



HEREFORD & WORCESTER Fire and Rescue Authority

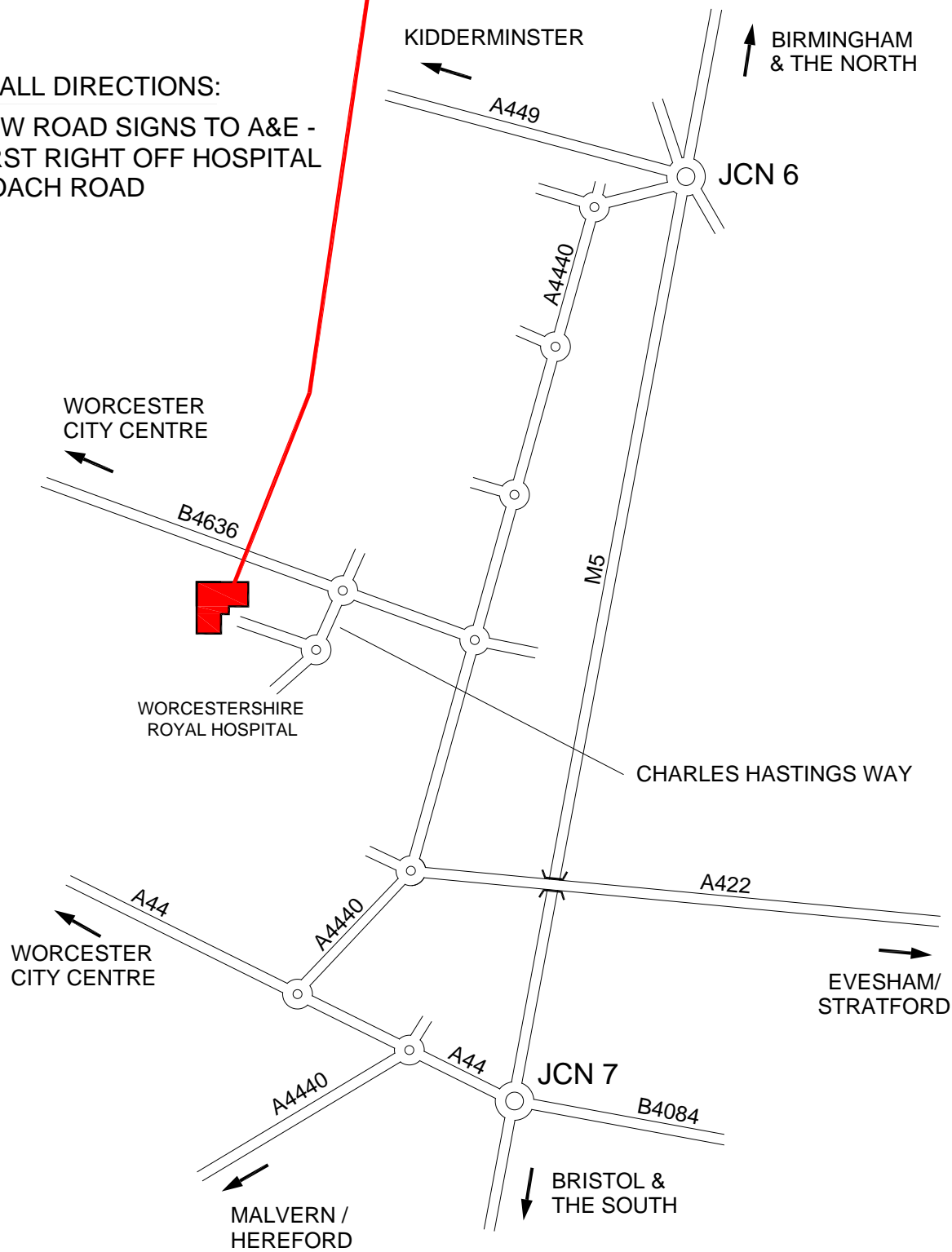
AGENDA

Wednesday 13 February 2013
10.30 am

Conference Suites 1, 2 and 3
Headquarters,
2 Kings Court,
Charles Hastings Way,
Worcester
WR5 1JR

HEREFORD & WORCESTER FIRE AND RESCUE SERVICE
HEADQUARTERS
2 KINGS COURT
CHARLES HASTINGS WAY
WORCESTER. WR5 1JR
TEL: 0845 12 24454

FROM ALL DIRECTIONS:
FOLLOW ROAD SIGNS TO A&E -
HQ FIRST RIGHT OFF HOSPITAL
APPROACH ROAD



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 OPTIMUM 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

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

- 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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Wheelchair access

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Toilets – please ask at reception.

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- Automatic right to attend all Authority and Committee meetings unless the business if transacted would disclose “confidential information” or “exempt information”.
- Automatic right to inspect agenda and public reports at least five days before the date of the meeting.
- Automatic right to inspect minutes of the Authority and Committees (or summaries of business undertaken in private) for up to six years following the meeting.
- Automatic right to inspect background papers used in the preparation of public reports.
- Access, on request, to the background papers on which reports are based for a period of up to four years from the date of the meeting.
- Access to a public register stating the names and addresses and electoral divisions of members of the Authority with details of membership of Committees.
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If you have any queries regarding this agenda or any of the decisions taken or wish to exercise any of these rights of access to information please contact Committee Services on 01905-368241 or by email at committeeservices@hwfire.org.uk.

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.

Agenda

Councillors

Herefordshire:

Brigadier P Jones CBE (Vice-Chair),
Mr. D Greenow, Mrs. M Lloyd-Hayes, Mr. B Matthews, Mr. D C Taylor, Mr. P J Watts.

Worcestershire:

Mr. D W Prodger MBE (Chair),
Mr. T J Bean, Mr. B Bullock, Mrs. M Bunker, Mr. J Campion, Mr. J Cairns, Mrs. L Duffy, Mrs. L Eyre, Mr. A I Hardman, Mrs. L Hodgson, Mrs. G Hopkins, Mrs. F Oborski, Mrs. J Potter, Mr. T Spencer, Mr. K Taylor, Mr. J Thomas, Mr. R M Udall, Mr. T A L Wells and Mr. G C Yarranton.

	Pages
1. Apologies for Absence To receive any apologies for absence.	
2. Declaration of Interests (if any)	
3. Chairman's Announcements	
4. Confirmation of Minutes To confirm the minutes of the meeting held on 12 December 2012. (Copy attached)	1 - 5
5. Questions from Members of the Public To receive questions previously submitted by members of the public more than five clear working days before the meeting of the Authority.	
6. Chief Fire Officer's Service Report To inform the Authority of recent key developments and activities together with performance information for the period 1 October 2012 to 31 December 2012.	6 - 11

7. Budget and Precept 2013/14 and Medium Term Financial Plan	12 - 43
<ul style="list-style-type: none"> 1. To determine the Revenue and Capital Budgets and the Council Tax Requirement for 2013/14. 2. To approve the Prudential Indicators and to set a Minimum Revenue Provision (MRP) policy for 2013/14. 3. To identify potential future resources, their consequential impact on future year budgets and the future Council Tax Requirement. 	
8. Findings and Recommendations arising from the Operational Assessment 2012	44 - 70
To inform Members of the outcome of the Operational Performance Assessment (OpA) conducted in 2012 and provide key findings to address the identified collaborative areas for improvement. Members are asked to note that a similar report is being presented to Shropshire and Wrekin Fire and Rescue Authority.	
9. Pay Policy Statement	71 - 78
To bring to the attention of the Authority the requirement for the Service to publish its annual Pay Policy Statement for year 2013/14.	
10. Committee Structure	79 - 82
To seek approval to the principle of implementing a new constitution defining the role of the Authority, delegating greater responsibility to Committees and merging the Audit Committee and the Standards Committee.	
11. Member Learning and Development Strategy	83 - 90
To seek the Authority's approval of the Member Learning and Development Strategy.	
12. Report from Policy and Resources Committee	91 - 93
To inform the Authority of the proceedings of the Policy and Resources Committee meeting held on 23 January 2013.	
13. Report from Audit Committee	94 - 96
To inform the Authority of the proceedings of the Audit Committee meeting held on 16 January 2013.	



Minutes

Members present:

Mr. D Prodger MBE (Chair), Brigadier P Jones CBE (Vice Chair)

Mr T Bean, Mr J Cairns, Mr J Campion, Mrs L Eyre, Mrs L Hodgson, Mrs M Lloyd-Hayes, Mr B Matthews, Mrs F Oborski, Mrs J Potter, Mr T Spencer, Mr D Taylor, Mr K Taylor, Mr J Thomas, Mr R Udall, Mr T Wells and Mr G Yarranton.

At the outset of the Meeting, Members observed a minute's silence in memory of Richard Clarke, from Property Services who had passed away.

No.	Item
1.	Apologies for Absence

Apologies for absence were received from Mr B Bullock, Mrs M Bunker, Mr D Greenow, Mrs G Hopkins and Mr P Watts.

2.	Declarations of Interest
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No declarations of interest were made.

3.	Confirmation of Minutes
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RESOLVED that the minutes of the meeting held on 21 September 2012 be agreed and signed by the Chairman.

4.	Chairman's Announcements
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The Chairman made the following announcements:

(a) Councillor Clive Smith

It was announced that Councillor Clive Smith was no longer a member of the Fire Authority and the Chairman thanked him for serving as a member of the Fire Authority for 7 years.

(b) Councillor Tom Wells

Members were advised that Councillor Tom Wells would replace Councillor Clive Smith as a Member of the Authority and he was warmly welcomed by the Chairman to his first meeting of the Fire and Rescue Authority.

(c) Councillor Bob Bullock

The Chairman was sorry to announce that Councillor Bob Bullock had had a fall and had been admitted to Timberdine Nursing Home. The Chairman hoped to visit him next week and would send him best wishes from all Members of the Authority.

(f) Councillor D Greenow

The Chairman was sorry to report to Members that Councillor Greenow had been in an accident on his farm and had lost part of his finger.

At 10.30 am Councillor L Eyre entered the meeting at this point.

(g) Budget Seminar

Members were reminded that a Budget Seminar would be held on Wednesday 16 January 2013 at 12.30 pm and were urged to attend if they could possibly do so.

(h) Herefordshire Medals and Awards Ceremony

The Chairman had attended the Annual Herefordshire Medals and Awards Ceremony on 23 November 2012 where the achievements of staff and volunteers as well as members of the public were honoured. He paid tribute to the exceptional skills and commitment to duty that firefighters displayed.

(i) Recent Flooding Events

The Chairman paid tribute to Fire Control staff and crews who had worked tirelessly over the weekend of 24 to 26 November 2012.

(j) Family and Friends Carol Service

The Chairman had attended the annual Carol Service last night at Hereford Cathedral. He found it to be a splendid event which was enhanced by the Fire Choir and the Voice Squad who were led by Station Commander Neil Piggott.

(k) Happy Christmas and New Year

The Chairman wished all Members and Officers a very Happy Christmas and New Year.

5. Questions from Members of the Public

No questions had been received from members of the public.

6. Chief Fire Officer's Service Report

A report was considered that informed the Authority of recent key developments and activities together with performance information for the period 1 July 2012 to 30 September 2012.

