk with any accuracy.

Future Years

55. The budget gap to 2016/17, as outlined in Appendix 3, is reset to show movements from the proposed 2015/16 budget and is laid out in Appendix 7.

Excess Staff Costs

56. Following the implementation of the agreed CRMP staff reductions there will be a surplus of uniformed staff in post above that approved for the wholetime establishment.
57. The Authority had already approved the use of £0.800m of reserves (including £0.300m from general balances) to provide a higher number of firefighters on duty as often as possible for a two year period, which absorbs some of the excess cost.
58. In anticipation of the need to reduce staff numbers significantly to meet the known budget pressures, and to try to meet the Authority's desire not to instigate compulsory redundancies of uniformed staff, Members will be aware that a budget reduction reserve has been created over the last few years to meet this potential costs.
59. At 31st March 2014 the budget reduction reserve stood at £2.511m and with the addition of the previously reported planned under-spending in 2014/15 of £0.705m brings the total available up to £3.216m.

60. In addition Senior Officers have identified and pursued options for staff to be temporarily seconded to neighbouring services to reduce cost pressures. With the active co-operation of the Authority's staff this is forecast to deliver £1.8m net saving for the period 2014/15 – 2016/17.
61. The table below shows that, taking into account all these factors, it is possible to meet the costs of excess staff in accordance with the Authority's wishes by utilising £2.193m of the budget reduction reserve, leaving £1.023m available for future needs.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Excess Staff Employment Cost	0.603	1.332	1.101	0.626	0.111
Net Secondment Income	-1.273	-0.007			
	-0.670	1.325	1.101	0.626	0.111
Use of budget Reduction Reserve	0.670	-1.025	-1.101	-0.626	-0.111
Use of General Balances		-0.300			
Net Impact	0.000	0.000	0.000	0.000	0.000

Investment of Surplus Funds

62. In accordance with the Authority's Treasury Management Strategy, surplus funds are invested by Worcestershire County Council alongside their own funds.
63. Given the continuing uncertainty in financial markets, the Treasurer advises that investment should continue to be focussed on security. As a consequence surplus funds continue to generate low returns which are factored into the budget.
64. Since October 2008 the Authority has adopted a policy of avoiding new long term borrowing, where working capital balances permit. The Authority will only extend long term borrowing when cash-flow requirements dictate that it is necessary, and only to finance long term assets

Revenue Reserves Strategy

65. The table below shows the projected position in relation to balances compared to the budget requirement over the MTFP period. The budget requirement figure is based on the projection of future resources (see Appendix 7) available rather than the budget need as this will be the determinant of future budget requirements. As the level of funding is determined by the decision on Council Tax increase, both sets of details are shown, although there is no material difference between levels.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
General Balances at 1 April	1.838	1.838	1.538	1.538	1.538
Approved Use		(0.300)			
General Balances at 31 Mar	1.838	1.538	1.538	1.538	1.538
Indicative Budget Requirement	32.275	31.677	31.283	30.072	30.935
% of Budget Requirement	5.7%	4.9%	4.9%	5.0%	5.0%

66. No addition to balances in 2014/15 is shown; as P&R Committee has approved that the projected and managed in-year underspending is transferred to the Budget Reduction Reserve established in 2013/14.
67. The average level of balances now projected at around 4.6%-4.8% is marginally higher than the 4.4% - 4.6% in the previous MTFP and reflects further reductions in the level of future funding rather than a gain in balances. The underlying risk environment remains unchanged.
68. The Budget Reduction Reserve will be used to meet the phasing costs of the staffing reduction decisions already taken to close the budget gaps to 2016/17 (see paragraphs 56 to 61 above) and any further phasing costs necessary to achieve the cost reductions implied from the future budget gaps outlined in Appendix 7.
69. For information the planned use of the Budget Reduction Reserve as outlined is as below and leaves just over £1.0m to meet future needs arising.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Balances at 1 April 2014	2.511				
Planned Transfer in 2014/15	0.705				
Brought Forward	3.216	3.886	2.861	1.760	1.134
Planned Contribution 2015/16	0.670				
Planned Usage 2016/17		(1.025)			
Planned Usage 2017/18			(1.101)		
Planned Usage 2018/19				(0.626)	
Planned Usage 2019/20					(0.111)
Carried Forward	3.886	2.861	1.760	1.134	1.023

70. Although there is no guidance as to the exact level of balances that it is reasonable for any Authority to hold, a level of around £1.5m or 5% is considered to be prudent. The Authority has to be mindful of the opportunity to quickly replenish balances if they are called upon and this becomes much harder in a financial regime where central government controls grant, business rate levels and council tax levels.
71. It is worth quoting Rob Whiteman (Chief Executive of CIPFA) in an open letter to Melanie Dawes (the new Permanent Secretary to DCLG) *"For the avoidance of doubt, CIPFA's guidance to chief finance officers is clear that at a time of increasing financial risk, a council making cuts should also increase reserves to reflect the greater volatility of its budget."*
72. Whilst this level of balances is desirable, there is an opportunity cost of holding balances. They could be used to finance one off expenditure or temporarily reduce the Council Tax precept. The risk is, however, that any unforeseen expenditure could not be met.

Prudential Code Indicators

73. Since 1 April 2004, the Local Authority capital finance system has been one of self-regulation based on a Prudential Code drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA).
74. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of Local Authorities are affordable, prudent and sustainable or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the Local Authority concerned can take timely remedial action.
75. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code also has the objective of being consistent with and supporting, local strategic planning, local asset management planning and proper option appraisal.
76. To demonstrate that Authorities have fulfilled these objectives, the Prudential Code sets out indicators that must be used and the factors that must be taken into account. The Code does not include suggested indicative limits or ratios. These are for a Local Authority to set itself, subject only to any controls under Section 4 of the Local Government Act 2003 (Government Reserve Powers).
77. The prudential indicators required by the Code are designed to support and record local decision making. They are not designed to be comparative performance indicators and use of them in this way would be likely to be misleading and counter-productive. In particular, Local Authorities had widely differing debt positions at the start of the prudential system and the differences are likely to increase over time as a result of the exercise of local choices. The system is specifically designed to support such local decision making in a manner that is publicly accountable.
78. In setting or revising the prudential indicators, the Authority is required to have regard to the following matters:
- affordability, e.g. implications for Council Tax;
 - prudence and sustainability, e.g. implications for external borrowing;
 - value for money, e.g. options appraisal;
 - stewardship of assets, e.g. asset management planning;
 - service objectives, e.g. strategic planning for the Authority; and
 - practicality, e.g. achievability of the forward plan.
79. The Treasurer has prepared the prudential indicators having considered the matters above.

Minimum Revenue Provision (MRP)

80. Minimum Revenue Provision is the amount set aside in the revenue budget to meet the future repayment of borrowing incurred to pay for capital investment.

81. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 require that an Authority sets its own prudent level of MRP, by adopting a policy in advance of the year to which it relates.
82. For ease of reference both the prudential indicators (paragraphs 73 to 79 above) and the proposed minimum revenue provision are set out in the “Statement of Prudential Indicators and Minimum Revenue Provision (MRP) Policy” at Appendix 8.

Business Consultation

83. In accordance with established practice, statutory consultation with business rate-payers has been initiated by correspondence with appropriate representatives of business (the Chamber of Commerce, the local branches of the Confederation of Small Businesses and the National Farmers’ Union). To date no responses have been received.

Budget Calculations: Personal Assurance Statement by the Treasurer

84. Section 25 of the Local Government Act 2003 requires the Treasurer to report to the Authority when it is setting the budget and precept (Council Tax). The Authority is required to take this report into account when making its budget and precept (Council Tax) decision. The report of the Treasurer must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.
85. The Treasurer states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:
 - the Fire Authority budget policy;
 - the need to protect the Fire Authority’s financial standing and to manage risk;
 - the current year’s financial performance;
 - the financial policies of the Government;
 - the Fire Authority’s Medium Term Financial Plan and Planning framework;
 - capital programme obligations;
 - Treasury Management best practice;
 - the strengths of the Fire Authority’s financial control procedures including audit consideration;
 - the extent of the Authority’s balances and reserves; and
 - the prevailing economic climate and future prospects.

Equality and Diversity Impact

86. The immediate impact on recruitment activities means that progress against equality and diversity targets for the recruitment of wholetime female and Black Minority Ethnic (BME) firefighters will not be achievable. However, retained recruitment will continue to be based on need and in this area the Service will continue to do all it can to address our diversity targets.

87. It is no longer a requirement to report such targets at government level, but employment levels continue to be monitored to ensure that although limited positive progress can be made in this period, any recruitment that does take place happens in an environment of good equalities practice.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Yes – whole report
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	Yes – Resourcing for the Future
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	No
Consultation (identify any public or other consultation that has been carried out on this matter)	Yes – consultation with Business Rate-Payers as required by legislation
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	No

Supporting Information

Appendix 1	Capital Programme
Appendix 2	Personnel Budget
Appendix 3	Previous MTFP Progress
Appendix 4	Revenue Budget Changes 2014/15 to 2015/16
Appendix 5	Revenue Budget Allocation 2015/16
Appendix 6	Council Tax Requirement Calculation 2015/16
Appendix 7	Medium Term Financial Forecasts 2016/17 to 2019/20
Appendix 8	Statement of Prudential Code Indicators and Medium Revenue Provision Policy.

Background Papers

Policy & Resources Committee 27 January 2015: Budget 2015/16 & Review of Medium Term Financial Plan

Fire Authority 10 December 2015: Revision to Medium Term Financial Plan

Policy and Resources Committee 19 November 2014: Revision to Medium Term Financial Plan

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Hereford & Worcester Fire Authority 2015/16

Capital Programme

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PRIOR YEARS ACTUAL £m	Revised BUDGET 2014/15 £m	BUDGET 2015/16 £m	PROGRAMME 2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	TOTAL £m
Vehicle Programme								
1 Routine - Pumps			1.150	1.150	1.150	1.150	1.150	5.750
2 ex-Lease appliances		0.044						0.044
3 Routine - 4WD							0.050	0.050
4 Routine - Off-Road		0.026						0.026
5 Water Rescue Vehicle							0.065	0.065
6 Command Unit			0.350					0.350
7 Routine - Water Carrier					0.190	0.190		0.380
8 Routine - RAVs						0.230		0.230
9 USAR Dog Van		0.029						0.029
10 Boats					0.040			0.040
11 Response Cars		0.230	0.395			0.225	0.400	1.250
12 Response Cars		0.108	0.040		0.120	0.040		0.308
13		0.437	1.935	1.150	1.500	1.835	1.665	8.522
Major Building Schemes								
14 Strategic Training Facilities	1.656	0.056	0.564					2.276
15 Malvern Fire Station	1.232	0.779						2.011
16 Worcester Fire Station	0.424	3.776	0.100	0.100				4.400
17 Other Schemes (Note 1)	0.044	0.043	4.896	4.297	2.081			11.361
18	3.356	4.654	5.560	4.397	2.081	0.000	0.000	20.048
Other Schemes								
19 Control Resilience Project	1.780	0.107	0.400					2.287
20 Minor Property, IT/Comms & Equipment		1.561	0.843	0.600	0.600	0.600	0.600	4.204
21		1.668	1.243	0.600	0.600	0.600	0.600	6.491
22 Annual Total		6.759	8.738	6.147	4.181	2.435	2.265	35.061

Note 1 : Individual scheme sums approved by FRA, but not currently disclosed as contracts subject to tender etc.