The Chief Fire Officer presented the report and highlighted the following:

- The total number of incidents had reduced but this could primarily be attributed to the weather (for example the number of outdoor fires had decreased due to the amount of rain that had fallen);
- Special Services incidents had increased by 24.3%;
- A total of 56 health and safety related incidents had occurred during this quarter but only 2 of these had the potential to be 'serious incidents;'and
- Informal findings of the Peer Review had now been received. The

final report was still awaited. A report on the Peer Review would be made to the Audit Committee.

- Staff had not been enamoured with the grey colour of their uniform. These comments had been noted and changes had been made within the current costs of the contract.

Members were provided with an opportunity to see the new proposed uniform. A discussion ensued where one Member felt that there should be no distinction in the colour of uniform between ranks and one Member disagreed with this view.

At the end of the Chief Fire Officer's report Members were given an opportunity to see the new hand held thermal imaging cameras and also the new cable cutters that would be available for crews.

Following consideration of the Chief Fire Officer's Service Report a presentation was given by the Deputy Chief Fire Officer on an incident which had occurred during the floods on 23 November 2012 where a vehicle had become stuck in a ford at Coughton Fields Lane, Nr Alcester, Warwickshire. The incident highlighted the type of complicated water rescues that the Service undertook and members were advised of the water resources available across the two counties.

A discussion ensued on flooding where Members asked the Chief Fire Officer what measures could be taken to educate people about the risk of fords during extreme weather. The Chief Fire Officer responded that the Service had warned and informed across various media and the Environment Agency, Police and Fire Service had urged motorists not to drive through floods when water levels were higher than normal.

11.27 Councillor Cairns left the meeting at this point.

RESOLVED that the contents of the report be noted.

7. Financial Prospects 2013/14

A report was considered that provided Members with a further update on developments on the funding position for 2013/14 and beyond.

The Treasurer presented the report and advised Members that it was anticipated that details of the financial settlement would be received next week.

Members' attention was drawn to paragraph six of the report which detailed the predicted budget gap. It was noted that officers had identified savings that amounted to approximately £1 million but Members were cautioned that the goalposts had moved in that the Authority had adopted a planning assumption of a 3.5% precept increase, however the Government had announced a grant equal to 1% of precept if an authority were to freeze the precept again and the threshold for increase over and above what a referendum was required was now set at 2%. Members were advised that the change in precept increase would have a significant impact for the Authority as the precept represented two thirds of the Authority's funding. Furthermore it was noted that in order to cover the costs of a referendum and deliver an additional useable resource of £0.5m, a precept increase of 6.2%

would be required.

Members were reminded that a Budget Seminar would be held on 16 January 2013 when options to bridge the budget gap would be discussed.

8. RESOLVED that the contents of the report be noted.

Equality Scheme Update and Equality Objectives

A report was considered that informed Members of progress with regard to the Service's existing Equality Scheme Action Plan and sought approval for the publication of future organisational equality objectives.

The Chief Fire Officer presented the report. Members were advised that the Equality Act 2010 placed a legal obligation on all public bodies to publish equality objectives at least every four years and to publish information demonstrating compliance with the equality duty at least annually.

The Chief Fire Officer outlined the objectives for publication and commented that they had been drawn up by the Equality and Diversity Sub Group.

RESOLVED that the Authority notes progress with the existing Equality Scheme Action Plan and approves the following equality objectives for publication in 2013:

(i) To continue to embed equality and diversity within all aspects of service delivery and support functions:

- embed equality impact assessments of all relevant Service policies into core business;
- appropriately target community engagement in response to our available data; and
- to analyse recruitment and employment data for trends and take appropriate action.

(ii) To develop partnerships to promote equality:

- Utilise a Positive Action Sub Group made up of representatives from the local communities and other stakeholders; and
- This Sub Group will recommend initiatives and actions including positive action campaigns to the Quality and Diversity Advisory Group.

9.

Report from Policy and Resources Committee

A report was considered that informed the Authority of the proceedings of the Policy and Resources Committee meeting held on 21 November 2012.

10. RESOLVED that the contents of the report be noted.

Report from Audit Committee

A report was considered that informed the Authority of the proceedings of the Audit Committee meeting held on 28 September 2012.

11. RESOLVED that the contents of the report be noted.

Authority and Committee Dates for 2013/14

A report was considered that informed the Authority Members of the meeting dates for 2013/14.

RESOLVED that the contents of the report be noted.

The meeting finished at 11.40 am.

Signed: _____
Chairman

Date: _____

6. Chief Fire Officer's Service Report

Purpose of Report

1. To inform the Authority of recent key developments and activities together with performance information for the period 1 October 2012 to 31 December 2012.

Recommendation

The Chief Fire Officer recommends that the report be noted.

Performance

Operational Activity – Total and Fire Incidents – Quarter 3, 2012-13

2. The total number of incidents attended in Quarter 3 2012-13 shows a decrease compared with the same quarter last year. This is mainly due to a large reduction in the total number of fires attended.

Total Incidents	Quarter 3 2011-12	Quarter 3 2012-13	Percentage change
All Fires	555	432	-22.2%
Special Services	379	445	17.7%
False Alarms	870	813	-6.6%
Total Incidents	1804	1691	-6.3%

(Table 1 –Total Incidents Quarter 3 2011-12 and 2012-13)¹

3. The reduction in the total number of fires attended is mainly a result of a significant reduction in Secondary Fires attended in Quarter 3 compared with the same quarter last year. This reduction is mainly due to the predominantly wet weather conditions in Quarter 3 2012-13 compared with the same Quarter last year.
4. Special Service incidents totals have been adversely affected by an increase in flooding and other water related incidents throughout Quarter 3.
5. The total numbers of false alarm incidents have decreased when compared to Quarter 3 last year and also against the last three years' Quarter 3 average.

¹ the above figures include 27 incidents that have not been quality assured.

Health and Safety

Incidents and Injuries

6. A total of 84² Health and Safety related incidents were reported this quarter.
- 6 were/had potential to be 'serious incidents'³;
 - 26 were incidents involving exposure to contaminated water whilst fire fighting at Lawrence's Recycling;
 - 20 were vehicle collisions (detail is given later in this report);
 - 18 were causes for concern or near hits.

	Oct	Nov	Dec	This ¼ Total	Prev.¼ Total
Serious Incidents ³	3	3	0	6	2
Near Hit/Cause for Concern ⁴	8	7	3	18	11
Specialist Investigations ⁵	3	2	0	5	4

Analysis

7. The serious or potentially serious incidents this quarter comprised of the following:
1. During a breathing apparatus drill involving the connecting and disconnecting a second person attachment the set went into free-flow. There were no injuries.
 2. Difficulties manoeuvring boat when conducting an in-water rescue due to number of occupants.
 3. During daily check on a breathing apparatus set could not hear the low pressure warning whistle operating - further investigations revealed it was missing.
 4. Momentary loss of air supply to a firefighter whilst wearing breathing apparatus.
 5. Leakage of air from the Y piece attachment on a breathing apparatus set.
 6. Rescue boat hit a submerged metal bracket attached to the wall of a submerged property, puncturing the sponson.

² Serious injuries, minor injuries, vehicle collisions, potential hazards, near hits.

³ Incidents either actually resulting in, or having the potential to result in a fatality, serious personal injury or significant loss or damage.

⁴ Incidents that almost resulted in an injury or conditions identified that have the potential to cause injury, loss or a near hit but have not done so up to the time of reporting – e.g. items falling but not injuring anyone.

⁵ Of incidents either actually resulting in, or having the potential to result in serious injuries or losses.

Fleet Incidents

Station	Total	Response
19 USAR	1	0
21 Worcester	2	0
23 Bewdley	1	0
24 Kidderminster	2	1
27 Redditch	2	1
28 Evesham	1	1
31 Pershore	1	0

Station	Total	Response
41 Malvern	1	0
44 Ross-on-Wye	2	1
46 Hereford	1	1
48 Eardisley	1	1
Headquarters	3	0
Ops Log	1	0
South District HQ	1	0
Total	20	6

8. Of the total of 20 driving-related incidents reported this period:
- 15 were as a result of our driver error;
 - 6 were whilst responding to incidents;
 - 6 occurred during reversing manoeuvres;
 - 12 incidents involved front-line appliances; and
 - 7 incidents involved officer's vehicles or their non-uniformed equivalent.
9. Work is now ongoing to collate regional and national fleet incident statistics to enable comparisons to be made. It is anticipated that these figures will be available for the end of year paper.

Items of Interest

Property Project Updates

10. The New Year has seen the start of many key pieces of work contributing towards the many capital projects the Authority is currently undertaking. The training facility at Evesham is rapidly nearing completion with the fit out of the LPG hot-fire system being due for completion before the end of January. Once this facility is up and running, the project to enhance the LPG hot-fire facility at Kidderminster will begin. January saw the commencement of works at Peterchurch to deliver a wood burning hot-fire training facility and if the weather remains fairly stable the project should see good progress. It is hoped that there will be some movement on the Kingsland project during the Spring, by which time there will be three training facilities up and running.
11. The work to convert the Operational Logistics site at Betony Road into a temporary fire station, to allow the construction of the new Malvern Fire Station, is now nearing completion. These works are due for completion in early February, but unfortunately there are contractual issues outside of these enabling works which have added a delay to the start of the fire station project itself. However, this will allow more time to complete the decant of staff from Malvern Fire Station to Betony Road.

12. South District staff from Malvern moved to Service Headquarters (SHQ) at the end of January. For the rest of the SHQ building, the next phase is to facilitate a space within the building which can be leased out to create further efficiencies through better partnership working.
13. Bromsgrove Fire Station is progressing well with the foundations complete and weather permitting, is all set to be delivered within the project timescales for opening in the Spring of 2014.

Lawrence Recycling Fire

14. The Service first attended Lawrence's Recycling on Stourport Road, Kidderminster on the morning of 12 December 2012 to reports of a fire within a large pile of household waste, stored pending recycling within a series of extremely large industrial buildings.
15. The Service's attendance quickly escalated to over fourteen appliances and support vehicles in the early stages. There was a severe and extensive fire in an estimated quarter of a million tons of household waste stored within the buildings. The fire was confined to the waste material and had not spread to the buildings themselves. Weather conditions on the day were poor and prevented the noxious smoke from dispersing and general working conditions on the site were unsanitary and difficult.
16. Whilst the fire itself produced copious amounts of smoke, the flames were barely visible as the fire was extremely deep seated within the waste pile. The pile spread for over a 100 metres in both directions and was over 20 metres in height. Water could not penetrate into the pile to extinguish the fire, and all subsequent firefighting activities produced large amounts of contaminated waste water that needed careful management to avoid contaminating nearby water courses.
17. From the outset the Service worked closely with the site owners and other partner agencies, including the Environment Agency, and immediately commenced a long term plan, assisted by contractors, to excavate the waste pile and extinguish the fire as it was exposed. The waste was then removed to landfill for final disposal off site.
18. This was a labour intensive process that required a continual high level of Service presence on site for 24 hours a day for the first few weeks. The estimated additional salary costs incurred during this period for this incident alone are in excess of £40,000. Service staff were in attendance throughout the Christmas period and finally left the site just before New Year's Day. In addition the Service attended the site to carry out daily inspections until Friday 11 January when the incident was finally closed.
19. This incident, whilst not necessarily severe in itself or the cause of significant damage, had a prolonged and high level impact on the Service's resources. The incident involved extremely difficult, unsanitary and arduous working conditions for all the staff who attended, which was virtually every operational Firefighter and Officer in the Service, many of them who attended numerous times!