Note 2 : Excludes impact of any slippage from 2014/15

Hereford & Worcester Fire Authority 2015/16

Personnel Budget

	Wholetime Firefighters FTE	On-Call Retained Firefighters H/C	Control Room Staff FTE	Non- Uniformed Support FTE	TOTAL
Included in Budget 2014/15	283.0	383.0	25.0	114.3	805.3
CRMP	(44.0)				(44.0)
Flexi-Officer Review	(4.0)				(4.0)
Ops Logistics Review	(1.0)			(0.0)	(1.0)
CFS/TFS Review	(3.0)			(3.0)	(6.0)
FireControl Review			(6.5)		(6.5)
Staff to transfer to JPV in 2015/16				(11.0)	(11.0)
Included in Budget 2015/16	231.0	383.0	18.5	100.2	732.7

Hereford & Worcester Fire Authority 2015/16

Previous Medium Term Financial Plan Progress

Appendix 3

Col	1	2	3	4	5	6
Row		2015/16 Prov £m	2016/17 Forecast £m	2017/18 Forecast £m	2018/19 Forecast £m	2019/20 Forecast £m
	MTFP Budget Gap (Feb 2014)					
1	Savings to 2016/17	0.999	2.137	2.137	2.137	2.137
2	Savings 2017/18 on			1.446	2.380	3.322
3		0.999	2.137	3.583	4.517	5.459
	CRMP Decisions (Sep 2014)					
4	removal of 2nd Pumps - Tenbury/Ledbury	#	(0.090)	(0.090)	(0.090)	(0.090)
5	conversion to DS - Hereford/Worcester (4+4)	(0.469)	(0.944)	(0.944)	(0.944)	(0.944)
6	standard crewing at 4 - all other WT/DC/DCP	(0.330)	(0.660)	(0.660)	(0.660)	(0.660)
8	Provision for DCP trial	0.164	0.164			
9		0.364	0.607	1.889	2.823	3.765
	Expenditure Changes					
10	2014 Pay Award Savings	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
11	24hr ICT Cover	0.030	0.030	0.030	0.030	0.030
12	C&C Licences	0.070	0.070	0.070	0.070	0.070
13	2015 Pensions Implementation	0.020				
	Ops Logistics Review	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)
	National Operational Guidance Contribution	0.020	0.020	0.020	0.020	0.020
	EMSCP Implementation Provision	0.020	0.020	0.020		
14	Impact of JPV	0.027	(0.009)	(0.051)	(0.083)	(0.152)
15	JPV set up Costs	0.096				
16		0.408	0.499	1.739	2.621	3.494
	Funding Changes					
17	Formula Grant Changes	0.047	0.065	0.079	0.090	0.098
18	Fire Revenue Grant	0.148	0.148	0.250	0.250	0.250
19	Precept	(0.641)	(0.658)	(0.675)	(0.692)	(0.711)
20	Loss of 15/16 Freeze Grant	0.210	0.193	0.178	0.164	0.151
21	Collection Fund	(0.222)				
22	Business Rate Yield Changes	0.050	0.053	0.056	0.060	0.064
23	CORE BUDGET	0.000	0.300	1.627	2.493	3.346
	Excess Uniformed Staff					
24	Employment Cost	0.603	1.332	1.101	0.626	0.111
25	Net Secondment Income	(1.273)	(0.007)	0.000	0.000	0.000
26	Use of budget Reduction Reserve	0.670	(1.025)	(1.101)	(0.626)	(0.111)
27	Use of General Balances		(0.300)			
28	REMAINING GAP	0.000	0.300	1.627	2.493	3.346

assume no saving in 2015/16 from removal of On-Call pumps to allow staffing to reduce naturally.

Hereford & Worcester Fire Authority 2015/16

Revenue Budget Changes 2014/15 to 2015/16

Appendix 4

Col. Line	1	2 £m	3 £m
1	2014/15 Budget		32.637
2	<u>Saving from 2014 Pay award provision</u>		(0.200)
	<u>Cost Pressures</u>		
3	Pay Awards	0.436	
4	General Inflation Contingency	0.260	
5	LGPS Revaluation	0.009	
6	Capital Programme	0.159	
7	JPV Set Up Costs	0.096	
8	JPV first year impact	0.027	
9	Day Crew Plus Trial (2 years)	0.164	
10	Provision of 24hr ICT response	0.030	
11	Phasing of C&C licences	0.070	
12	EMSCP Implementation Provision	0.020	
13	National Operational Guidance Contribution	0.020	
14	<u>one off costs Implementation of 2015 Pension Scheme</u>	<u>0.020</u>	1.311
	<u>Savings</u>		
15	CRMP Implementation - phasing	(0.799)	
16	12/13 Redundancy Pay Protection	(0.007)	
17	Day Crew Plus - phasing	(0.034)	
18	Droitwich/USAR phasing	(0.194)	
19	CFS/TFS Review	(0.200)	
20	Ops Logistics Review	(0.039)	
21	Flexi-Duty Officer Review	(0.050)	
22	<u>Target budget reductions</u>	<u>(0.150)</u>	(1.473)
23	2015/16 Projected Core Expenditure Need		32.275
24	Excess Staff	0.603	
25	Secondment Income	(1.273)	
26	Use of Budget Reduction Reserve	0.670	
27	2015/16 Budget		32.275

Hereford & Worcester Fire Authority 2015/16

Revenue Budget Allocation 2015/16

Appendix 5

Col Line	(1) 2014/15 Original Budget £m	(2) In Year Reallot- -ation £m	(3) 2014/15 Revised Base £m	(4) Amend- ments £m	(5) 2015/16 Proposed Allocation £m
1 WT FF Pay	13.708	0.221	13.929	(1.123)	12.806
2 RDS FF Pay	3.429	(0.078)	3.351		3.351
3 Control Pay	0.696	0.005	0.701	0.001	0.702
4 Support Pay	3.449	(0.005)	3.444	(0.435)	3.009 #
5 Other Employee Costs	0.038	0.023	0.061		0.061
6 Unfunded Pensions	0.966		0.966		0.966
7 Strategic Management	0.071	0.013	0.084	0.020	0.104
8 New Dimensions	0.114	(0.014)	0.100		0.100
9 TFS	0.010	0.006	0.016		0.016
10 CFS	0.078	0.091	0.169		0.169
11 Training Dept.	0.628	(0.059)	0.569		0.569
12 Fleet	0.608	(0.018)	0.590		0.590
13 Ops Logistics	1.496	0.026	1.522	(0.011)	1.511
14 Ops Policy	0.069	(0.005)	0.064	0.020	0.084
15 Personnel	0.274	0.004	0.278	0.020	0.298
16 P&I	0.212	(0.112)	0.100		0.100
17 FRA Costs	0.067	(0.008)	0.059		0.059
18 ICT	0.969	0.039	1.008	0.070	1.078
19 Facilities Mngt	1.748	0.050	1.798	0.531	2.329 #
20 Insurances	0.301	(0.010)	0.291		0.291
21 Finance (FRS)	0.124	(0.013)	0.111		0.111
22 Finance SLA	0.106	(0.008)	0.098		0.098
23 Capital Financing	2.815	0.150	2.965	0.189	3.154
24 Legal Services	0.023		0.023		0.023
25	31.999	0.298	32.297	(0.718)	31.579
26 Pay Award Provision 14/15	0.386	(0.168)	0.218	(0.218)	0.000
27 Pay Award Provision 15/16			0.000	0.436	0.436
28 Inflation Contingency 14/15	0.300	(0.178)	0.122	(0.122)	0.000
29 Inflation Contingency 15/16			0.000	0.260	0.260
30 Final Savings to be identified	(0.036)	0.036	0.000		0.000
31 Core Budget	32.649	(0.012)	32.637	(0.362)	32.275
32 Excess Staff			0.000	0.603	0.603
33 Secondment Income			0.000	(1.273)	(1.273)
34	32.649	(0.012)	32.637	(1.032)	31.605
35 Use of Dept.. Contingency	(0.012)	0.012	0.000		0.000
36 To Budget Reduction Reserve			0.000	0.670	0.670
37 Net Budget	32.637	0.000	32.637	(0.362)	32.275

change includes transfer of property staff to JPV and consequential increase in non-employee expenditure and first year set up costs.

Hereford & Worcester Fire Authority 2015/16 Council Tax Requirement Calculation 2015/16

Appendix 6

	2014/15 Total	2015/16 Expenditure	2015/16 Income	2015/16 Reserves	2015/16 Total
Core Budget		£32,386,000.00	(£111,000.00)		£32,275,000.00
Excess Staff & Secondment Income		£603,000.00	(£1,273,000.00)	£670,000.00	£0.00
NET BUDGET	£32,636,997.00	£32,989,000.00	(£1,384,000.00)	£670,000.00	£32,275,000.00
Less: New Dimensions/Firelink etc. Grants					
S31: Fire Revenue Grant (Firelink/New Dimensions)	(£1,271,257.00)		(£1,132,279.00)		(£1,132,279.00)
Less: Formula/Support Grants:					
Revenue Support Grant	(£6,675,226.00)		(£5,555,416.00)		(£5,555,416.00)
Business Rate Top Up Grant	(£2,768,221.00)		(£2,821,117.00)		(£2,821,117.00)
Less: Retained Share of Business Rates (1%)					
Baseline	(£2,297,253.00)		(£2,341,149.00)		(£2,341,149.00)
Local Forecasts	£10,393.00		£152,653.00		£152,653.00
S31: Business Rate Initiatives	(£180,552.00)		(£208,852.00)		(£208,852.00)
Collection Fund Loss Reserve	£0.00			(£84,282.00)	(£84,282.00)
GROSS PRECEPT	£19,454,881.00	£32,989,000.00	(£13,290,160.00)	£585,718.00	£20,284,558.00
Less: Collection Fund Deficits/(Surpluses)					
Bromsgrove	(£33,443.00)		(£43,086.00)		(£43,086.00)
Herefordshire	£0.00		(£72,529.00)		(£72,529.00)
Malvern Hills	(£14,902.26)		£0.00		£0.00
Redditch	(£12,993.00)		(£19,386.00)		(£19,386.00)
Worcester	(£15,199.00)		(£15,196.00)		(£15,196.00)
Wychavon	(£35,777.00)		(£46,008.00)		(£46,008.00)
Wyre Forest	(£17,357.00)		(£26,049.00)		(£26,049.00)
COUNCIL TAX REQUIREMENT	£19,325,209.74	£32,989,000.00	(£13,512,414.00)	£585,718.00	£20,062,304.00
<u>Tax-base : Band D Equivalent</u>					
Bromsgrove	34,117.95				34,907.84
Herefordshire	64,942.09				65,848.29
Malvern Hills	28,234.62				28,939.72
Redditch	24,656.96				24,846.71
Worcester	29,633.00				30,023.00
Wychavon	44,948.34				45,884.27
Wyre Forest	30,930.00				31,814.00
	257,462.96				262,263.83
Precept - Band D Equivalent	£75.060155				£76.496648
Band D (rounded to 2 decimal places)	£ 75.06				£ 76.50
<u>Total Precept on Billing Authorities</u>					
Bromsgrove	£2,560,898.62				£2,670,332.76
Herefordshire	£4,874,563.36				£5,037,173.49
Malvern Hills	£2,119,294.96				£2,213,791.59
Redditch	£1,850,755.24				£1,900,690.04
Worcester	£2,224,257.58				£2,296,658.88
Wychavon	£3,373,829.38				£3,509,992.87
Wyre Forest	£2,321,610.60				£2,433,664.37
	£19,325,209.74				£20,062,304.00
check	£0.00				£0.00
Equivalent to Tax at Band (Ratio to Band D)					
A 6/9	£ 50.0500				£ 51.0000
B 7/9	£ 58.3800				£ 59.5000
C 8/9	£ 66.7200				£ 68.0000
D 9/9	£ 75.0600				£ 76.5000
E 11/9	£ 91.7400				£ 93.5000
F 13/9	£ 108.4300				£ 110.5000
G 15/9	£ 125.1000				£ 127.5000
H 18/9	£ 150.1200				£ 153.0000