Celebration of Success

20. The Service hosted its annual Celebration of Success event on 24 January 2013 at Worcester Guildhall. This was held to recognise the achievements of operational and support staff who have passed various qualifications. It was also an opportunity to thank the staff for the hard work they put in to completing these achievements.
21. The awards were presented by CFO Mark Yates and the Chairman of the Authority, Councillor Derek Prodger MBE.
22. There were 44 awards presented in total and these included awards for recipients who had completed their Trainee Firefighter Programme, their Development Programme, A1 Assessors Awards, Diplomas, NVQ awards and one Masters Degree.
23. The event proved to be a great success and the 70 guests who attended to see their friends and families be presented with their certificates enjoyed the evening.

Exercise Cerberus

24. The Service's annual training programme includes a series of regular exercises ranging in scale from local station exercises through to those involving resources from across the Service. Each year a major exercise, its theme determined by the DCFO Director of Service Delivery, is conducted to test operational deployments and procedures for larger and more complex incidents. This year Exercise Cerberus will be held on Sunday 17 March 2013 from 1000 to 1600 hours. The aim of the exercise will be to examine the Service's capability to support the deployment of resources to three medium scale incidents spread across the Service's area. Each scenario will require the deployment of at least 6 pumping appliances and the timing of the scenarios will be such that tactical and strategic decision making processes will be required to enable effective use and prioritisation of resources.
25. A brief overview of the scenarios is as follows:
 - North District – Chateau Impney, Droitwich – Incident requiring mass casualty decontamination
 - South District – Amcor, Evesham – Incident involving sandwich panels and a chemical release within a factory
 - West District – Richard Lloyds, Tenbury Wells – Incident involving a factory fire with structural collapse and trapped persons
26. The exercise will provide an opportunity to deal with challenging simultaneous incidents and will involve a wide cross section of staff from the Service. A detailed and structured debrief will occur post exercise to draw out learning points to inform adjustment or improvements to training, procedures and operational response tactics.

Ultra Heavy Rescue Pumps

27. The Service has now taken delivery of two new fire appliances with an enhanced upgraded rescue capability to be based at Droitwich and Hereford.
28. As part of the strategy to respond to RTCs involving large vehicles and heavy machinery, the Incident Support Unit (a special appliance based at Droitwich) has maintained enhanced equipment termed “Ultra Heavy Rescue” for the last nine years. Unfortunately the travel times for deployment of this equipment across both counties has led to long delays in the equipment being available on scene.
29. The Service subsequently developed a plan to upgrade the capability of two normal Scania appliances with an “Ultra Heavy Rescue” capability and phase out the requirement for the Incident Support Unit to provide this provision. The Senior Management Board also agreed to consider a further two appliances of this type based upon feedback from the initial two vehicles. This is a cost effective option and does not cost significantly more than a normal fire appliance.
30. The two new vehicles are now on their stations and in the process of undergoing final acceptance testing and staff training. A further benefit of this project is that the two heavy rescue appliances and equipment that have been displaced from Droitwich and Hereford will upgrade the appliances at Leintwardine and Ewyas Harold in Herefordshire from standard rescue to heavy rescue appliances to enhance the RTC provision in Herefordshire.

Contact Officer

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Email: myates@hwfire.org.uk

7. Budget and Precept 2013/14 and Medium Term Financial Plan

Purpose of report

1. To determine the Revenue and Capital Budgets and the Council Tax Requirement for 2013/14.
 2. To approve the Prudential Indicators and to set a Minimum Revenue Provision (MRP) policy for 2013/14.
 3. To identify potential future resources, their consequential impact on future year budgets and the future Council Tax Requirement.
-

Recommendations

The Chief Fire Officer and Treasurer recommend that the Authority:

- ***approves the Capital Budget and Programme as set out at Appendix 7;***
- ***approves the Statement of Prudential Code Indicators set out in Appendix 10;***
- ***approve the Minimum Revenue Provision (MRP) policy for 2013/14 as set out in Appendix 11;***
- ***approves the Revenue Budget as set out in Appendices 2 and 5;***
- ***approves the Council Tax Requirement as set out in Appendix 8; and***
- ***notes the Medium Term Financial Plan (MTFP) as set out in Appendix 9.***

Background

4. The arrangements for Local Government Finance have substantially changed for 2013/14 in the two key areas of Business Rates and Council Tax Benefit/Support.
5. Up to 2012/13 all Business Rates were paid direct to government and re-distributed to Local Authorities by way of a formula. From 2013/14 a proportion of the local Business Rates (1% in the case of the FRA) is retained by the Local Authorities with 50% being paid to government. A grant is then added to the retained Business Rates so that the total is equal to the amount of grant that would have been received if the financial arrangements had not changed.
6. Up to 2012/13 Council Tax benefit was paid direct by a department of government with the effect that Council Tax was received in total from all properties on the tax-base. This has now been replaced by a system of local support where any benefits/discounts granted by the billing authority reflect in a reduced tax-base. To compensate for this the government is paying an additional grant, but at only 90% of the estimated benefit/discount to be paid.

7. The resultant gap was expected to be covered by local amendments to the scheme or choices on spending elsewhere in budgets. The impact of this change was estimated to be a loss in resource of £0.3m.
8. Whilst the changes have resulted in a new mix of grants they all form part of the government's grant control totals for deficit reduction, although prior commitments mean that parts of the total are protected for differing periods. This means that a year on year comparison is not straightforward.
9. Appendix 1 illustrates the notional difference between actual 2012/13 funding and the notional position if the new finance regime had been in place. It is not absolute and is based on some back estimation of 2013/14 figures but shows that the locally funded share decreases from 64% to 63%.
10. At the time of writing the grant settlement for 2013/14 has not been confirmed, and it is possible that this may not happen until after the FRA meeting. The budget is based on the provisional settlement and if the confirmed settlement differs an appropriately revised budget will be brought to the Policy and Resources Committee.
11. The FRA will, however, need to set the level of precept for 2013/14.
12. The Medium Term Financial Plan (MTFP) is always based on a set of assumptions about the future. In order to provide openness to our communities, emphasis continues to be placed on the reasoning behind the assumptions now being made.
13. The assumptions for future years (2015/16 onwards) are slightly less critical, at this point, in terms of setting the budget for next year, but it should be noted that the timescales for making major changes to expenditure levels within the Fire and Rescue Service are significant and therefore decisions taken now will have an impact for future budget setting processes.
14. The Policy and Resources Committee considered draft budget proposals on 23 January 2013 based on the provisional information then available. The Committee recommend to the Fire Authority that:
 - The 2013/14 precept increase is set at 0% making the Authority eligible to receive 2013/14 Council Tax Freeze Grant equal to a 1% precept increase.
 - That for future planning purposes an annual increase of 2% is assumed thereafter.
 - To Accept the inflation assumptions now laid out in paragraph 36.

The Committee also noted the consequential budget gaps arising, which, as a result of final tax-base figures being better than expected, are now reduced.

Review of Available Resources

15. The latest projection of future resources can be split between formula grant and precept.

Formula Grant/Business Rate/Business Rate Support

16. In order to “set” the new finance regime referred to above, the government has calculated the amount of grant that would have been paid if the regime had not changed. This figure is equivalent to the formula grant cut included in the approved MTFP. The figure is given for 2013/14 and can be inferred for 2014/15.
17. In setting the “base-line” for 2013/14 the government has made 4 changes to the underlying formula data:
- Introduction of a Fire rurality/sparsity element – which indicatively gives an additional £0.3m to HWFA.
 - Re-adjustment of the Relative Resources element – indicatively this takes away £0.3m from HWFA.
 - Update of population data – which appears broadly neutral.
 - Introduction of banded floors which restrict the level of cut to be experienced by some Authorities – this does not appear to have affected HWFA.
18. Additionally, the Chancellor’s Autumn Statement on 5 December 2012 introduced a further 2% cut in funding over and above that already announced for 2014/15.
19. Including this late change the actual position and that included in the MTFP is very close (the difference being around £0.020m on £9.6m):

	2013/14	2014/15
Forecast in MTFP	-9.07%	-5.83%
Autumn Statement		-2.00%
Adjusted Forecast	-9.07%	-7.83%
Provisional Settlement	-8.88%	-7.85%

20. In comparison to other Fire and Rescue Authorities the cuts to HWFA are slightly above average, but this needs to be taken in the context of the first two years of the Comprehensive Spending Review (CSR) when the position was much more favourable. This does not, however, address the relative starting positions and the history of poor settlements received by this Authority.

	Average Change	HWFA Change	Range
2007/08 - 2010/11	+7.1%	+3.0%	+2.0% to +18.7%
2011/12	-6.7%	-2.4%	+0.3% to -9.5%
2012/13	-1.0%	+1.7%	+2.6% to -3.4%
2013/14	-8.7%	-8.9%	-5.4% to -11.7%
2014/15	-7.4%	-7.8%	-7.25 to -8.1%

21. Estimating future reductions is much more speculative. The grant “pot” now includes “rolled in” grant from additional sources (e.g. Council Tax support grant) which are subject to different determinants and differing statements of intent. Although these elements are transparent in 2013/14 and can be implied for 2014/15 they are indistinguishable beyond that.
22. Government has given no indication of the detail of future reductions, but the Local Government Association is advising Local Authorities to assume cuts equal to the latter 2 years of the current CSR. It should be noted, however, that cuts for Fire were back-loaded to 2013/14 and 2014/15 whilst those to other parts of local government were front-loaded to 2011/12 and 2012/13.
23. Government will be undertaking a mini-CSR in the early part of 2013 to support allocations for 2015/16. It is expected that some broad information will emerge mid-way through this year with individual Authority information in December 2013.
24. In summary the formula grant assumptions are:
 - The Council Tax support element continues to be based on 90% of expected cost.
 - The 2011/12 Council Tax Freeze element is subject to general reductions from 2015/16.
 - The overall cut in 2015/16 is 8.0% followed by a further 5.0% in 2016/17.

Precept Assumptions

25. The level of income from precept is determined by the Band D tax and the total tax-base.
26. As referred to above, the actual level of tax-base has fallen as a result of the localisation of Council Tax support, (offset by a new 90% grant). The tax-base will also change as a result of the impact of the local scheme adopted by the Billing Authorities and other “normal” changes in the tax-base.
27. It was estimated in the 2012 MTFP that the gross cost of the change would be around £0.3m and there was a consensus within Worcestershire Authorities that the new schemes should aim to close the gap by between 33% and 50%.

28. Billing Authorities have not provided separate information on the underlying buoyancy of the tax-base, but an estimation using historical increases, indicates a net cost of the new regime of £0.160m which is within the target range at paragraph 26 above.
29. Given the uncertainties over the new Benefit/Discount system an assumption of zero future change to the tax-base is made. This is consistent with previous years.
30. Although the annual net Collection Funds surpluses have ranged from a total of £0.013m to £0.107m there is a small deficit of £0.002m in 2013/14. In addition 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. This is assumed to be nil for the future.