Hereford & Worcester Fire Authority 2015/16

Medium Term Financial Forecasts 2016/17 to 2019/20

Appendix 7

Col	1	2	3	4	5
Row		2016/17	2017/18	2018/19	2019/20
		Forecast	Forecast	Forecast	Forecast
		£m	£m	£m	£m
1	2015/16 CORE BUDGET	32.275	32.275	32.275	32.275
	<u>Cost Pressures</u>				
2	Pay Awards	0.444	0.898	1.352	1.806
3	General Inflation Contingency	0.300	0.600	0.900	1.200
4	LGPS Revaluation	0.010	0.030	0.050	0.070
5	Capital Programme	0.235	0.271	0.204	0.215
6	Ending of Pensions NI Contracting Out		0.360	0.360	0.360
7		33.264	34.434	35.141	35.926
	<u>Savings</u>				
8	Droitwich/USAR	(0.121)	(0.121)	(0.121)	(0.121)
9	FDS Review	(0.119)	(0.150)	(0.150)	(0.150)
10	JPV Savings	(0.036)	(0.078)	(0.110)	(0.179)
11	One off JPV set up Costs	(0.096)	(0.096)	(0.096)	(0.096)
12	CRMP (net)	(0.895)	(0.895)	(0.895)	(0.895)
13	DCP trail ending		(0.164)	(0.164)	(0.164)
14	One off Pensions Implementation	(0.020)	(0.020)	(0.020)	(0.020)
15	ESMCP Provision			(0.020)	(0.020)
16	CORE BUDGET REQUIREMENT FORECAST	31.977	32.910	33.565	34.281
17	Excess Staff	1.332	1.101	0.626	0.111
18	Secondment Income	(0.007)			
19	Use of General Balances	(0.300)			
20	Use of Budget Reduction Reserve	(1.025)	(1.101)	(0.626)	(0.111)
21	BUDGET REQUIREMENT FORECAST	31.977	32.910	33.565	34.281
		2016/17	2017/18	2018/19	2019/20
		Forecast	Forecast	Forecast	Forecast
		£m	£m	£m	£m
22	Assumed Business Rate increase	2.00%	2.00%	2.00%	2.00%
23	Assumed Base-line Funding Reductions	-8.50%	-8.50%	-8.50%	-8.50%
24	Assumed Tax-base Increase	0.50%	0.50%	0.50%	0.50%
25	Assumed Band D Tax Increase	2.00%	2.00%	2.00%	2.00%
26	Consolidated Revenue Support Grant	(7.449)	(6.593)	(5.803)	(5.073)
27	Fire Revenue Grant	(1.132)	(1.030)	(1.030)	(1.030)
28	Retained Business Rates	(2.529)	(2.577)	(2.627)	(2.677)
29	Council Tax Precept	(20.567)	(21.083)	(21.612)	(22.155)
30	PROJECTED RESOURCES	(31.677)	(31.283)	(31.072)	(30.935)
31	BUDGET GAP	0.300	1.627	2.493	3.346

Hereford & Worcester Fire Authority
Statement of Prudential Code Indicators
and Minimum Revenue Provision Policy

Introduction : Prudential Indicators

The Prudential Code for Capital Finance in Local Authorities (Prudential Code) has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide a code of practice to underpin the new system of capital finance embodied in Part 1 of the Local Government Act 2003. Since 1 April 2004, Local Authorities are no longer subject to government controlled borrowing approvals and are free to determine their own level of capital investment controlled by self-regulation.

The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable.

The Prudential Code supports a system of self-regulation that is achieved by the setting and monitoring of a suite of Prudential Indicators that directly relate to each other. The indicators establish parameters within which the Fire Authority should operate to ensure the objectives of the Prudential Code are met.

Introduction : Minimum Revenue Provision (MRP) Policy

This is the amount charged every year to provide for the repayment of long term loans used to finance capital assets.

Under provisions of the Local Authorities (Capital Finance and Accounting) (England) Amendment) Regulations 2008, the FRA is required to “determine an amount of MRP which is considered to be prudent”.

The Fire Authority has a statutory requirement to determine an MRP policy prior to the start of the financial year.

In considering a prudent MRP policy the Fire Authority needs to take into account the statutory guidance provided by CLG, and the issue of affordability. The guidance states that “provision for the borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service” – the “Asset Life” method.

Prudential Indicators

The Prudential Indicators for which the Fire Authority is required to set limits are as follows:

1. Net Borrowing and the Capital Financing Requirement

This Prudential Indicator provides an overarching requirement that all the indicators operate within and is described in the Prudential Code as follows:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years”.

The Treasurer reports that the Fire Authority had no difficulty meeting this requirement since 2002/03, nor are any difficulties envisaged for the current or future years. This view takes into account all plans and commitments included in the 2015/16 Budget and MTFP.

2 Capital Expenditure

The actual amount of capital expenditure that was incurred since 2013/14, and the estimates of capital expenditure to be incurred for the current and future years that are proposed in the 2015/16 Budget and MTFP are as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Capital Expenditure	2,772	6,759	8,738	6,147	4,181	2,435
Leased Assets	-	313	27	380	70	30
	2,772	7,072	8,765	6,527	4,251	2,465

2. Ratio of Financing Costs to Net Revenue Stream

Financing Costs include the amount of interest payable in respect of borrowing or other long term liabilities and the amount the Fire Authority is required to set aside to repay debt, less interest and investments income.

The actual Net Revenue Stream is the 'amount to be met from government grants and local taxation' taken from the annual Statement of Accounts, and the estimated figure is the Fire and Rescue Authority's budget net of any transfers to or from the balances.

The prediction of the Net Revenue Stream in this Prudential Indicator for future years assumes increases in the Fire Authority's funding from government and the local taxpayer consistent with expectations in the Medium Term Financial Strategy. This is indicative only and in no way meant to influence the actual future years funding or in particular the funding from Precepts.

The indicator only requires that the costs associated with capital expenditure are measured in this way. However the Fire Authority has used, and may continue to use Operational Leasing as a cost effective method of acquiring vehicles. In the spirit of the Prudential Code these costs are included for comparative purposes.

The rise in this ratio is partially due to the fact that capital expenditure prior to the formation of the FRA is not charged to the Fire Authority; (In other words, the Fire Authority inherited all its assets without any cost. Thus, as investment is made in vehicles, for example the increased costs are in the Fire Authority accounts but the savings are elsewhere); and partly due to inflation between original purchase and replacement purchase e.g. over 15 years for a fire appliance.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Financing Costs	2,376	2,215	2,874	3,109	3,145	3,078
Net Revenue Stream	31,285	31,366	31,143	30,545	30,253	30,042
Ratio	7.59%	7.06%	9.23%	10.18%	10.40%	10.25%

3. Capital Financing Requirement

The capital financing requirement (CFR) is a measure of the extent to which the Fire Authority needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any one point in time. The Fire Authority arranges its treasury management activity via a Service Level Agreement (SLA) with Worcestershire County Council (WCC) which has an integrated treasury management strategy where there is no distinction between revenue and capital cash flows and the day to day position of external borrowing and investments can change constantly.

The capital financing requirement concerns only those transactions arising from capital spending, whereas the amount of external borrowing is a consequence of all revenue and capital cash transactions combined together following recommended treasury management practice.

Estimates of the end of year capital financing requirement are shown below

	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
CFR at 31st March	16,506	20,107	25,368	28,620	29,537	30,097

4. Authorised Limit

The Authorised Limit represents an upper limit of borrowing that could be afforded in the short term but may not be sustainable. This limit includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary.

These limits are higher than set in previous years to reflect the decisions taken by the Fire Authority to switch from leasing to more cost effective borrowing for the acquisition of operational vehicles.

The Fire Authority should note that the Authorised Limit represents the limit specified in section 3 (1) of the Local Government Act 2003 (Duty to determine affordable borrowing limit).

The following Authorised Limits for external debt, excluding temporary investments are recommended:

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Authorized Limit				
External Borrowing	31,000	34,000	35,000	35,000

5. Operational Boundary

The Operational Boundary represents an estimate of the most likely, prudent, but not worst case scenario and provides a parameter against which day to day treasury management activity can be monitored.

The Treasurer reports that procedures are in place to monitor the Operational Boundary on a daily basis, via the SLA with WCC and that sufficient authorisation is in place to take whatever action is necessary to ensure that, in line with the Treasury Management Strategy, the cash flows of the Fire Authority are managed prudently.

Occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together.

Both the Authorised Limit and the Operational Boundary include an element relating to debt restructuring where, for the short term only, external borrowing may be made in advance of the repayment of loans. In this circumstance External Borrowing is increased temporarily until the replaced loans are repaid. The converse can also apply where loans are repaid in advance of borrowings.

The following limits (shown overleaf) for each year's Operational Boundary, excluding temporary investments are recommended:

	2015/16	2016/17	2017/18	2018/19
Operational Boundary	£000	£000	£000	£000
External Borrowing	28,000	31,000	32,000	33,000

6. Actual External Debt

The Fire Authority's actual external debt as at 31 March 2014 was £14.971 million; comprising £14.971 million External Borrowing and £0 (zero) Other Long Term Liabilities. During 2014/15 £0.500 million of external debt was repaid.

7. The Incremental Impact of Capital Investment Decisions on the Council Tax

This indicator identifies specifically the additional cost to the taxpayer of the **new** capital investment proposed in the 2015/16 – 2018/19 Capital Programme. As

the indicator deals only with new investment the impact of the previously approved programme was included in the equivalent report provided to the FRA in Feb 2014.

The incremental impact identifies transactions that will occur **over and above** what has already been provided for in the 2014/15 revenue budget and projected in the MTFP and assumes the funding available in 2014/15 will be carried forward in the future year's base budgets.

The incremental impact has been calculated using forward estimates of funding consistent with expectations in the Medium Term Financial Plan.

The impact on the revenue budget, and therefore the Council Tax, is felt by a combination of the following: debt costs of the new borrowing, the amount set aside from revenue to repay the principal element of external borrowing (Minimum Revenue Provision) and the revenue impact of a capital project

It should be noted that borrowing itself does not fund capital expenditure since the loans have to be repaid eventually. The actual funding comes from the Minimum Revenue Provision which is statutorily charged to revenue each year.

The estimate of the incremental impact of the capital investment detailed in the 2015/16 Budget on the Council Tax is as follows:

	2015/16		2016/17		2017/18		2018/19	
Incremental Impact on Band D	£	-	£	-	£	-	£	-

PRUDENTIAL INDICATORS FOR TREASURY MANAGEMENT

8. Treasury Management Code of Practice

The Fire Authority has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA): Code of Practice for Treasury Management in the Public Services.