Council Tax Freeze Grant

31. For a further year government has offered an incentive to any FRA which freezes Council Tax for 2013/14. The arrangements are different from those for the 2011/12 and 2012/13 freeze grants, and a grant is equivalent to 1.0% of Council Tax is payable for 2013/14 and 2014/15.
32. The financial consequences of taking the grant are that there would be a bigger resource gap in 2013/14 and later years than there would be if precept were actually increased by more than 1%.
33. Following discussion the Policy and Resources Committee has recommended that the FRA approve acceptance of the Council Tax Freeze Grant in 2013/14 by setting a 0% Band D increase, and that a planning assumption of annual increases of 2.0% for future years be made.
34. This figure would be below the level (2.0%) that would require the FRA to conduct a referendum on the level of increase in 2013/14 but cannot be guaranteed for future years as it is dependent on government's future policy on Council Tax rises.

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 3% has been made for the MTFP period. This should reflect the costs of items purchased by the FRA 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 3 key areas of expenditure that are projected to individually increase well above the average CPI/RPI level. Two of these areas are utilities (gas and electricity) and diesel fuel.
38. The third area of additional inflation provision is around Business Rates. Although the annual increase is capped at RPI by legislation, there is also an impact of changes to rateable values which means that the net increase will be greater than the RPI%.
39. For 2013/14 the additional inflation provision on these (over the average level) amounts to £0.062m.
40. Although the Chancellor has made clear the government's policy on public sector pay increases (a 2 year pay freeze followed by 2 years at 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; and
 - the local government sector had already had a pay freeze in the year before the Chancellor's 2 year pay freeze.
41. Whilst the provision for 2013/14 has been held at the 1% guideline, it is considered prudent to provide above this for future years, although clearly if there is no pay award the resultant saving will flow through to reduce future budget gaps.
42. For 2014/15 a higher figure has been provided to reflect that after 2 years of pay freeze and 2 years at 1% there may be pressure for a significantly higher award so a provision of 2% in 2014/15 and 3% in 2015/16 is made at this stage.
43. The relevant assumptions are summarised below in tabular form for ease of reference:

	2013/14	2014/15	2015/16	2016/17
General Inflation	3.00%	3.00%	3.00%	3.00%
Utilities - Gas	15.00%	10.00%	5.00%	5.00%
Utilities - Electricity	10.00%	7.50%	5.00%	5.00%
Diesel Fuel	10.00%	7.50%	5.00%	5.00%
Business Rates	5.00%	3.50%	3.00%	3.00%
Pay Awards	1.00%	2.00%	3.00%	2.00%
Long Term Interest	4.00%	4.00%	4.00%	4.00%

Efficiencies and Savings

44. Members will be aware that the FRA has made significant efficiencies over the last 8 years to counter the poor grant settlements experienced.

45. In addition, since 2010/11 the Service has reviewed and identified significant savings without directly impacting on front-line delivery. As indicated in Appendix 6 these now total £2.3m.

Capital Programme

46. 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 7. The revenue consequences of the schemes, including financing costs, are included in the revenue budget projections in Appendices 2, 3 and 5, and the review of Prudential Indicators in Appendix 10.
47. 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 FRA negotiation position.
48. The FRA has been allocated an additional £1.8m capital grant for 2013/14 and 2014/15 which was not anticipated in the previous MTFP. This grant will be used in lieu of planned borrowing reducing the revenue implication as highlighted elsewhere in the report.

Investment of Surplus Funds

49. In accordance with the FRA Treasury Management Strategy, surplus funds are invested by and with Worcestershire County Council.
50. Given the continuing uncertainty in financial markets, the Treasurer advises that investment should continue to be focussed on security. As a consequence all surplus funds are invested with the Bank of England, and the corresponding low return continues to be factored into the budget.
51. Since October 2008 the FRA had adopted a policy of avoiding new long term borrowing, where working capital balances permit. It is likely that during 2013/14 this source will be effectively exhausted and long term borrowing will again be required to fund the capital programme.
52. The FRA will only extend long term borrowing when cash-flow requirements dictate that it is necessary, and only to finance long term assets.

Budget Risks

53. Setting a net budget at **£32.549m** still presents risks, for example:
- Pay Award – A provision of 1% has been made in 2013/14, a variance of +/- 0.5% adds or saves £0.090m.
 - General Inflation – Each additional 1% costs £0.100m.

- The impact of the major changes to local government finance and the nature of estimation of future grant are unknown but each 1% difference in grant equates to around £0.100m.
- Future Council Tax Policy is also unknown, although 2.0% increase is included in the MTFP a reduction by 1.0% would reduce resources by around £0.185m.

54. In addition following the changes in local government finance the FRA 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.

Business Consultation

55. 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.

The Budget Gap

56. Members will recall that the MTFP approved in February 2012 identified a budget gap of £1.180m for 2013/14. Officers have identified savings to close most of this gap, although additional grant reductions and Council Tax constraint have further reduced resources and increased the gap again. The table below identifies the changes since the MTFP was last approved in February 2012.

	Expenditure £m	Resources £m	Gap £m
MTFP approved Feb 2012	33.780	(32.600)	1.180
Identified Savings:			
Appendix 2 Lines 9 & 10	(0.310)		
Appendix 2 Line 27	(0.772)		
Appendix 2 Line 29	(0.100)		
	32.598	(32.600)	(0.002)
Resource Changes:			
Precept Freeze		0.410	
Local CT Schemes and tax-base buoyancy		(0.185)	
Special Grants - Firelink	0.088	(0.088)	
Collection Fund Deficit		0.002	
Transitional Grant		(0.061)	
Other net changes	0.044	(0.027)	
	32.730	(32.549)	0.181

57. The £0.181m remaining gap in 2013/14 will be closed by a further review of expenditure budgets in 2013/14 and in year savings arising from preparations for future reductions.
58. Future resources and expenditure projections, assuming the 2013/14 gap is closed, are detailed in Appendix 9 and identify future budget gaps as below:

	2014/15	2015/16	2016/17
	£m	£m	£m
Projected Expenditure Requirement	33.230	34.353	35.323
Forecast Available Resources	(32.128)	(31.268)	(31.225)
Budget Gap	1.102	3.085	4.098

59. Officers will continue to work to identify cost savings in every possible area, but with the above levels of gap, it should be acknowledged that these can only be closed with a reduction in the numbers of staff employed. The annual savings required, over and above those already achieved and identified in Appendix 6, are shown below.

	2014/15	2015/16	2016/17
	£m	£m	£m
2014/15 savings	1.102	1.102	1.102
2015/16 savings		1.983	1.983
2016/17 savings			1.013
Cumulative savings	1.102	3.085	4.098

60. The Members' Budget Seminar on 16 January 2013 outlined areas where this level of savings could be found and detailed proposals will be brought to the relevant forums for discussion and agreement during the 2013/14.

Revenue Reserves Strategy

61. 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 9) available rather than the budget need as this will be the determinant of future budget requirements.

	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
At 31st March	1.399	1.399	1.399	1.399	1.399
Net Budget (Funding)	33.821	32.549	32.128	31.268	31.225
% of Budget	4.1%	4.3%	4.4%	4.5%	4.5%

62. No other addition to balances in 2012/13 is shown as it will be recommended that the projected and managed in year underspending of £0.7m is transferred to a special earmarked reserve. This reserve would be used specifically to

meet any short term phasing costs necessary to achieve the cost reductions implied from the future budget gaps outlined in Appendix 9.

63. The average level of balances now projected at around 4.4% is marginally higher than the 4.2% 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.
64. Latest available information shows that the average level of general reserves for non-metropolitan Fire and Rescue Authorities is just over 9% and that the level held by HWFA ranked 21 out of 24.
65. 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.
66. Ear-marked balances, listed below, are held for specific purposes and at the end of 2013/14 the uncommitted balances are estimated to be:

	£m
New Dimensions	0.472
Pensions	0.422
Training	0.231
Operational Activity	0.300
Development	0.359
	<hr/> 1.784

- New Dimensions funding is given by the Department for Communities and Local Government (DCLG) for special activities e.g. USAR and represents funding in advance of expenditure.
- Pension Reserve is held pending final resolution of the pension element of the Retained Duty System (RDS) Part-time Workers Tribunal Agreement, and will be needed at some point in the future.
- Training Reserve is used to phase training as required.
- Operational Activity Reserve is to meet any abnormal high costs as a result of major incident deployments or sustained periods of high operational activity e.g. wide area flooding or wild land fires during a hot summer.
- Development Reserve is held to be used for capacity building, pump-priming efficiency savings or smoothing the timing of cost saving initiatives required to meet future budget gaps.

Prudential Code Indicators

67. 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).

68. 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.
69. 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 objectives of being consistent with and supporting, local strategic planning, local asset management planning and proper option appraisal.
70. 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).
71. 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.
72. In setting or revising the prudential indicators, the FRA 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.
 - Practicality, e.g. achievability of the forward plan.
73. The Treasurer has prepared the prudential indicators having considered the matters above and these are set out at Appendix 10.

Minimum Revenue Provision (MRP)

74. 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.
75. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 now require that an Authority sets its own prudent level of MRP, rather than being a specific calculation, by adopting an MRP policy in advance of the year to which it relates.

76. Appendix 11 sets out the proposed position, which is a continuation of the previously approved policy.

Budget Calculations: Personal Assurance Statement by the Treasurer

77. 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.
78. The Treasurer states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:
- the Fire and Rescue Authority budget policy;
 - the need to protect the Fire and Rescue Authority's financial standing and to manage risk;
 - the current year's financial performance;
 - the financial policies of the Government;
 - the Fire and Rescue Authority's Medium Term Financial Plan and Planning framework;
 - capital programme obligations;
 - Treasury Management best practice;
 - the strengths of the Fire and Rescue Authority's financial control procedures including audit consideration;
 - the extent of the Fire and Rescue Authority's balances and reserves; and
 - the prevailing economic climate and future prospects.

Equality and Diversity Impact

79. 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 based on need and in this area the Service will continue to do all it can to address our diversity targets.
80. This budget settlement coincides with the removal of the requirement to report such targets at government level, and subsequently employment levels will continue to be monitored to ensure that although limited positive progress can be made in this period, what recruitment does take place happens in an environment of good equalities practice.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are financial issues that require consideration	Yes	Whole report

Legal Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	Yes	Refer to recommendations – FRA has statutory duty to make these decisions.

Additional Considerations

81. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e. paragraph no.
Resources (E.G. Assets, ICT, Human Resources, Training & Development, Sustainability).	Yes	
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	Yes	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

Appendix 1	Comparison of 2012/13 Funding
Appendix 2	Revenue Budget 2013/14
Appendix 3	Explanation of variations in Appendix 2
Appendix 4	Personnel Budget
Appendix 5	Initial Revenue Budget Allocation 2013/14
Appendix 6	Savings since 2010/11
Appendix 7	Capital Programme
Appendix 8	Council Tax Requirement Calculation 2013/14
Appendix 9	Medium Term Financial Forecasts
Appendix 10	Statement of Prudential Code Indicators
Appendix 11	Minimum Revenue Provision policy 2012/13
FRA 029/12	

Background Papers

Fire and Rescue Authority – 12th December 2012 Report:
Financial Prospects 2013/14

Policy and Resources Committee – 23rd January 2013 Report:
Budget 2013/14 and Review of Medium Term Financial Plan

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Hereford & Worcester Fire Authority

Local Government Finance Changes - 2012/13 Notional Position

The key differences between 2012/13 and 2013/14 are:

Council Tax Benefit was paid direct by the Department of Work and Pensions and included as Council Tax income. This will now be paid as direct grant (and in 2013/14 will only cover an average of the expected cost).

Business Rates were pooled and re-distributed nationally. From 2013/14 a small proportion is retained locally by the FRA.

A split between RSG and Business Rate top-up grants.

The table re-states the 2012/13 actual resources onto the same basis as 2013/14, but has to use a number of assumptions:

Council Tax Benefit paid is prorata to the grant being 90% of cost - and 2012/13 being as the 2013/14 original estimate.

Business Rate income is as 2013/14 base-line deflated

Business Rate Top Up Grant is pro-rata to 2013/14

	2012/13 Actual Resources	C Tax Benefit Effect	Retained Business Rate	2012/13 Notional Resources
<u>Precept</u>				
Council Tax Precept	20.867	(2.508)		18.359
Collection Fund	0.055			0.055
	20.922	(2.508)	0.000	18.414
<u>Formula Grant/Base-line Funding</u>				
Redistributed National Business Rates	10.374		(10.374)	0.000
Retained share of local Business Rate Income (1%)	0.000		2.187	2.187
Business Rate Top Up Grant	0.000		2.635	2.635
Revenue Support Grant	0.211	2.508	6.071	8.790
2011/12 Council Tax Freeze Grant	0.519		(0.519)	0.000
	11.104	2.508	0.000	13.612
<u>Other Grants etc.</u>				
Fire Revenue Grant (Firelink/New Dimensions)	1.169			1.169
2012/13 Council Tax Freeze Grant	0.626			0.626
	1.795	0.000	0.000	1.795
TOTAL RESOURCES	33.821	0.000	0.000	33.821

less Fire Revenue Grant	(1.169)		(1.169)
	32.652		32.652

Council Tax-payers	20.922		18.414
Local Business Rate Payers)			2.187
Government Grant (excluding Fire Revenue Grant)	11.730		12.051
Resources - net of Fire Revenue Grant	32.652		32.652
Local	64%		63%
Central	36%		37%

Figures are Indicative for illustrative purposes only, the Notional Resource allocation has no official meaning

Hereford & Worcester Fire Authority **Budget 2013/14 : Revenue Budget**

	£m
1 2012/13 Core Budget	33.821
<u>Base changes</u>	
2 Less one-off 2011/12 & 2012/13 Public Holiday	(0.020)
3 Full year cost of Firelink - funded by grant	0.088
4 Pay Award Contingency	0.220
5 General Inflation Contingency	0.300
6 LGPS - increased contribution rate	0.020
7	0.608
<u>Capital Programme</u>	
8 Impact of Asset Management Plan & Fleet Strategy	0.250
9 Re-phasing of Financing	(0.300)
10 Impact of Capital Grant	(0.010)
11	(0.060)
<u>Cost Savings</u>	
12 Control Resilience Project - running costs	(0.067)
13	(0.067)
<u>One-Off (2012/13 only) Costs</u>	
14 Redundancy/Pension Strain Costs	(0.284)
15 Operational Equipment (<i>obsolescence</i>)	(0.210)
16 Property Maintenance	(0.250)
17	(0.744)
<u>Other Pressures</u>	
18 Redundancy Outcomes & Pay Protection	0.044
19	0.044
<u>Cost Saving Measures</u>	
20 IRS Post	(0.013)
21 Reduction in Watch sizes - expected 31-03-2012	(0.609)
22 Reduction in Watch sizes - expected 2013/14	0.092
23 Flexi-Duty Officer Review	(0.200)
24 Senior Management Restructure	(0.043)
25 NFPS/FFPS	0.039
26 Apr 2012 - no Support Staff Pay Award	(0.038)
27	(0.772)
28 2012/13 Reallocations and Net Savings	(0.100)
29	(0.100)
30	32.730
31 Final Savings to be identified	(0.181)
32 BUDGET REQUIREMENT	32.549
<i>year on year change</i>	<i>-3.8%</i>

Hereford & Worcester Fire Authority

Budget 2013/14 : Explanation of Variations in Appendix 2

<u>One off Public Holiday</u>	(Line 2)
There were additional public holidays in both 2011/12 (a Royal Wedding) and 2012/13 (a Diamond Jubilee). Working on public holidays is paid at a premium rate and therefore there was a temporary increase in the budget. This is no longer required for 2013/14.	
<u>Full Year Cost of Firelink</u>	(Line 3)
Service started part way through 2011/12 and budgeted costs were not increased for the full year 2012/13. This increase is funded by a corresponding increase in special grant.	
<u>Pay Award Contingency</u>	(Line 4)
Provision for national pay awards in 2013/14 not exceeding the Chancellors public pay policy limit of 1%.	
<u>General Inflation Contingency</u>	(Line 5)
Averages 3% overall (with higher provision for fuel, business rates and utilities).	
<u>LGPS - Increased Contribution Rate</u>	(Line 6)
The last valuation of the Worcestershire Pension Fund requires an increase in annual employer contributions.	
<u>Impact of Asset Management Plan & Fleet Strategy</u>	(Lines 8-10)
The changes reflect the overall additional capital financing charges arising from the capital programme. The impact shown includes interest, provision for repayment and vehicle lease rentals. It is net of the current Treasury Management position in relation to risk and consequent interest receivable. The net reduction is due to slippage on major building schemes and is a timing issue only.	
<u>Control Resilience Project</u>	(Line 12)
Initial savings as a result of implementation of the new Command and Control arrangements.	
<u>Redundancy Costs</u>	(Line 14)
These were one-off short term costs associated with the redundancy process in 2012/13. cut-over year. The MTFS projection shows these dropping dramatically from 2013/14.	
<u>Other one-off Costs</u>	(Lines 15 & 16)
Non-repeating one off expenditure.	
<u>Other Pressures</u>	(Line 18)
Short term pay protection costs arising from the finalised redundancy arrangements. Will reduce over the next 2 years.	
<u>IRS Post</u>	(Line 20)
This was temporary post approved only to the end of 2012/13.	
<u>Reduction in Watch Sizes</u>	(Lines 21 & 22)
The IRMP process identified a reduction in watch sizes. This has largely been managed through normal retirements, but a small provision is made for the fact that this is not achieved fully until part way into 2013.	
<u>Flexi-Duty Officer Review</u>	(Line 23)
A saving in the number of flexi-duty officers and flexible use of New Dimensions funding, partially re-invested into RDS support.	
<u>Senior Management Review</u>	(Line 24)
Further review of arrangements resulting in deletion of one post and an associated redundancy in 2012/13.	
<u>NFPS/FFPS</u>	(Line 25)
A technical adjustment to the employer contributions to the new and old Firefighters Pension scheme, as a result of the decision to manage the reduction in watch sizes through not replacing retirees.	
<u>April 2012 Support Staff Pay Award</u>	(Line 26)
AS the national pay award for support staff at April 2012 was 0%, the budget provision made for the award is not required.	
<u>2012/13 Reallocation & Net Savings</u>	(Line 28)
Re-allocation and consolidation of budgets reflecting the Senior Management review and net reduction of budget need.	

Hereford & Worcester Fire Authority**Budget 2013/14 : Personnel Budget**

	Wholetime Firefighters FTE	On-Call Retained Firefighters H/C	Control Room Staff FTE	Non- Uniformed Support FTE	TOTAL
Core Budget 2012/13	312.0	369.0	25.0	125.3	831.3
Temporary Post expiring				(1.0)	(1.0)
Directly employed Monitoring Officer				1.0	1.0
Senior Management Restructure				(1.0)	(1.0)
Flexi Officer Review	(3.0)			1.0	(2.0)
Redundancies post saved				1.0	1.0
Reduction in watch sizes	(18.0)				(18.0)
					0.0
Included in Budget 2013/14	(21.0)	0.0	0.0	1.0	(20.0)
USAR - funded by Special Grant	16.0	14.0			30.0
	(5.0)	14.0	0.0	1.0	10.0

Hereford & Worcester Fire Authority
Budget 2013/14 : Revenue Budget Allocation

		(1)	(8)	(2)	(3)	(4)	(5)	(6)	(7)		(9)	(4)
		2012/13 Proposed Allocation £m	Pay Award Alloc. £m	Base Changes £m	Capital Prog. £m	Cost Savings £m	One Off 2012/13 £m	Other Pressures £m	Cost Saving £m	Clerk/ Treasurer £m	Re-allocs & Net Savings £m	2013/14 Proposed Allocation £m
1	WT FF Pay	13.874	0.139	(0.018)					(0.682)			13.313
2	RDS FF Pay	3.185	0.032	(0.002)								3.215
3	USAR Pay	0.725	0.008									0.733
4	Control Pay	0.798	0.008	0.003					0.000			0.809
5	Support Pay	3.708	0.017					0.044	(0.052)	0.072		3.789
6	Other Employee Costs	0.038										0.038
7	Unfunded Pensions	0.754									(0.001)	0.753
8		23.082	0.187	0.000	0.000	0.000	0.000	0.044	(0.734)	0.072	(0.001)	22.650
9	Strategic Management	0.028									0.030	0.058
12		0.028	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.030	0.058
13	New Dimensions	0.162									(0.048)	0.114
14	Ops - HQ	0.141									(0.141)	
15	TFS	0.000									0.010	0.010
16	CFS	0.000									0.094	0.094
17	Training Dept	0.701							0.000		0.023	0.724
18		1.004	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.062)	0.942
19	Fleet	0.591									0.067	0.658
20	Ops Logistics	1.566		0.088			(0.210)				0.012	1.456
21	Ops Policy	0.067									0.008	0.075
22		2.224	0.000	0.088	0.000	0.000	(0.210)	0.000	0.000	0.000	0.087	2.189
23	Personnel	0.290									(0.016)	0.274
24		0.290	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.016)	0.274
25	P&I	0.302									(0.065)	0.237
26	FRA Costs	0.136								(0.034)	(0.011)	0.091
27		0.438	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.034)	(0.076)	0.328
28	ICT	1.057				(0.055)					(0.033)	0.969
29	Facilities Mngt	1.939					(0.250)					1.689
30	Insurances	0.301										0.301
31	Finance (FRS)	0.124										0.124
32	Finance SLA	0.180									(0.029)	0.151
33	Capital Financing	2.629			(0.060)							2.569
34		6.230	0.000	0.000	(0.060)	(0.055)	(0.250)	0.000	0.000	0.000	(0.062)	5.803
35	Legal Services	0.061								(0.038)		0.023
36		0.061	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.038)	0.000	0.023
37	Core Budget	33.357	0.187	0.088	(0.060)	(0.055)	(0.460)	0.044	(0.734)	0.000	(0.100)	32.267
38	Pay Award Provision 12/13	0.180	(0.180)									0.175
39	Pay Award Provision 13/14		(0.007)	0.220					(0.038)			
40	Redundancy Provision	0.284					(0.284)					0.300
41	Inflation Contingency			0.300								
42		0.464	(0.187)	0.520	0.000	0.000	(0.284)	0.000	(0.038)	0.000	0.000	0.475
43	Gross Budget	33.821	0.000	0.608	(0.060)	(0.055)	(0.744)	0.044	(0.772)	0.000	(0.100)	32.742
44	Use of development					(0.012)						(0.012)
45	contingency	0.000	0.000	0.000	0.000	(0.012)	0.000	0.000	0.000	0.000	0.000	(0.012)
46	Net Budget	33.821	0.000	0.608	(0.060)	(0.067)	(0.744)	0.044	(0.772)	0.000	(0.100)	32.730
47	Final Savings to be identified											(0.181)
48												32.549
	Appendix 2 reference	Line 1		Line 7	Line 11	Line 13	Line 17	Line 19	Line 27		Line 29	