The Treasury Management function is carried out on behalf of the Authority by Worcestershire County Council, who have also adopted the Treasury Management Code of Practice.

9. Fixed Interest Rate Exposures

It is recommended that the Fire Authority sets an upper limit on its fixed interest rate exposures as follows.

Upper limits for net principal sums outstanding at fixed rates

	2015/16	2016/17	2017/18	2018/19
Fixed Interest Rate Exposure	£000	£000	£000	£000
Upper Limit	31,000	34,000	35,000	35,000

This represents the position that all of the Fire Authority's authorised external borrowing may be at a fixed rate at any one time.

10. Variable Interest Rate Exposures

It is recommended that the Fire Authority sets an upper limit on its variable interest rate exposures as follows.

Upper limits for net principal sums outstanding at variable rates

	2015/16	2016/17	2017/18	2018/19
Variable Interest Rate Exposure	£000	£000	£000	£000
Upper Limit	8,000	9,000	9,000	9,000

This is the maximum external borrowing judged prudent by the Treasurer that the Fire Authority should expose to variable rates.

11. Maturity Structure of Borrowing

It is recommended that the upper and lower limits for the maturity structure of borrowings are as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period of Maturity	Upper Limit	Lower Limit
	%	%
Under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	95	25

12. Investments for longer than 364 days

It is recommended that the upper limits of total principal sums invested for periods longer than 364 days are £5 million for each year.

Minimum Revenue Provision (MRP) Policy

To continue the policy previously adopted i.e.:

1. Vehicle Expenditure before 2008/09 – MRP on a proxy Asset Life basis using original cost, less cumulative MRP, over the remaining useful life of the individual vehicle types.
2. Expenditure before 2008/09, (other than vehicles) - MRP on a proxy Asset Life basis using original cost, less cumulative MRP over average asset life as above
3. All expenditure from 2008/09 onwards - MRP using an Asset life basis:-
 - Buildings over 50 years – per depreciation policy;
 - IT equipment over 5 years - reflecting average life
 - Other Equipment over 7 years – reflecting actual average usage within the FRS;
 - Vehicles – on actual estimated life of each vehicle type

This means that after a specified time (depending on the life expectancy of the individual asset) there will be no further charge to the Revenue Account for MRP in relation to these assets. For a significant proportion of pre-2008/09 assets this point had been reached by 2014/15.

Report of the Chief Fire Officer

7. Day Crewing Plus – Hereford and Worcester Fire Stations

Purpose of report

1. To report back to the Authority regarding the feasibility of introducing the Day Crewing Plus duty system to crew the second wholetime fire engines at Hereford and Worcester fire stations.
 2. To seek approval to introduce Day Crewing Plus on a two year trial basis for the second fire engines at Hereford and Worcester fire stations.
-

Recommendations

It is recommended that:

- (i) **the Authority approves a two year trial period of the Day Crewing Plus duty system for the second fire engines at Hereford and Worcester; and**
- (ii) **the Authority approves the capital expenditure (from existing resources) to enable the changes to facilitate the Day Crewing Plus crewing model at Hereford and Worcester Fire Stations and instructs the Treasurer to include the revenue expenditure in the 2015/16 and 2016/17 budgets forecasts.**

Introduction

3. On 1 October 2014 the Authority approved the reduction of 28 wholetime posts from Hereford and Worcester fire stations. It was proposed that this be achieved through introducing day staff crewing for the second full time (wholetime) crewed fire engines at these locations. This change proposes that the second fire engines would be crewed by wholetime firefighters for 12 hours during the daytime, but during the 12 hour night time period these fire engines would be crewed by on-call Retained Duty System (RDS) staff.
4. At the same meeting the Chief Fire Officer was instructed to instigate a feasibility study to examine the potential to introduce the Day Crewing Plus (DCP) crewing model as an alternative to the day staff crewing model detailed in paragraph 3 above. DCP is a relatively new model of crewing system that was successfully introduced at Bromsgrove fire station in early in 2014.

Background

5. DCP is a crewing system that requires approximately half the number of wholetime firefighters of the traditional (2-2-4) crewing system – in this case it is the same

number as would be allocated for the day staff crewing model proposed in paragraph 3 above. However, an important difference is that DCP maintains the current immediate response 24 hours a day rather than the RDS on-call response during the 12 hour night period.

6. DCP requires firefighters to work shifts of 24 hours on station; 12 hours on stand-by and 12 hours carrying out normal working duties. Up to four 24 hour shifts can be worked in succession, but all shifts are self-selected by the firefighters on a self rostering basis; fatigue management protocols are in place to safeguard against excessive tiredness.
7. Firefighters selected to work this shift system work a 42 hour basic week for which they receive their normal salary. However, they also receive a 25% pensionable pay enhancement to provide on-call cover from the fire station during the 12 hour night time periods.
8. Due to the significant time spent at the fire station, although 50% is on call and not actively working, individuals working DCP need to sign a waiver to the European Working Time Directive in relation to length of the periods worked, i.e. 24 hours. However, those individuals also have a legal right, with three months' notice, to remove that waiver which means the night cover element of this shift system is voluntary and as such firefighters cannot be contractually forced to work this system. This is in contrast to the other duty systems operated within the Service which carry a contractual obligation.

Viability Criteria

9. The evaluation of the feasibility of the DCP model at Hereford and Worcester has been subjected to the following areas of investigation:
 - Staff interest in working this voluntary system
 - Representative Body engagement and agreement (notably the FBU)
 - Capital set-up costs
 - Revenue Costs
 - Operational suitability of DCP at these locations

Staff interest in working this voluntary system

10. In November 2014 operational staff from across the Service were asked to submit a non-committal expression of interest in working DCP at either Hereford or Worcester; a total of 66 staff expressed an interest. At this stage registration of an interest is non-binding. The responses received were as follows:

Hereford: 49 of the 66 staff would be prepared to work DCP at Hereford

Worcester: 41 of the 66 staff would be prepared to work DCP at Worcester

11. For DCP to operate effectively the Service would require 12 suitably qualified Firefighters at each location; the volume of expressions of interest received indicates an over-subscription of staff from across the Service willing to undertake DCP.
12. As would be expected in any selection process some of the staff that have expressed an interest may not be suitable to work the DCP system. Experience from implementing DCP at Bromsgrove has shown that there is a need for individuals who demonstrate a high degree of self ownership, reliability and flexibility to be part of a DCP crew. The selection process to identify individuals with these characteristics has an unknown attrition rate but it is anticipated that there would still be more than adequate interest to fill both stations' DCP establishment. It is further anticipated that there will be additional suitable volunteers to replace leavers to sustain DCP into the future.

Representative Body Engagement

13. Following consultation with the Fire Brigades Union (FBU) their local representatives have stated in writing;

"Following the decision of the FRA tasking the CFO to look into the possibility of applying a DCP system the H&W FBU are formally stating that it will not oppose the implementation of such a system should it be deemed suitable for either or both Hereford and Worcester fire stations.

Although this duty system falls outside the National Conditions of Service in that it is a duty system which does not fulfil point 3 of the Systems of Duty Framework: -

(3) It should comply with relevant United Kingdom and European law, including the Working Time Regulations 1998, and Health, Safety and Welfare at Work legislation

It is felt by the membership that it would be possible for this system to provide the fire cover needed for both cities and, therefore, the local FBU will not oppose its implementation and would also wish to be part of any negotiations affecting its members who may eventually volunteer to work this system."

14. Therefore, although the proposal has yet to be fully agreed it can be seen that the local FBU is broadly supportive.

Capital Costs

15. As this system requires staff to spend up to four successive 24 hour periods on or very near to the station (with half of each 24 hour period on-call), it is necessary to ensure proper and adequate rest and welfare facilities, especially for the 12 hour on-call periods. Ideally these facilities should be separate from the other station accommodation which would be used by the crew of the first fire engine who will continue to work the existing 2-2-4, 24 hour immediate response duty system.
16. Estimated capital set up costs for each location are approximately £0.275m (total £0.550m). It is anticipated that this capital expenditure can be contained within the existing capital expenditure resources.

17. At Worcester it is anticipated that an additional small accommodation block would be built within the curtilage of the new fire station which would adequately accommodate the DCP firefighters' needs.
18. Due to the nature of the existing station at Hereford, an interim solution may be necessary to provide the appropriate level of facilities locally. The subsequent delivery of a replacement fire station for Hereford could have bespoke DCP facilities included in any new build program.
19. If following the two year trial of the DCP duty system (as proposed in this report), these two fire engines are reverted to the originally agreed day staff crewing, the additional accommodation can be utilised as office or training accommodation and thereby ensure this capital investment continues to be effectively used.

Revenue Costs

20. When considering the allowances and capital debt charges, the revenue cost for the introduction of DCP for the second fire engines at Hereford and Worcester fire stations would be £0.164m per annum (net) over and above the costs of the previously agreed day staff crewing.
21. It is proposed that the DCP duty system be introduced for the second fire engines at Hereford and Worcester fire stations for an initial trial period of two years. This trial is suggested both from a 'does it work?' viewpoint, but also more importantly, due to the uncertainty around future revenue budgets. During this two year period it is envisaged that additional clarity will emerge regarding future cuts in government grant to the Authority and therefore whether this expenditure can be sustained beyond the trial period.

Suitability of DCP at each Location

22. Prior to the introduction of DCP at Bromsgrove in early 2014, an in-depth examination of the suitability of such a crewing model at that location was undertaken. This was based upon call activity, call types and times, management implications and staff suitability. Whilst this has provided a core DCP model, policy and contracts to work from, it has been necessary to review the information supplied in the Community Risk Management Plan (CRMP) 2014/15 against these criteria and carry out an assessment of the suitability at each location.

Hereford

23. Against the criteria outlined above it is suggested that the second fire engine at Hereford fire station is suitable for this type of crewing model. On average during the night time period it is estimated (from current activity levels) that Hereford's second fire engine will receive just fewer than **1.5 calls per week**. The station's call profiles, risks and activities present no barriers to the implementation of DCP.

Worcester

24. Whilst the second fire engine at Worcester has a slightly higher call volume and different activity profile to that of Hereford's, it is still considered to be low and well within the accepted professional threshold of activity for a DCP fire engine. On average during the night time period it is estimated (from current activity levels) that

Worcester's second fire engine will receive just over **2 calls per week**. The station's call profiles, risks and activities present no barriers to the implementation of DCP.

25. It should also be noted that measures to introduce revised mobilising protocols in the near future will see a further reduction in mobilisations, predominantly those that often result in false alarms. This call type currently makes up approximately 32% of Worcester's and 23% of Hereford's second fire engine night time call profile.
26. It is also worthy of note that the DCP system allows the second fire engines at Hereford and Worcester to respond immediately, as is currently the case under the traditional 2-2-4 duty system, rather than having an additional delay of up to 4-5 minutes if crewed by the on-call RDS crewing model

Conclusion/Summary

27. As an alternative to the day staff crewed option agreed on 1 October 2014, and subject to the agreement of the Authority, there is no reason why, for a trial period of two years, both Hereford and Worcester fire stations' second fire engines cannot be operated on a DCP system.
28. The adoption of DCP at Hereford and Worcester will require additional finance and some significant local cultural change, however, it will continue to provide two immediate response fire engines in each city.
29. Introducing the DCP duty system on a trial basis will allow the Authority to review this decision against the changing financial landscape, changing risk and operational activity profiles.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	This paper requires significant capital and revenue resource allocation.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	This paper fully supports the existing CRMP proposals and is as a result of an Authority decision previously taken. It also aligns with core strategy in all areas, in particular resourcing for the future.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Existing control measures are in place for the DCP model used at Bromsgrove.
Consultation (identify any public or other consultation that has been carried out on this matter)	Consultation on this matter has been extensive, regarding the CRMP and this proposal. Further local consultation will take place as appropriate.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	No, however the 3 aims of the Equalities Act have been considered at all stages of the paper and will be taken into account in any outcome. An Equalities impact assessment will be undertaken as part of any future potential implementation of this paper.