Hereford & Worcester Fire Authority
Budget 2013/14 : Budget Savings since 2010/11

Annual Savings Identified & fully implemented before 2012/13	FTE	2012/13 & later yrs. £000
1 Net Saving reduction of ACFO Uniform Post	1.00	121,400
2 2011/12 Redundancies Support Posts REDUNDANCIES	3.70	110,200
3 2012/13 Net Redundancies Support Posts REDUNDANCIES	11.20	337,000
4 Occupational Health contract		10,000
5 Principal Officer Car Financing		4,500
6 Response Officer Car Financing		21,000
7 PPE Contract		7,000
8 Removal of Water Coolers at HQ		5,000
9 Abolition of 1st Class Travel		<i>marginal</i>
10 Removal of Internal meeting Catering		<i>marginal</i>
11 Budget-holder Savings in 2011/12 - net of re-allocation		255,000
12 Treasurer (S151) arrangements		3,000
13 External Audit Fee		29,000
14	15.90	903,100

Annual Savings Identified 2012/13 for full implementation 2013/14	FTE	£000
15 Reduction in Watch Sizes	18.00	659,000
16 Flexi-Duty Officer Review	3.00	200,000
17 SMB Restructure	1.00	43,000
18 Budget-holder Savings in 2012/13		100,000
19	22.00	1,002,000

Annual Savings 2013/14	FTE	£000
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Annual Savings Identified 2012/13 for full implementation 2014/15	FTE	£000
20 Reduction in Watch Sizes	14.00	390,000
21	14.00	390,000

51.90	2,295,100
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Hereford & Worcester Fire Authority
Budget 2013/14 : Capital Programme

			(1)	(2)	(3)	(4)	(5)	(6)	(7)
			PRIOR YRS ACTUAL £m	PROBABLE 2012/13 £m	BUDGET 2013/14 £m	PROGRAMME			TOTAL £m
						2014/15 £m	2015/16 £m	2016/17 £m	
	Vehicle Programme								
1	Routine Replacements (Pumps)			0.811	1.010	0.253	1.011	1.011	4.096
2	Bulk Foam Capability			0.067					0.067
3	Routine Replacements (4WD)			0.159					0.159
4	Routine Replacements (Off-Road)			0.004	0.026				0.030
5	Rope Rescue Vehicle			0.025					0.025
6	Command Unit				0.350				0.350
7	Routine Replacements - Water Carrier						0.120	0.120	0.240
8	Routine Replacements - RAVs						0.190		0.190
9	Pumps at end of Primary Lease	note 1		0.020					0.020
10	Response Cars					0.108	0.310		0.418
11				1.086	1.386	0.361	1.631	1.131	5.595
	Major Building Schemes								
12	Pebworth Fire Station		0.706	0.037					0.743
13	Schemes out to Tender and future Business Cases	note 2	0.047	1.869	8.554	10.053	3.109		23.632
14				1.869	8.554	10.053	3.109	0.000	23.632
	Other Schemes								
15	Control Resilience Project		0.911	0.887	0.489				2.287
16	Minor Property, Info. Tech. Comms, Equip etc.			0.517	1.227	0.600	0.600	0.600	3.544
				1.404	1.716	0.600	0.600	0.600	5.831
17	Annual Total			4.359	11.656	11.014	5.340	1.731	35.058

Note 1 : previously assumed to be financed from leasing

Note 2 : Individual scheme sums approved by FRA, but not currently disclosed as contracts subject to tender etc.

Note 3 : Excludes impact of any slippage from 2011/12

Hereford & Worcester Fire Authority **Budget 2013/14 : Council Tax Requirement Calculation**

	2012/13	2013/14
Net Budget	33,821,000.00	32,549,000.00
Less: Special Grants		
Fire Revenue Grant (Firelink/New Dimensions)	(1,168,976.00)	(1,263,000.00)
2012/13 Council Tax Freeze Grant	(625,997.00)	n/a
2013/14 Council Tax Freeze Grant	n/a	(210,000.00)
2013/14 Council Tax Support Transitional Grant		(61,000.00)
	(1,794,973.00)	(1,534,000.00)
Less: Formula/Support Grants:		
Redistributed National Non-Domestic Rates (Business Rates)	(10,373,646.00)	n/a
Retained share of local Business Rate Income (1%)	n/a	(2,253,356.00)
Business Rate Top Up Grant	n/a	(2,715,463.00)
Revenue Support Grant	(211,150.00)	(7,468,843.00)
2011/12 Council Tax Freeze Grant	(518,906.00)	n/a
	(11,103,702.00)	(12,437,662.00)
Less: Collection Fund Deficits/(Surpluses)		
Bromsgrove	(37,237.00)	(10,065.00)
Herefordshire	0.00	45,136.00
Malvern Hills	0.00	0.00
Redditch	0.00	(12,539.00)
Worcester	0.00	0.00
Wychavon	0.00	(20,443.00)
Wyre Forest	(17,843.00)	0.00
	(55,080.00)	2,089.00
COUNCIL TAX REQUIREMENT	20,867,245.00	18,579,427.00

Tax-base : Band D Equivalent		
Bromsgrove	36,643.86	33,784.51
Herefordshire	71,981.60	64,260.18
Malvern Hills	30,710.67	27,828.16
Redditch	27,611.67	23,787.62
Worcester	33,113.00	28,982.00
Wychavon	47,837.51	43,542.96
Wyre Forest	35,461.00	30,119.00
	283,359.31	252,304.43
Precept - Band D Equivalent	£ 73.6423	£ 73.6389
	£ 73.64	£ 73.64

Total Precept on Billing Authorities	£	£
Bromsgrove	2,698,539.90	2,487,854.99
Herefordshire	5,300,894.06	4,732,050.58
Malvern Hills	2,261,605.86	2,049,235.79
Redditch	2,033,388.22	1,751,694.77
Worcester	2,438,519.08	2,134,203.32
Wychavon	3,522,866.57	3,206,456.77
Wyre Forest	2,611,431.31	2,217,930.78
	20,867,245.00	18,579,427.00
	0.00	0.00

Equivalent to Tax at Band	Ratio to Band D	£	£	change change
A	6/9	£ 49.1000	£ 49.1000	£ -
B	7/9	£ 57.2800	£ 57.2700	-£ 0.0100
C	8/9	£ 65.4600	£ 65.4600	£ -
D	9/9	£ 73.6400	£ 73.6400	£ -
E	11/9	£ 90.0100	£ 90.0000	-£ 0.0100
F	13/9	£ 106.3800	£ 106.3800	£ -
G	15/9	£ 122.7400	£ 122.7300	-£ 0.0100
H	18/9	£ 147.2800	£ 147.2800	£ -

Hereford & Worcester Fire Authority

Medium Term Financial Forecasts

		2013/14 Budget £m	2014/15 Forecast £m	2015/16 Forecast £m	2016/17 Forecast £m
1	2013/14 Core Budget		32.549	32.549	32.549
	Base changes				
2	Pay Award Contingency		0.400	1.080	1.480
3	General Inflation Contingency		0.300	0.560	0.860
4	LGPS - increased contribution rate		0.020	0.040	0.060
5			0.720	1.680	2.400
	Capital Programme				
6	Impact of Asset Management Plan & Fleet Strategy		0.450	0.620	0.870
7			0.450	0.620	0.870
	Other Pressures				
8	2012/13 Redundancy Pay Protection		(0.007)	(0.014)	(0.014)
9			(0.007)	(0.014)	(0.014)
	Cost Saving Measures				
10	Watches sizes - expected 2013/14		(0.092)	(0.092)	(0.092)
11	Day Crew Plus		(0.390)	(0.390)	(0.390)
12			(0.482)	(0.482)	(0.482)
13	MTFP - PROJECTED NET BUDGET NEED	32.549	33.230	34.353	35.323
	<i>year on year change</i>		2.1%	3.4%	2.8%

		2013/14 Budget	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
14	Business Rate increase		3.07%	2.50%	2.50%
15	Business Rate Top Up Grant increase		3.09%	2.50%	2.50%
16	Base-line Funding Reductions			-8.00%	-5.00%
17	Band D Increase		2.00%	2.00%	2.00%
18	Tax-base Increase		0.00%	0.00%	0.00%
19	Band D Tax	£ 73.64	£ 75.11	£ 76.61	£ 78.14
20	Tax-base	252,304.43	252,304.43	252,304.43	252,304.43
	Council Tax				
21	Council Tax Yield	£m (18.580)	(18.951)	(19.330)	(19.717)
22	Collection Fund Balance	£m 0.002			
23		£m (18.578)	(18.951)	(19.330)	(19.717)
	Formula/Support Grants				
24	Retained share of local Business Rate Income (1%)	£m (2.253)	(2.322)	(2.381)	(2.440)
25	Business Rate Top Up Grant	£m (2.715)	(2.799)	(2.869)	(2.940)
26	Revenue Support Grant	£m (7.469)	(6.559)	(5.678)	(5.114)
27		£m (12.437)	(11.681)	(10.927)	(10.494)
	Special Grants				
28	Fire Revenue Grant (Firelink/New Dimensions)	£m (1.263)	(1.286)	(1.011)	(1.013)
29	CT Benefit Transitional Grant (paid in 2012/13)	£m (0.061)	0.000	0.000	0.000
30	2013/14 Council Tax Freeze Grant	£m (0.210)	(0.210)	0.000	0.000
31		£m (1.534)	(1.496)	(1.011)	(1.013)
32	MTFP - PROJECTED RESOURCES	£m (32.549)	(32.128)	(31.268)	(31.225)
	<i>year on year change</i>		-1.3%	-2.7%	-0.1%

		2013/14 Budget £m	2014/15 Forecast £m	2015/16 Forecast £m	2016/17 Forecast £m
33	MTFP - PROJECTED GAP	£m 0.000	1.102	3.085	4.098

Statement of Prudential Indicators

Introduction

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 FRA should operate to ensure the objectives of the Prudential Code are met.

Prudential Indicators

The Prudential Indicators for which the Fire and Rescue 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 and Rescue 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 2013-14 Budget and MTFP.