Background Papers

- Community Risk Management Plan 2014 – 2020
- Minutes from the Authority Meeting on 1 October 2014

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Report of the Deputy Chief Fire Officer

8. Workforce Planning

Purpose of report

1. To update Members on options for reducing the whole time workforce as a consequence of changes in fire cover as agreed by the Fire Authority on 1 October 2014.
-

Recommendations

It is recommended that:

- i) the initiatives in progress for temporarily reducing staffing levels be noted; and*
- ii) staff who volunteer for redundancy in future be offered an enhanced redundancy payment calculated on the basis of actual pay (rather than the statutory maximum) plus 75% enhancement and that this be applied to all staff groups.*

Introduction and Background

2. Members will be aware that the changes in fire cover that were agreed at the Fire Authority meeting on 1 October 2014 as part of the CRMP required a reduction of 44 whole time fire fighters. In combination with previous departmental reviews that have created further efficiencies and staff number reductions, it is anticipated that by April 2015, approximately 55 uniformed posts will be unsupported by the Authority's revenue budget.
3. Members will also recall that the Fire Authority agreed to use £0.8m of reserves to maintain five fire fighters on all whole time based first fire engines (except Hereford and Worcester) on as many occasions as possible for the initial period of two years (2015/16 and 2016/17).
4. The reduction in uniformed posts cannot be achieved within the timescales required through planned retirements or 'natural turnover' alone. The table overleaf shows the Authority's whole time staffing profile including projected retirements over the next five years. The annual cost to the Authority above that supported by the budget is indicated at the bottom of each column. If no further measures are taken to reduce staff numbers the cumulative cost to the Authority would be approximately £3.7m, which is considered unaffordable.

Staff position	As at 01.01.15	As at 01.04.15	As at 31.03.16	As at 31.03.17	As at 31.03.18	As at 31.03.19	As at 31.03.20
Whole time Establishment	282	231	231	231	231	231	231
Potential 30 year retirements	N/A	3	7	8	7	16	16
Projected staff in post	289	286	279	271	264	248	232
Variance	+7	+55	+48	+40	+33	+17	+1
Cost	-	-	16/17 £0.6m	17/18 £1.3m	18/19 £1.1m	19/20 £0.6m	20/21 £0.1m

Options for reducing staffing

5. There are a number of viable options for achieving a reduction in staffing levels through voluntary means. These options have been formulated as alternatives to compulsory redundancies.
6. The most significant initiative to temporarily reduce the workforce, and therefore wholetime pay budget, is secondment to other services, as the other service pays the salary and on-costs for each secondee. The Service has worked closely with partner fire services within the region (Shropshire, Warwickshire and Staffordshire) and has 35 secondments currently in place. In addition there are potentially a further 20 secondments to West Midlands Fire Service that are being progressed.
7. The secondments vary in duration from five months to two years. For the 15/16 financial year, the secondments allow the Authority to offset approximately £1.3m of wholetime uniformed staffing costs.
8. Following the completion of all potential secondment opportunities, the Authority's projected uniformed staffing profile above the revenue budget establishment will be:
 - 17 members of staff above the budgeted level from December 2015
 - 26 members of staff above the budgeted level from January 2016
 - 46 members of staff above the budgeted level from May 2016.

Note: numbers rise as secondees return to this Service
9. Based on current information, it is likely that all secondment initiatives will be exhausted by May 2016.
10. Other options that are being considered include:
 - career breaks that have been requested by up to 6 members of staff for a duration of 4 to 36 months;
 - working with the West Midlands Ambulance Service to consider the viability and practicalities of secondments to their organisation;
 - job share arrangements.

Voluntary Early Retirement

11. The Fire Authority is unable to offer enhanced terms for early retirement beyond those that are set out in the Firefighters Pension Schemes (FPS). Under existing pension scheme rules a member of the Firefighters Pension Scheme 1992 can retire from age 50 if they have a minimum of 25 years pensionable service. A firefighter is usually entitled to commute up to 25% of their gross pension into a lump sum. If a firefighter has not reached age 55 or 30 years' service the commutation is restricted to such amount as will generate a maximum lump sum of 2.25 times the gross pension. This is an unattractive option for the majority of staff.
12. In June 2014 the Policy and Resources Committee approved the discretion in relation to Rule B7 of the FPS to increase the lump sum for firefighters up to the maximum they would have received had they been allowed to commute the full 25% of their pension. When exercising this discretion, the Authority must have regard to "the economical, effective and efficient management of their functions, and the costs likely to be incurred in the particular case". If the Authority increases the lump sum there is a requirement to transfer into the FPS fund an amount equal to the difference between the lump sum paid and the lump sum that could have been paid, if restricted to 2.25 times the full pension.

Voluntary Redundancy

13. The Authority has an existing redundancy policy which has recently been updated to include uniformed staff, although the Authority has only had reason to apply it to support staff until the present time.
14. In accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (the 2006 Regulations), the redundancy payment for support staff is calculated on the basis of actual weekly pay (rather than the statutory maximum of £464 per week). In addition, the Authority currently offers support staff an enhancement of 30% (1.3x redundancy pay) if they accept voluntary redundancy (this is less than the maximum payment allowed under the 2006 Regulations, which would be 104 weeks' pay) .
15. Although the 2006 Regulations do not apply to firefighters, Counsel's advice has confirmed that the Authority does have discretion to pay enhanced redundancy terms to firefighters who accept voluntary redundancy provided:
 - (a) the payments are fair and reasonable, both to staff and to Council Taxpayers; and
 - (b) we apply the same approach to both uniformed and support staff (so as to avoid issues under the Equalities Act)
16. In determining what is reasonable, the starting point is clearly the existing voluntary redundancy package applicable to support staff.

Compulsory Redundancies

17. Any compulsory redundancy of wholetime firefighters is likely to be highly controversial and would undoubtedly cause very difficult industrial relations. For

many reasons it is preferable to achieve uniformed reductions through voluntary redundancy if at all possible. To achieve this it is important that the voluntary redundancy package is attractive enough to incentivise staff to volunteer but not so generous that it doesn't represent value for money to the tax payer.

Proposal

18. The table below gives a comparison between the redundancy payments for a firefighter on a current salary of £29,054.

Service	Age	Statutory Redundancy	Enhanced redundancy payment		
			Based on actual salary	+30%	+75%
10 years	30	£4,176	£5,014	£6,519	£8,776
20 years	40	£8,816	£10,586	£13,763	£18,527
25 years	50	£11,368	£13,651	£17,747	£23,890

19. It is proposed to offer staff an enhanced redundancy payment calculated on the basis of actual pay (rather than the statutory maximum) plus 75% enhancement for volunteering for redundancy. This would apply to all staff groups and would mean that even with the longest serving members of staff the Authority would start to gain a financial efficiency after less than 12 months, and significantly sooner in many scenarios. It is considered this level of enhancement would be sufficiently attractive to assist reducing the workforce through voluntary means whereas the current 30% enhancement would not attract sufficient volunteers.

Budget Implications

20. With effect from financial year 2016/17, the Authority's revenue budget will be unable to support the additional members of staff referred to in paragraph 4 above. This is a position that was anticipated in 2011/12 which is the reason why the budget reduction reserve was created.
21. The proposed changes to the Authority's voluntary redundancy arrangements could significantly improve this situation should sufficient numbers of staff volunteer. For example, should 10 firefighters with 2 or more years until retirement come forward, the Authority could reduce its staff costs by a minimum of £450,000 pa.

Conclusion/Summary

22. The necessary reduction in the number of uniformed posts cannot be achieved within the timescales required through planned retirements or 'natural turnover' alone. An enhanced redundancy package would incentivise volunteers to put themselves forward and assist the Service to reduce its establishment to necessary levels.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	See paragraph 4,18,21
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	The report relates to both the 'People 'and 'Resources' aspects of Our Strategy
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	<ul style="list-style-type: none"> • Inability to reduce staff numbers against required timescales. • Threat of industrial action arising from compulsory redundancy
Consultation (identify any public or other consultation that has been carried out on this matter)	All representative bodies including: Fire Brigades' Union Unison GMB FOA
Equalities (has an Equalities Impact Assessment been completed? If not. why not?)	Amendment to existing policy. See paragraph 15 above

Supporting Information

Pension Scheme Discretions
Redundancy Policy

Contact Officer

Richard Lawrence

Deputy Chief Fire Officer

Report of the Chief Fire Officer

9. Hindlip Transformation Bid

Purpose of report

1. To update Members on progress on the project to relocate the Fire Authority Headquarters to join West Mercia Police at Hindlip Park near Worcester and to provide assurance that Officers of the Service are fully engaged with their counterparts in the Police to ensure that this project is delivered successfully with the appropriate resources.

Recommendations

It is recommended that

- i) a further report be submitted to the Authority for approval prior to entering into any contractual arrangements or committing major financial resources.*

Introduction and Background

2. In December 2014, a report was brought to the Authority confirming that the Policy and Resources Committee had authorised Officers to carry out the necessary work (including incurring professional fees, where necessary) to prepare detailed schemes and proposals for implementation of Transformation Bid funding the Service had received from central Government. This funding supports two speculative submissions made by the Service in 2014, one of which proposes the relocation of Fire Authority Headquarters to join West Mercia Police at Hindlip. The Authority noted this action and proposed that a further report would be submitted to the Authority for approval prior to entering into any contractual arrangements for land purchase or building construction.
3. The Authority requested that an update report would be brought to this FRA meeting regarding progress with the Hindlip proposal.

Hindlip

4. The Hindlip proposal explores an option to move the Fire Service Headquarters from its present location on the outskirts of Worcester to join West Mercia Police at their headquarters at Hindlip Park, near Worcester. This co-location of headquarters functions of both police and fire services will be supported through a new building being constructed to support joint Police / Fire operations. This potential move is designed to foster a closer working relationship between the two blue light services as well as potentially realising revenue benefits against borrowing and on-going running costs. The scheme may also work as a catalyst

for future savings and efficiencies through greater collaboration, especially around support services.

5. The Hindlip project will be part of a Police initiative already in existence to provide a new operational support 'hub' at the Police Headquarters. The Police have established a large Project Management team and the Fire Service has established a dedicated Project Manager to ensure that the Service can engage fully in the transformation process.
6. Week commencing 19th January 2015 saw a series of workshops which Officers of the Service attended with the Police. These workshops examined the overall scope of the project and established a number of separate work-streams which will need to be considered. For the Fire Service, there are two key elements that will be explored, the physical move of Fire Control from the current Service Headquarters to Hindlip Park, and the relocation of key HQ support services.
7. In the initial scoping of the project, a number of subsidiary opportunities for 'blue light' collaboration have also been identified. These have the potential to enhance our joint operational response activities in the future. These were considered, and approved in principle, in a meeting between the Chief Constable and Chief Fire Officer as well as other senior managers held on 26th January 2015.