2 **Capital Expenditure**

The actual amount of capital expenditure that was incurred since 2011/12, and the estimates of capital expenditure to be incurred for the current and future years that are proposed in the 2013/4 Budget and MTFP are as follows:

	2011/12 Actual £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Capital Expenditure	2,782	4,359	11,656	11,014	5,340	1,731
Leased Assets	156	30	303	27	25	54
	2,938	4,389	11,959	11,041	5,365	1,785

The apparent increase in 2013/14 relates to significant slippage of previous years allocated monies in respect of major building works. Appropriate funding for the financing costs has always been included in relevant budgets,

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 and Rescue 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 and Rescue 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 and Rescue 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 and Rescue Authority. In other words, the Fire and Rescue Authority inherited all its assets without any cost. Thus, as investment is made in vehicles, for example the increased costs are in the Fire and Rescue Authority accounts but the savings are elsewhere.

The estimates of the ratio of financing costs to net revenue stream are as follows:

	2011/12 Actual £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Financing Costs	2,439	2,043	2,569	3,019	3,189	3,439
Net Revenue Stream	31,714	32,652	31,286	30,842	30,257	30,212
Ratio	7.69%	6.26%	8.21%	9.79%	10.54%	11.38%

3. Capital Financing Requirement

The capital financing requirement (CFR) is a measure of the extent to which the Fire and Rescue 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 and Rescue 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.

The estimates of the end of year capital financing requirement are as follows:

	2011/12 Actual £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
CFR at 31st March	15,475	15,958	17,900	24,479	33,364	36,502

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 and Rescue Authority to switch from leasing to more cost effective borrowing for the acquisition of operational vehicles.

The Fire and Rescue 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:

	2013/14	2014/15	2015/16	2016/17
Authorized Limit	£000	£000	£000	£000
External Borrowing	30,000	38,000	42,000	41,000

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 and Rescue 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:

	2013/14	2014/15	2015/16	2016/17
Operational Boundary	£000	£000	£000	£000
External Borrowing	27,000	36,000	39,000	38,000

6. Actual External Debt

The Fire and Rescue Authority's actual external debt as at 31 March 2012 was £14.971 million; comprising £14.971 million External Borrowing and £0 (zero) Other Long Term Liabilities.

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 2013/14 – 2016/17 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 2012.

The incremental impact identifies transactions that will occur **over and above** what has already been provided for in the 2012/13 revenue budget and projected in the MTFP and assumes the funding available in 2012/13 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 2013/14 Budget on the Council Tax is as follows:

	2013/14	2014/15	2015/16	2016/17
Incremental Impact on Band D	-£ 0.71	-£ 0.26	-£ 0.48	£ 0.65

PRUDENTIAL INDICATORS FOR TREASURY MANAGEMENT

8. Treasury Management Code of Practice

The Fire and Rescue 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 and Rescue Authority sets an upper limit on its fixed interest rate exposures as follows.

Upper limits for net principal sums outstanding at fixed rates

	2013/14	2014/15	2015/16	2016/17
Fixed Interest Rate Exposure	£000	£000	£000	£000
Upper Limit	30,000	38,000	42,000	41,000

This represents the position that all of the Fire and Rescue 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 and Rescue Authority sets an upper limit on its variable interest rate exposures as follows.

Upper limits for net principal sums outstanding at variable rates

	2013/14	2014/15	2015/16	2016/17
Variable Interest Rate Exposure	£000	£000	£000	£000
Upper Limit	8,000	10,000	11,000	10,000

This is the maximum external borrowing judged prudent by the Treasurer that the Fire and Rescue 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.

Hereford & Worcester Fire and Rescue Authority **Minimum Revenue Provision (MRP) Policy**

Background

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

Guidance

In considering a prudent MRP policy the FRA 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.

The guidance, however, reflects the fact that for short life assets there is a considerable difference between the revenue charge arising from an “Asset Life” method and the old 4% method.

Since the advent of the Prudential Code from 2004/05 the FRA has provided MRP for significant shorter life assets (i.e. vehicles) broadly on an “Asset life” basis (albeit commencing charges a year earlier than the new guidance required). Whilst this results in a greater charge than the 4% method required, the affordability of this more prudent approach was considered at the time as part of the Prudential Code Indicators.

Recommendation

To continue the policy already i.e.:

1. 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
2. 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.
3. 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

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.

Note: for some of the assets under category 3 above, this point is reached in 2013/14.

8. Findings and recommendations arising from the Operational Assessment 2012

Purpose of report

1. To inform Members of the outcome of the Operational Assessment (OpA) conducted in 2012 and provide key findings to address the identified collaborative areas for improvement. Members are asked to note that a similar report is being presented to Shropshire and Wrekin Fire and Rescue Authority.
-

Recommendations

The Chief Fire Officer recommends that:

- a) the findings of the Operational Assessment be noted;***
- b) the findings are incorporated within the Fire and Rescue Authority's Annual Statement of Assurance;***
- c) a detailed action plan to address the report's findings be presented to Audit Committee for approval and subsequent monitoring of implementation; and***
- d) the Fire and Rescue Authority endorse the principle of further collaborative working with Shropshire and Wrekin Fire and Rescue Authority and note that senior officers and the Chairman will be meeting with their counterparts to discuss how best to take this forward with a view to bringing back further recommendations.***

Introduction and Background

2. The Fire and Rescue National Framework 2012 requires that robust mechanisms should be in place to provide independent assurance to communities and to the Government around financial, governance and operational matters and to show how they have had due regard to the expectations set out in their integrated risk management plan and the requirements included in the National Framework. In order to provide this assurance, Fire and Rescue Authorities must publish an annual statement of assurance.
3. The OpA assessment is an important part of that process of assurance. It provides an independent peer assessment of this Authority for the benefit of Members and for our communities.

Overview of the OpA Process

4. The Chief Fire Officers Association (CFOA) developed the concept of OpA in 2009 in partnership with the Local Government Association (LGA) and the Chief Fire and Rescue Adviser. The OpA process is designed to form a structured and consistent basis to drive continuous improvement within the nation's Fire

and Rescue Services (FRSs), and provide FRAs and Chief Fire Officers with information that allows them to challenge their operational service delivery to ensure it is efficient, effective and robust.

5. Self-assessment against the OpA Toolkit is recommended at least every three years. With the exception of one or two FRAs, all English FRSs have now scheduled (or completed) OpA peer reviews.

Approach to OpA

6. Recognising the potential for sharing expertise and identifying further collaborative opportunities, Hereford & Worcester Fire and Rescue Service (HWFRS) and Shropshire Fire and Rescue Service (SFRS) commenced (in the spring of 2012) preparations for a formal OpA peer review.
7. The collaboration led to the publication of two FRA/S specific self-assessments, both of which included improvement action plans identifying areas of further co-operation.
8. In the autumn of 2012 an LGA led OpA peer review team visited both SFRS and HWFRS to undertake two independent four-day reviews. The review team included senior FRS officers, an elected FRA Member, a West Mercia Police officer and a professional chief executive from the private sector. The team's activities were coordinated by a LGA facilitator.

OpA Findings

9. The findings of the OpA Review Team are presented at Appendix 1, but in summary, the review team reported that:
10. *The Service continues to move forward positively, has made considerable improvements in many areas, and that overall performance has been good.*
11. *Among the key strengths identified were:*
 - a) *the open, confident and approachable leadership style and culture of the Chief Fire Officer and his senior managers, with a clear direction and professional focus, which is well understood and supported by staff;*
 - b) *the clear commitment to health and safety and its focus on continuing improvement, which ensures that all aspects of safety and safe systems are well embedded at every level;*
 - c) *the investment in operational training and development focused on key risk areas, including capital investment in new facilities such as the strategic training facilities to support and improve training capacity; and*
 - d) *in those service areas that have undergone significant change and restructuring like Fire Control and Human Resources, staff are keen, involved and highly motivated.*
12. *Nevertheless, while the assessment identified many strengths, it also raised some areas that need to be examined further to make sure that the Service can keep improving as a service and as an employer.*

13. Some areas to be addressed were:
- a) the need to ensure close and continued management of the risks associated with financial planning in the light of current and future budget reductions;
 - b) the need to ensure that the management of major projects and cross cutting programmes is mainstreamed into 'business as usual'; and
 - c) the need to fully embed Member involvement and public consultation in strategic planning and decision making.
14. The overall conclusions that can be drawn are positive. Hereford & Worcester Fire and Rescue Service is a well-run, organised and motivated Fire and Rescue Service. It benefits strongly from its highly competent and enthusiastic staff and its sound relationship with its Members. While the financial uncertainties facing the Service will continue to be challenging, there is a confidence that officers and Members will work together to realise opportunities for improvement, including collaboration.

Improvement through Collaboration

15. The OpA review process has identified several areas within both HWFRS and SFRS that have the potential for further collaborative working. The areas, as illustrated within Figure 1 below, represent six strategic thematic areas that may benefit from a partnership approach thus leading to:

- a) Enhanced public safety
- b) Improved firefighter protection
- c) Robust operational resilience
- d) Shared expertise and knowledge
- e) Increased capacity
- f) Reduction of duplication of effort
- g) Promotion of intra/inter-operability
- h) Harmonisation of policy and procedure
- i) Creation of efficiency savings through joint procurement
- j) Delivery of quality public services

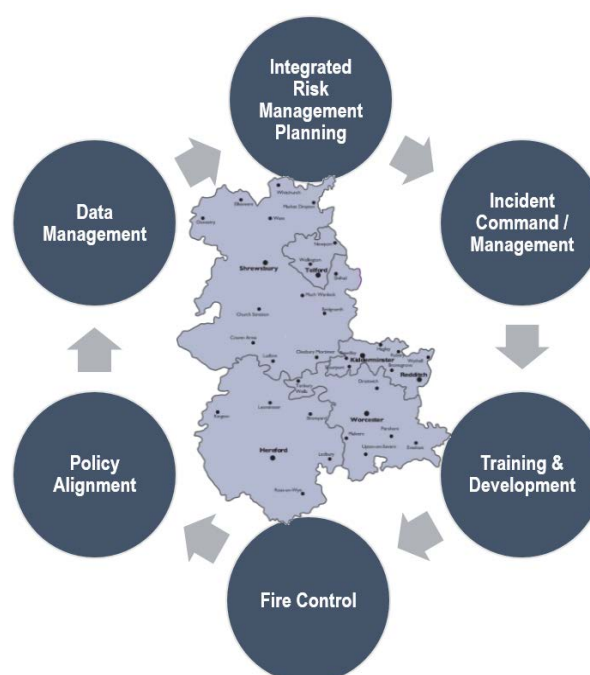


Figure 1: Strategic Areas of Collaboration

A more detailed description of the strategic areas is provided at Appendix 2.

Conclusion/Summary/Next Steps

16. Subject to Member approval, the next steps will be to:

- a) incorporate findings from the self-assessment, together with the OpA Review Team's findings, within the Fire and Rescue Authority's Annual Statement of Assurance (to be published later this year);
- b) prepare a detailed action plan for implementation of the OpA findings for consideration by Audit Committee; and
- c) with Fire Authority approval, Officers and the Chairman will enter into a determined dialogue with Shropshire and Wrekin Fire and Rescue Authority (SWFRA) to establish how best to deliver collaborative working in the key strategic areas set out in paragraph 16.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are financial issues that require consideration	N	(Any financial implications necessary to support the implementation of the proposed OpA programme of work, should the principle of further collaborative working with SWFRA be endorsed, will be reported in due course.)