Conclusion/Summary

8. It is anticipated that the relocation of the Service's Command and Control and HQ functions to the Police headquarters site at Hindlip will be delivered in the latter part of 2017. It is recommended that the Authority note the progress to deliver the proposal and to be assured that Officers of the Service are fully engaged with their counterparts in the Police to ensure that this project is delivered successfully with the appropriate resources.
9. A further report will still be submitted to the Authority for approval prior to entering into any contractual arrangements or committing major financial resources.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	The Authority has received £1.9 million from the Fire Transformation Fund which is currently the only source of capital funding available to the Authority for this project.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	This proposal will generate closer partnership working efficiencies which will contribute towards the cost savings the Authority will need to make as part of the next round of comprehensive spending reviews for the period to 2020.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Not at this stage. Detailed schemes and proposals have yet to be developed.
Consultation (identify any public or other consultation that has been carried out on this matter)	Partner organisations have been consulted on this bid and West Mercia Police have supported this bid. There will need to be consultation with staff and representative bodies at the appropriate time.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	Not at this stage. Detailed schemes and proposals have yet to be developed.

Background Papers

Report of the Chief Fire Officer: Transformation Bids from FRA Meeting, 10th December 2014.

Contact Officer

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Report of Head of Legal Services

10. Joint Property Vehicle - Update

Purpose of report

1. To update members on decisions made by other bodies with regard to the Joint Property Vehicle (JPV) and to reaffirm this Authority's decision to join the JPV.
-

Recommendations

It is recommended that:

- i) this Authority become a member of the JPV company as resolved at the meeting on 10th December 2014, notwithstanding the decision by Herefordshire Council not to participate.*

Background

2. At the Authority meeting on 10th December 2014 (minute 9), it was resolved to approve the formation of a new JPV company, limited by shares and to become a shareholder in that company holding an equal share with all other partners. However, this decision was expressed to be conditional upon all other prospective partners similarly agreeing to participate.
3. Herefordshire Council has now decided not to participate in the JPV at the present time. It will instead carry out a review of the options for ensuring a sustainable property service for Herefordshire including consideration of joining or becoming a customer of the joint property vehicle once it has been established.
4. Whilst the decision by Herefordshire Council not to join the JPV changes the financial analysis that was contained in the final business case, this has been reviewed by the finance working group (of which this Authority's Treasurer is a member) and the impact is not significant. The effect will be to reduce the projected savings for this authority over ten years by approximately 5%. This does not materially alter the basis of the previous decision.
5. All other prospective partners have now agreed to join the JPV.

Conclusion

6. The decision by Herefordshire Council not to participate in the JPV does not have a significant impact on the final business case or materially affect the projected benefits for this Authority.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	There are no new resource implications.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	<p>The provision and maintenance of appropriate buildings and infrastructure is one of the key foundations of 'Our Strategy'.</p> <p>The creation of the JPV may potentially cause disruption to the delivery of the Authority's on-going capital programme and Transformation Bid schemes.</p>
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	N/A
Consultation (identify any public or other consultation that has been carried out on this matter)	Targeted meetings have been arranged with the representative bodies, in conjunction with the potential partner organisations.
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	An equalities impact assessment will be completed if approval is gained, to inform the staff transfer process.

Supporting Information

Background papers – Agenda & Minutes: Fire Authority meeting 10th December 2014

Contact Officer

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Report of the Deputy Chief Fire Officer

11. Pay Policy Statement

Purpose of report

1. To bring to the attention of the Authority the requirement for the Service to publish its annual Pay Policy Statement for year 2015/16.
-

Recommendation

It is recommended that the Pay Policy Statement 2015/16 and supporting information be approved for publication.

Introduction and Background

2. Hereford & Worcester Fire Authority (H&WFA) is required by section 38(1) of the Localism Act 2011 (openness and accountability in local pay) to prepare and publish annual pay policy statements. These statements articulate an Authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff, Chief Officers and its lowest paid employees. They are required to be approved by the Authority and published on the Authority's website on an annual basis.

Pay Policy

3. The Act requires that authorities include in their pay policy statements, their approach to the publication of and access to information relating to the remuneration of Chief Officers. Remuneration includes salary, expenses, bonuses, performance related pay as well as severance payments.
4. The definition of Chief Officers (as set out in section 43(2)) is not limited to Heads of Paid Service or statutory Chief Officers. It also includes those who report directly to them (non-statutory Chief Officers), and the people who report directly to them. The Act sets out the information that authorities are required to include in their pay policy statements as a minimum.

Conclusion/Summary

5. It is a requirement that the Authority's approach to pay, as set out in the attached Pay Policy Statement, is accessible for citizens and enables local taxpayers to take an informed view of whether local decisions on all aspects of remuneration are fair and make best use of public funds. The Pay Policy Statement is accessible on the Authority's website.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	There are legal issues referenced in paragraph numbers 2, 3, 4 and 5 in the report.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	N/A
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	N/A
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 - Pay Policy Statement

Appendix 2 – Pay Grades 2015/16

Appendix 3 – Other Main Pay Grades

Appendix 4 – Grades and Staff in Post

Contact Officer

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Hereford & Worcester Fire Authority Pay Policy Statement

Introduction

Pay for all Hereford & Worcester Fire Authority (H&WFA) staff is determined by the Local Government Employers with the Employers' Sides of the National Joint Council for Local Authority Fire and Rescue Services, the Middle Managers' Negotiating Body, the NJC for Brigade Managers of Local Authority Fire and Rescue Services, the Fire Authority locally and representative bodies nationally. Pay awards are considered annually for all staff.

Pay Framework

Terms and conditions of employment for staff within the H&WFA pay framework are set nationally with any variations negotiated and agreed locally.

Pay Grades and Progression

For uniformed staff, new firefighters will be appointed to the trainee rate of pay. Once their initial training has been completed, the employee will move to development rate of pay and once they have successfully completed their development programme, they will move to competent rate of pay. Existing employees who are promoted will commence on development rate of pay and will move to competent rate of pay upon completion of the workplace assessment.

For non-uniformed support staff, new employees will usually be appointed to the bottom of the scale point / pay grade for the relevant grade. There are occasions when a higher scale point is offered where the employee comes from a role that is paid at a higher level **and** they have additional skills and experience required of the post.

Each grade contains between 3 and 5 scale point increments, progression through each scale point is on an annual basis. However where an employee commences in post after 1st October they will receive an increment six months later and then annually on 1st April. The date of progression is normally 1st April each year until the top of the grade is reached.

Market Forces

Where necessary the Service may apply market supplements for specific roles in order to ensure that it can recruit the best staff. This approach will only be adopted where there is clear evidence of recruitment difficulty and any such payments will be time limited and reviewed annually. Whilst these have been paid in the past, market supplements are not currently being paid however; these continue to be considered when recruiting for more specialist positions.

Pay Allowances

There are a number of allowances paid to employees where specific circumstances require this and where it can be justified, for example to cover additional responsibilities over and above pay grades. Allowances are negotiated nationally or locally through collective bargaining arrangements and/or as determined by Service policy.

Non Uniformed Support Staff

The H&WFA pay framework for non-uniformed support staff was implemented in 2003 in line with national guidance, with ~~the~~ ⁵ grade for each role being determined by the National Greater London Provincial Council (GLPC) Job Evaluation Scheme.

Appendix 1

The Scheme was developed to support Local Authorities in carrying out their obligations under the national agreement on single status. The national agreement required all

Local Authorities, and a number of other public sector employers, to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer.

The grading structure was reviewed and implemented in 2012 for non-uniformed Senior Management posts, PO3 and above.

For non-uniformed support staff any outcome of national consultations by the Local Government Employers in negotiation with the Trade Unions is applied in April each year.

Uniformed Staff

The Service's pay framework for operational staff was reviewed in 2003 and implemented in December 2003 following a rank-to-role exercise in line with national guidance, with the grade for each role being determined by a consistent job evaluation process.

For operational staff any outcome of national consultations by the Local Government Employers in negotiation with the Trade Unions is applied in July each year.

Chief Fire Officer /Chief Executive's Pay

The Chief Fire Officer (CFO)/Chief Executive's pay is considered by H&WFA. Account is taken of relevant available information, including the salaries of Chief Officers in other comparable Fire and Rescue Authorities nationally. To support the pay review, information may be provided on inflation, earnings growth and any significant considerations from elsewhere in the public sector.

New Gold Book conditions of Service were introduced in 2007. NJC pay awards were awarded in January 2008, January 2009 and January 2014. The January 2014 award was £1,000 for the Chief Fire Officer and 1 per cent for other Principal Officers. As a result of the 2014 pay award the following the percentage pay differentials were reported to the Policy & Resources Committee on 10 September 2014:

- Deputy Chief Fire Officer (DCFO) – 80.14% of CFO
- Assistant Chief Fire Officer (ACFO) – 75.13% of CFO
- Director of Finance and Assets – 60.10% of CFO

The Treasurer is part of the Director of Finance and Assets' role for which a specific honorarium is paid and this is reviewed periodically.

Latest National Pay Award

Annual pay awards normally take place as follows:

- Chief Officers' - January
- Non-uniformed support staff - April
- Uniformed staff - July

The last annual pay award for these groups were as follows:

- Chief Officers - January 2014
- Non-uniformed support staff - January 2015
- Uniformed staff - July 2014

Appendix 2 and 3 details the remuneration relating to the above groups.

Other Employment-Related Arrangements

Local Government Pension Scheme

Subject to qualifying conditions, non-uniformed employees are entitled to join the Local Government Pension Scheme (LGPS). The employee contribution rates, which are defined by statute, currently range between 5.5 per cent and 12.5 per cent of pensionable pay depending on full time equivalent salary levels.

Firefighter Pension Schemes

The 1992 Firefighter pension scheme closed to new members in 2006. The employee contribution rates for the 1992 Firefighter pension scheme, which are defined by statute, currently range between 11.0 per cent and 17.0 per cent of pensionable pay depending on full time equivalent salary levels.

Subject to qualifying conditions, uniformed staff are entitled to join the New Firefighters Pension Scheme 2006 (NFPS). The employee contribution rates for the NFPS, which are defined by statute, currently range between 10.4 per cent and 12.5 per cent of pensionable pay depending on full time equivalent salary levels.

The Firefighters Pension Scheme 2006 (NFPS) will be closed to new members from April 2015 and a new Fire 2015 scheme is being introduced. Subject to qualifying conditions uniformed employees will be entitled to join. The defined employee contribution rates will range from 10 per cent to 14.5 per cent of pensionable pay depending on full time equivalent salary levels.

Employment Arrangements

Due to the nature and responsibilities of their role, Senior Managers are normally employed on full time permanent employment contracts. The Services' policy and procedures with regards to recruitment of Chief Officers' is set out within the Officer Employment Procedure Rules as set out in Part 4 of the Fire Authority Constitution.

When recruiting to all posts H&WFA will take full and proper account of its own Equal Opportunities, Recruitment and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and the relevant policies in place at the time of recruitment.

Payments on Termination of Employment

The Services' approach to statutory and discretionary payments on termination of employment for all staff prior to reaching normal retirement age are in accordance with the Services' Redundancy Policy and relevant terms and conditions as follows:-

- Arrangements for non-uniformed staff are set out within the Services' LGPS Discretions Policy Statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment), (Discretionary Compensation) Regulations 2006 [and if adopted] Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.
- Arrangements for uniformed staff are set out within the relevant conditions of service i.e. NJC for Brigade Managers' of Local Authority Fire and Rescue Services and the NJC for Local Authority Fire and Rescue Services.

Where the employee's salary or the cost of the termination of employment is below £45,000 this decision is delegated to the CFO in consultation with the Chair of

H&WFA. Where it is above £45,000 the decision will be taken by the Policy & Resources Committee.

The Service operates a Flexible Retirement Policy which was agreed by the Policy and Resources Committee of H&WFA at its meeting on 25 January 2012. This policy applies to all staff in the Local Government Pension Scheme (LGPS), the Firefighters Pension Scheme (FPS) and the New Firefighters Pension Scheme (NFPS). H&WFA offers re-employment as an option to fill specific post(s) where there is a shortage of skills/experience within the remaining workforce.

Where H&WFA has defined a specific need a business case must be produced by the relevant Head of Department showing that there are clear benefits for the Service to offer a re-employment opportunity. Part of the business case will include whether to offer the post out to open competition.

Appendix 2 Pay Grades 2015/16

Job	Remuneration	Pay Relationship to CFO	Salary Range	
			Min	Max
1. Head of Paid Service				
Chief Fire Officer / Chief Executive	£122,255	Set by Appointments Committee		
2. Statutory Chief Officer				
Treasurer (Part of Director of Finance and Assets role) receives an additional £3,000 honorarium for the extra responsibility of Treasurer				
Monitoring Officer (Part of Head of Legal Services role)				
3. Non Statutory Chief Officer				
Deputy Chief Fire Officer (DCFO)	£97,974	0.8014		
Assistant Chief Fire Officer (ACFO)	£91,849	0.7513		
Director of Finance & Assets (excluding Treasurer role)	£73,480	0.6010		
Head of Legal Services	£54,972	0.45	£51,881	£54,972
4. Deputy Chief Officer				
Area Commander / Director of Service Delivery (temporary)	£84,000	*	£65,653	£72,016
Area Commander Community Risk & Training	£72,016	**	£65,653	£72,016
Area Commander Operations Support	£72,016	**	£65,653	£72,016
Area Commander Operations	£60,790	***	£60,790	£66,682
Head of Assets	£53,899		£51,881	£54,972
Head of Corporate Services	£57,617	****	£51,881	£54,972
HR Strategy Manager	£50,435	*****	£46,507	£49,450
HR & Development Manager	£39,267		£36,571	£39,267
Finance Manager	£44,794		£42,957	£46,652
5. Lowest Paid				
Employees*****				
Uniformed	£21,571	0.18	£20,709	£27,601
Non Uniformed				
Receptionist	£15,941	0.13	£14,321	£15,941

Notes:

*** includes 20% allowance to provide out of hours fire cover on a continuous rota system and includes an additional 8% enhancement to provide a higher level of fire cover responsibility. Includes an added responsibility temporary arrangement.**

**** includes 20% allowance to provide out of hours fire cover on a continuous rota system and includes an additional 8% enhancement to provide a higher level of fire cover responsibility.**

***** includes 20% allowance to provide out of hours fire cover on a continuous rota system.**

****** includes an added responsibility temporary arrangement.**

******* pay protected.**

******* The lowest paid workers are paid in accordance with their job evaluation score which matches across to Scale 2 of the Services' Pay and Grading structure which is the lowest grade**

The Head of Paid Service, Director of Finance & Assets, Deputy Chief Fire Officer, Assistant Chief Fire Officer and Area Commanders are provided with a motor vehicle for work purposes. Any private use is chargeable.

The Head of Paid Service, all statutory and non-statutory Chief Officers and all Deputy Officers are provided with a mobile phone and iPad for work purposes. Any private use is chargeable.

Appendix 3 - Other Main Pay Grades

	Grade	Pay Range Minimum	Pay Range Maximum	No of Staff In Post		
Non Uniformed Pay Grades						
PO7		£57,617	£61,146	0		
PO6		£51,881	£54,972	3		
PO5 *		£46,507	£49,450	2		
PO4 *		£41,823	£45,104	2		
PO3 *		£36,571	£39,267	3		
PO2		£32,778	£35,662	2		
PO1		£29,558	£31,846	11		
SO2		£27,924	£29,558	7		
SO1		£25,440	£27,123	15		
Scale 6		£22,937	£24,472	15		
Scale 5		£20,253	£22,212	11		
Scale 4		£17,714	£19,742	7		
Scale 3		£16,231	£17,372	27		
Scale 2		£14,321	£15,941	0		
Total				105		
Uniformed Pay Grades **				WT	RDS	Total
Area Commander		£50,658	£55,568	3		3
Group Commander		£43,150	£47,835	7		7
Station Commander		£37,467	£41,324	18		18
Station Commander Control		£35,594	£39,258	1		1
Watch Commander		£32,908	£36,021	47	23	70
Watch Commander Control		£31,263	£34,220	2		2
Crew Commander		£30,880	£32,211	35	52	87
Crew Commander Control		£29,336	£30,600	4		4
Firefighter		£21,799	£29,054	177	310	487
Firefighter Control		£20,709	£27,601	16		16
Total				310	385	695

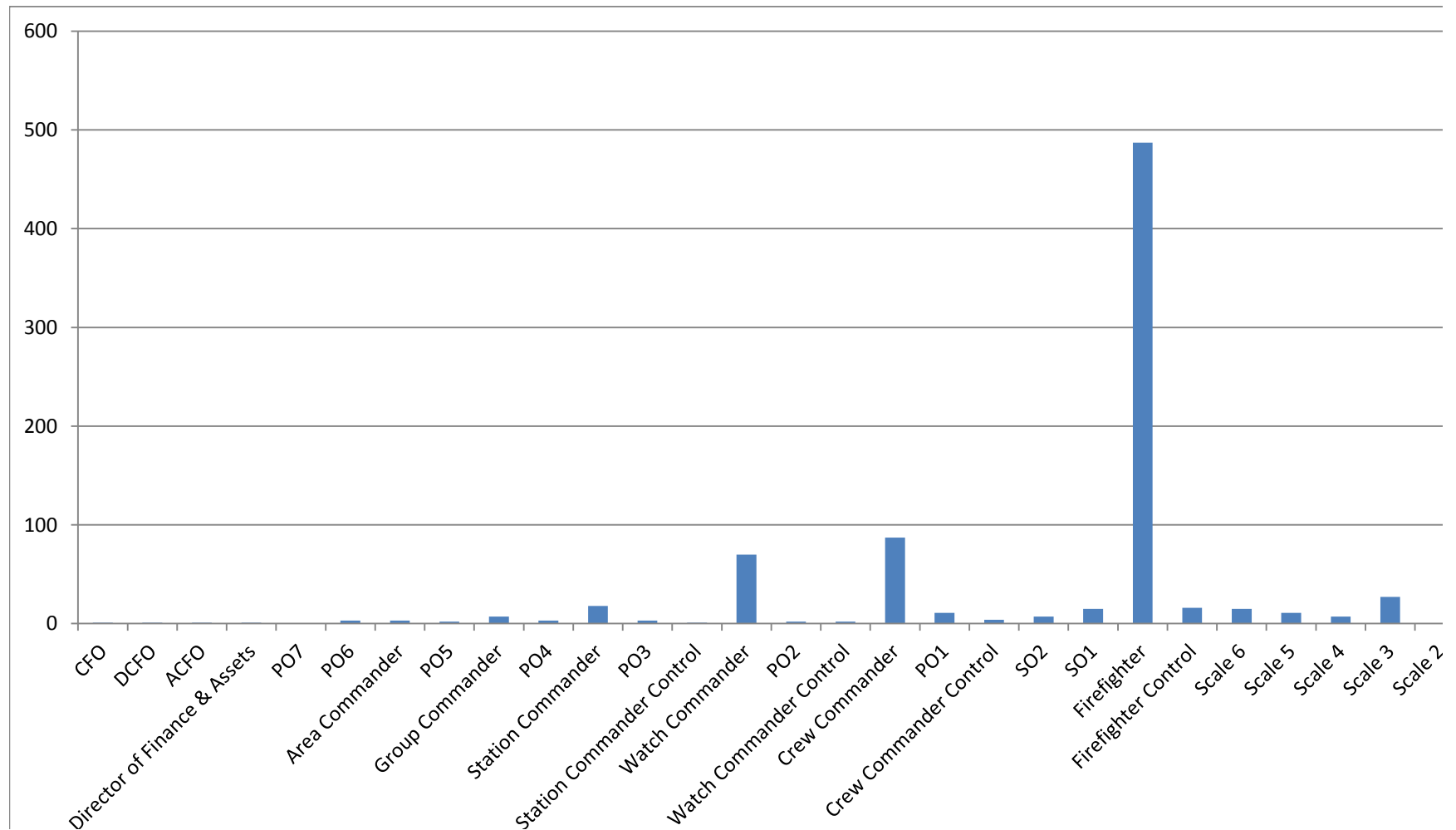
* 4 employees are protected on the old salary levels

** Pay based on wholetime equivalents. Includes retained duty staff

NOTES - Number of staff in post is at 16th January 2015 and are based on people in their substantive roles. From 2015 there is no longer a scale 1 pay grade.

Appendix 4

Grades and Staff in Post



Report of the Chief Fire Officer

12. Chief Fire Officer's Service Report

Purpose of Report

1. To inform the Authority of recent key developments and activities.
-

Recommendation

The Chief Fire Officer recommends that the report be noted.

Service Exercise

2. At the request of Members and following on from my last report, highlighted below are the key outcomes from the large scale Service Exercise that took place on 15 and 19 October at Kidderminster and Shrub Hill Rail stations respectively. Whilst attendees from all agencies draw an enormous professional benefit by attending these exercises, the Service is always keen to capture any significant learning outcomes that may influence the way we operate in the future.
3. The exercises were supported by our partners from the Police and Ambulance Services, Network Rail and in excess of 200 volunteer casualties. Responders were presented with complex challenges including, fire fighting within a tunnel, multiple extrications, unsafe rail structures and large numbers of casualties with injuries ranging from amputation of limbs and major trauma, to large groups of distressed 'walking wounded'.
4. Over 100 firefighters took part in the exercise, crewing 20 appliances and various specialist vehicles including a Command Support Unit, Incident Support Vehicle and Urban Search and Rescue modules.
5. Hugely positive debriefing sessions involving all the agencies involved identified many areas of good practice with the following areas being highlighted for future consideration:
 - Closer integration with the Ambulance Service's specialist Hazardous Area Response Team (HART) would benefit casualties with quicker access to advanced medical care. Whilst this worked well it was noted that this is an area that could be utilised more effectively.
 - The need for effective casualty clearing processes to avoid congestion and enable better prioritisation.
 - A better understanding of the support requirement for post rail incident investigation was needed.
 - More opportunities for all agencies to practice multi-agency command briefings, in line with JESIP training.

- The resources required for the logistical support of large scale Breathing Apparatus operations could benefit from a review.
6. Feedback from all attendees has been very positive particularly around the realism brought about by the use of large numbers of volunteer casualties. This along with the points above will be used to formulate the on-going training provision and will be built into next years' Service exercise and those carried out locally throughout the year.

Joint Emergency Services Interoperability Programme (JESIP)

7. JESIP is a two year government led programme nearing its conclusion, which aims to improve ways in which police, fire and ambulance Services work together at major incidents.
8. JESIP training has been undertaken by 105 ambulance, police and fire services in the UK and at the end of the initial two year programme has jointly trained over 10,000 Commanders and Control Room Managers, and in excess of 24,000 people have accessed the e-learning products; to deliver all this in less than 10 months is an outstanding achievement. To date, 84 HWFRS staff in command roles have received bespoke training with other emergency service Commanders, and a further 400 staff have undergone internet based JESIP training.
9. As a result of the JESIP programme over 500 HWFRS staff have received training in improved radio messaging procedures to ensure the right information is supplied, in the correct format, at the earliest stages of an incident.
10. HWFRS is a key partner of the West Mercia Local Resilience Forum and has also been involved in local tri Service training and exercising with other non-emergency Service Cat 1 and 2 responders. The most recent example of this was an exercise held in December 2014 testing off-site emergency plans for a top tier, a high risk COMAH (Control of Major Accident Hazards) site located within Worcestershire; this complemented a number of Service level exercises which have also had a significant multi-agency dimension.
11. A full evaluation of the programme has confirmed that, whilst there is more to be done, JESIP has been successful in advancing joint working skills and competencies. It has also found that JESIP training has made a real difference in increasing levels of confidence in the way HWFRS Commanders work with their colleagues from other services. There is much evidence of JESIP being used across the country to improve response to incidents of all types; one such example of this last year, where two missing canoeists' lives were saved on the River Wye through effective joint agency working and the use of appropriate resources.
12. This excellent progress has been recognised by Ministers, Government Departments and the emergency service strategic leads for JESIP. There will be on-going support, and national monitoring, to ensure the programme continues to be embedded locally.

Contact Officer

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Hereford & Worcester Fire Authority

Audit and Standards Committee

Wednesday, 21 January 2015, 10:30

Minutes

Members Present: Ms L R Duffy , Mr W P Gretton , Ms K S Guthrie , Mrs A T Hingley , Mr A P Miller , Mr P Sinclair-Knipe , Mr G C Yarranton , Ms P Agar , Mr G J Vickery , Professor J W Raine , Mr S C Cross , Mr J W R Thomas

Substitutes: none

Apologies for Absence: Mr R I Matthews

1 Declarations of Interest (if any)

No declarations of interest were made.

2 Confirmation of Minutes

RESOLVED that the minutes of the Audit and Standards Committee meeting held on 24 September 2014 be confirmed as a correct record and signed by the Chairman.

3 Annual Audit Letter 2013/2014

The report was presented by Joan Hill from Grant Thornton UK LLP, the External Auditors. No significant issues were found with the primary statements in the 2013/2014 audit and an unqualified opinion on the Authority's 2013/14 financial statements and value for money conclusions were issued on 29 September 2014.

RESOLVED that the Committee note the Annual Audit Letter 2013/14 from the External Auditors. Grant Thornton UK LLP.

4 Review of Anti Money Laundering Policy

The report was presented by the Treasurer. The policy had been reviewed and updated in accordance with the Authority's code of corporate governance to ensure it remains fit for purpose and compliant with updated legislation.

RESOLVED that the Committee approve the revised Anti Money Laundering Policy.

5 Internal Audit Monitoring Report

The report was presented by internal auditor Andy Bromage. No high priority recommendations were put forward and confirmation was received that all assurances had been delivered.

The Treasurer asked the Committee to note that although the contract between Worcestershire Internal Audit and the Authority had reached its termination date (31 Dec 2014) coverage was continuing to the end of 2014/15 as agreed. Discussions were underway on the terms for the Authority to join the Worcestershire Internal Audit Partnership as agreed by the Fire Authority on 1 October 2014.

RESOLVED that the Committee note the report.

6 External Audit Fee Letter

The report was presented by Mark Stocks from Grant Thornton UK LLP, the External Auditors. Mr Stocks summarised the scale fee for Audit work along with the scope and timings of work to be undertaken.

RESOLVED that the Committee note the External Audit Fee Letter 2014/15 from the External Auditors, Grant Thornton UK LLP.

The Meeting ended at: 11:04

Signed:.....

Date:.....

Chairman



Hereford & Worcester Fire Authority

Policy and Resources Committee

Tuesday, 27 January 2015, 10:30

Minutes

Members Present: Mr R C Adams, Brigadier P Jones CBE, Mr D W Prodger MBE, Mr P A Tuthill, Mr A Fry, Mr R M Udall, Ms R E Jenkins, Mr D C Taylor, Mrs F M Oborski

Substitutes: Mr A P Miller (for Mr C B Taylor)

Apologies for Absence: Mr W P Gretton, Mr A I Hardman, Mr C B Taylor, Mr J L V Kenyon

1 Declarations of Interest (if any)

None

2 Confirmation of Minutes

RESOLVED that the minutes of the meeting of the Policy and Resources Committee held on 19 November 2014 be confirmed as a correct record and signed by the Chairman.

3 Budget 2015/16 and Review of the Medium Term Financial Plan (MTFP)

Members were advised of the current position in relation to budgets for 2015/16 and beyond. Provisional information had now been received to finalise some of the figures in the resourcing side of the budget equation, specifically; share of government grant totals, special grants and government estimates of business rate yield. It was confirmed that there had been reductions in special grant in respect of USAR and as a result of the transfer of an IRU vehicle to Gloucestershire. Members were also advised that the budget now included savings due to the pay awards for 2014 and the net consequence of joining the property JPV. The Authority will meet on 18 February 2015 to agree a budget and precept for 2015/16.

RESOLVED that the Fire Authority be recommended to:

- **increase council tax by £1.44 per year (1.94%) for 2015/16;**
- **plan for an annual 2% increase in council tax thereafter; and**
- **plan for budget changes as set out in the report appendix.**

4 Asset Management Strategy: Hereford Fire Station

Members were updated on the progress regarding the provision of a new fire station in Hereford and informed that significant work was being undertaken to locate an acceptable site. It was confirmed to Members that the Bath Street site would not proceed but Officers were potentially looking at three further sites with the Council and hoped an update would be available in March.

RESOLVED that the progress towards identifying a site for a replacement fire station in Hereford be noted.

5 Asset Management Strategy: Evesham Fire Station

Members were updated on negotiations with Wychavon District Council for the redevelopment of the existing site and provision of a new fire station in Evesham. Wychavon District Council wish to redevelop the existing Evesham Fire Station site as a Waitrose supermarket in order to improve the economic vitality of the town. In exchange, they will pay most of the costs for the construction of a new fire station and replacement STF, which will then belong to the Fire Authority. Members were advised that the Fire Authority will contribute £150,000 - £250,000 towards the total costs.

RESOLVED that the Head of Legal Services, in consultation with the Chief Fire Officer and Director of Finance, be authorised to enter into an agreement with Wychavon District Council for the sale and replacement of Evesham Fire Station on the terms set out in the report.

6 Protective Security

Members were informed of the intention to drive forward and resource the protective security agenda noting the organisational impact and benefits of this, in particular the Public Services Network (PSN) accreditation.

RESOLVED that the following be noted:

- **a Service-wide programme is being undertaken to raise awareness of protective security issues; and**
- **a scheme of capital improvements to enhance building security is to be undertaken and will be funded from the existing approved minor capital works budget.**

7 Pensions Appeals Panel

Members were advised of the requirement to establish a Panel to consider and determine disputes in relation to Pensions Schemes. This will provide a formal mechanism for the involvement of Authority Members to consider second stage complaints.

RESOLVED that the Committee establishes a Pensions Appeals Panel and approves the terms of reference for the Panel.

8 Health and Safety Committee Update

Members were updated on the activities and items of significance from the Service's Health and Safety Committee.

RESOLVED that the Committee note that the Health and Safety statistics indicate the Service has robust Health and Safety arrangements in place.

The Meeting ended at: 11:43

Signed:.....

Date:.....

Chairman

Hereford & Worcester Fire Authority

Policy & Resources Committee: MTFP Review

Col Row	1	2	3	4	5	6
		2015/16 Prov £m	2016/17 Forecast £m	2017/18 Forecast £m	2018/19 Forecast £m	2019/20 Forecast £m
	<u>MTFP Budget Gap (Feb 2014)</u>					
1	Savings to 2016/17	0.999	2.137	2.137	2.137	2.137
2	Savings 2017/18 on			1.446	2.380	3.322
3		0.999	2.137	3.583	4.517	5.459
	<u>CRMP Decisions (Sep 2014)</u>					
4	removal of 2nd Pumps - Tenbury/Ledbury		(0.090)	(0.090)	(0.090)	(0.090)
5	conversion to DS - Hereford/Worcester (4+4)	(0.469)	(0.944)	(0.944)	(0.944)	(0.944)
6	standard crewing at 4 - all other WT/DC/DCP	(0.330)	(0.660)	(0.660)	(0.660)	(0.660)
7		(0.799)	(1.694)	(1.694)	(1.694)	(1.694)
8	Provision for DCP trial	0.164	0.164			
9		(0.635)	(1.530)	(1.694)	(1.694)	(1.694)
	<u>Remaining Budget Gap (Sep 2014)</u>					
10	Savings to 2016/17	0.364	0.607	0.443	0.443	0.443
11	Savings 2017/18 on			1.446	2.380	3.322
12		0.364	0.607	1.889	2.823	3.765
	<u>Expenditure Changes</u>					
13	2014 Pay Award Savings	(0.200)	(0.200)	(0.200)	(0.200)	(0.200)
14	Firefighter Pensions Contribution Rates					
15	Impact of JPV	0.014	(0.025)	(0.063)	(0.095)	(0.156)
16	JPV set up Costs	0.100				
17		(0.086)	(0.225)	(0.263)	(0.295)	(0.356)
	<u>Funding Changes</u>					
18	Formula Grant Changes	0.047	0.060	0.073	0.085	0.096
19	Fire Revenue Grant	0.150	0.150	0.150	0.150	0.150
20	Revised 15/16 CT Freeze Grant Calculation	(0.008)	(0.008)	(0.007)	(0.006)	(0.005)
21	15/16 Council Tax-base increase	(0.200)	(0.204)	(0.208)	(0.212)	(0.216)
22	Business Rate Yield Changes	0.017	0.020	0.023	0.026	0.029
23		0.006	0.019	0.031	0.043	0.054
24		(0.080)	(0.206)	(0.232)	(0.252)	(0.302)
25		0.284	0.401	1.657	2.571	3.463
	<u>Excess Uniformed Staff</u>					
26	Employment Cost	0.603	1.332	1.101	0.626	0.111
27	Net Secondment Income	(1.273)	(0.007)	0.000	0.000	0.000
28		(0.670)	1.325	1.101	0.626	0.111
29	UNDERLYING GAP	(0.386)	1.726	2.758	3.197	3.574
	<u>Proposed Use of Reserves</u>					
30	Use of budget Reduction Reserve	0.670	(1.025)	(1.101)	(0.626)	(0.111)
31	Use of General Balances		(0.300)			
32		0.670	(1.325)	(1.101)	(0.626)	(0.111)
33	REMAINING GAP	0.284	0.401	1.657	2.571	3.463