Legal Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	N	

Additional Considerations

17. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e. paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	Y	Service Delivery, Assets, Training & Development, Service Support, Human Resources
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	Y	CRMP, FRA Plan, Equality & Diversity, Partnerships
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	Y	Health & Safety
Consultation with Representative Bodies	Y	Engagement and consultation

Supporting Information

Appendix 1 LGA/CFOA OpA Peer Review Team Report 2012

Appendix 2 OpA Thematic Areas of Collaboration

Background Papers

DCLG (2012) Fire and Rescue Service National Framework

LGA/CFOA OpA Toolkit

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CFOA
Chief Fire Officers
Association



Hereford & Worcester Fire and Rescue Service Fire Peer Challenge Report

November 2012

FINAL

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1. Executive Summary

Hereford & Worcester Fire and Rescue Service (HWFRS) continues to move forward positively. For the last two years the Service has worked hard to bring about further improvements across a broad range of areas from capital investment in equipment and assets to the reshaping of the management team in the Service to ensure that it has the capacity to deliver not only in today's challenging financial climate but that of the coming years.

In the areas the peer team examined, overall performance has been good. The Service has invested heavily in ensuring that the organisation is fit for purpose with a clear vision which is understood and supported by staff.

The Chief Fire Officer (CFO) is a confident and visible presence in the Service. His leadership is based upon strong relationships with key staff and stakeholders. He is regarded as approachable and fair with the best interests of the Service at heart. He and his principal officers are widely credited with professionalising the Service.

The majority of staff fully understand the current challenging financial position. Staff trust management to take the necessary action to balance the books and feel that their leadership can be trusted to manage the tight financial position.

However in light of the likely future financial challenges the CFO will need continued strategic support from Elected Members as difficult decisions are made over the next few years so it is welcome that Members generally expressed a desire to be more fully involved.

HWFRS has expressed a clear wish to explore opportunities to work more collaboratively with other Fire and Rescue Services and in particular Shropshire Fire and Rescue Service (SFRS). To demonstrate this clear desire, more extensive collaboration in the future needs to be founded on a clear and explicit collective ambition from the participating organisations.

The Service will need to translate this desire into practical collaborative working, and this could be channelled through working with SFRS on a Strategic Alliance business case once a collective vision has been clearly articulated.

HWFRS is able to evidence a number of innovations which are worthy achievements, including the strategic review with key partners of property and assets to share, dispose of or re-invest through the Shenstone Group and participation on the Public Services Executive Group.

Overall HWFRS is a well run and organised Fire and Rescue Service that is benefiting from competent and enthusiastic staff and sound relations with Members. The challenge in the future will be to maintain these relationships as an uncertain future unfolds and to ensure that opportunities for more effective partnership working are fully realised.

2. Introduction

This report captures the outcomes and presents the key findings from the Local Government Associations (LGA's) Fire Peer Challenge at Hereford & Worcester Fire and Rescue Service in November 2012. Fire peer challenge is part of the new approach to sector led improvement. It is a key component of the LGA's 'Taking the Lead' offer (www.local.gov.uk/taking-the-lead).

The Fire Peer Challenge took place from the 5-8 November 2012 and consisted of a range of on-site activities including interviews, focus groups and visits to eight fire stations.

The peer team met with a broad cross-section of Elected Members, front line fire fighters, non-uniformed officers and partner agencies. During the time in Worcester the peer team were well looked after and everyone the team met were fully engaged with the process, open and honest.

The peer team also undertook background reading provided to them in advance, including Hereford and Worcester's summary Operational Assessment Self-Assessment and key supporting documentation. The peer challenge did not aim to re-run the Operational Assessment Self-Assessment, but instead focused on areas identified in discussion with the Service. The overall scope of the peer challenge was:

"To evaluate HWFRS's operational effectiveness and to help develop opportunities to consolidate our collaboration with Shropshire and Wrekin Fire and Rescue Authority".

"In particular is HWFRS:

- Realistic about collaborative opportunities?
- Ready to seize any collaborative opportunities that present?
- Aware of the benefits and risks of any collaborative initiatives"

The evidence and feedback gathered was assimilated into the seven OpA themes and the additional areas of Human Resources, Procurement and Leadership & Culture which were identified by HWFRS as further areas of focus. A discussion of the findings was delivered to the Chair of the FRA and the Services' senior officers in a feedback presentation held on Thursday, 8th November 2012.

This report provides detailed information on the key focus areas agreed with the Service, based around the seven key themes of the operational assessment toolkit areas:

- Community Risk Management
- Training & Development
- Health & Safety
- Response
- Protection

- Prevention
- Call management and incident support

The purpose of the peer challenge was to complement the Authority's Operational self-assessment by providing external challenge to help support improvement and to reflect how the Service is performing across the areas of focus.

Fire peer challenges are managed and delivered by the sector for the sector. Peers are at the heart of the peer challenge process. They help Services with their improvement and learning by providing a 'practitioner perspective' and 'critical friend' challenge.

3. The peer challenge team included:

- Paul Raymond, Chief Fire Officer, Shropshire Fire and Rescue Service
- Councillor Andrew Backhouse, North Yorkshire Fire Authority
- Andy Johnson, Area Manager, Shropshire Fire and Rescue Service
- Jane Sherlock, Director of People & Organisational Development, Devon and Somerset Fire and Rescue Service
- Tom Harding, Inspector, West Mercia Police
- Jonna Stevens, Adviser, Local Government Association

The make up of the peer team reflects the desire of both Hereford & Worcester FRS and Shropshire FRS to explore collaborative opportunities. The team mirrors the composition of the OpA peer challenge team that visited Shropshire FRS 22-25 October 2012 and which was led by Hereford & Worcester CFO Mark Yates.

4. Leadership & Culture

Strengths

- **HWFRS is seen as a good place to work. It is business like, pragmatic with clear direction, business focussed and very ambitious**
- **The Chief Fire Officer (CFO) with his Senior Management Board (SMB) have made a significant difference to the organisation**
- **Staff trust senior managers to make the necessary decisions**

Hereford & Worcester Fire and Rescue Service is generally seen as a good place to work as it is business like, pragmatic with clear direction, business focussed and very ambitious for the future.

The current CFO with his Senior Management Board has made a significant difference to the organisation through their hands-on approach and their wish to lead from the top by example. They are approachable and show strong leadership.

Officers and managers are encouraged to make decisions that are justified and make a difference to the Service within the foundations of the Service strategy, 'Our Strategy,' rather than being about slavishly following policy.

Even in face of cuts to budget it is good to see that many staff groups still have an optimistic outlook. There is strong evidence that the Service is continuing to invest in the future despite reducing budgets.

During the assessment there appeared to be a desire from the Members and officers interviewed to work closer together in providing strategic direction for the Authority. Future strategy formulation and clear Authority decision making would benefit from being supported by a stronger professional partnership between senior officers and Elected Members.

Areas to explore

- **The desire of Members to become more involved will help to ensure that the Authority is optimising the link between finance, risk and politics to increase the likelihood of success when making strategic decisions in the future**
- **The Service needs to continue to manage the ongoing risks around financial plans for future budget reductions**

The CFO will require continued strategic support from Elected Members as more unpalatable decisions are made during the next few years so it is welcome that Members generally expressed a desire to be more fully involved.

The Representative Bodies have also expressed a desire to be involved more fully at the start of the strategic planning process, if appropriate, so that the shape of necessary changes can be discussed and informally consulted upon

before they are fully formed. This may speed up delivery of projects designed to respond to emerging risks in the future.

Despite the work that leaders have done in communicating with staff, some are not aware of the true scale of the financial savings required in future years so may lack the realisation of the impact on service delivery and organisational changes. It is perhaps to be expected therefore that some staff feel that the previous Integrated Risk Management Plan (IRMP) process was not sufficiently consultative.

The hands-on and inclusive style of the top team is welcomed by staff, however a number of staff and officers that the peer team spoke to felt that some of the time senior managers appeared to make decisions without a full understanding of implications to local strategy. This in turn was perceived as undermining middle managers.

There is a perception by some of the staff interviewed that there is a strong Herefordshire and Worcestershire divide, which can cause concern about resource provision, although the Authority and Service are aware of this and use this knowledge as they construct their Community Risk Management Plan (CRMP).

5. Capacity

Strengths

- **The new district structure has been welcomed by the operational staff**
- **Bromsgrove Police collaboration**
- **The Authority has recruited highly qualified professional non-operational staff**

The new district structure implemented in 2012 has been welcomed by operational staff as they feel it provides clearer identity to their roles and responsibilities and simplifies communication and decision making across the Service.

The recruitment process, and staff retention, within the Retained Duty System (RDS) is generally sound (although there are some concerns in rural areas), and currently exceeds the national average performance figures.

Within the Service there is an increasing spirit of collaboration between HWFRS and the Police. This is being harnessed and furthered by the development of a joint police and fire station at Bromsgrove. Further collaborative opportunities are also being explored, with consideration towards shared infrastructure, at Redditch and in other locations across the area.

An innovative way of engaging with staff, increasing morale and user engagement, has been the way that the management has involved all levels of staff within the design for the new station at Malvern.

The recruitment of highly qualified non-operational staff such as the Head of Legal Services is seen as a positive step although the full value of the addition of this post is yet to be realised.

Areas to explore

- **Change management and ‘business as usual’**
- **Co-ordination of project activity**

Whilst the ambition of the organisation should be celebrated, the organisation has recognised that management of cross cutting work programmes could be strengthened and has, within the new structure, given responsibility for this to a senior officer.

As the Service is entering into uncharted budgetary waters there is a greater focus needed to look at the emerging opportunities and benefits to be gained from linking procurement, the capital programme, and contract management. This will necessitate the need to ensure sufficient, and appropriate, co-ordination of project activity to maximise corporate capacity and to ensure interdependencies across departments are captured and duplications avoided.

There is a perception by some staff that the peer team interviewed that, in the context of the change management programme, many of the initiatives are character led and thus when a person in a key position is replaced the next person takes the team in a different direction. When this occurs there is a risk of loss of efficiency as well as initiative fatigue by staff. A co-ordinated approach to project monitoring might to some extent improve this if agreed projects are monitored more closely until completion and evaluation.

6. Community Risk Management

Strengths

- **Excellent use of risk data analysis**
- **Local Resilience Forum collaborative culture already exists and can be built upon**

The Service has made excellent use of its performance and risk data analysis when developing the previous IRMP. It is looking to share this experience with Shropshire. However, greater use of risk data analysis could be made to support other departmental business planning processes, particularly those related to prevention activities.

As is clearly evidenced by the results found in the other six themed areas, improvement in all aspects of risk reduction initiatives, are being realised as a result of the reviews that were undertaken in the last 12-18 months, as a direct consequence of the existing IRMP. The new Community Risk Management Plan (CRMP) will need to show impact of change geographically and consider how it can clearly demonstrate how the Service's Prevention, Protection and Response activities, in any given geographical area, are being

used in a way that ensures the community risk levels are being managed in an integrated way.

The Service is looking to collaborate with Shropshire FRS in the development of an IRMP policy document, which will outline the generic processes used to develop joint IRMPs in the future in line with current good practice.

The excellent involvement that the Service has with the Local Resilience Forum (LRF) will help to inform the process it needs to complete to meet the requirements of the new National Framework Document. The collaborative culture that already exists between SFRS and HWFRS Operations Departments, in support of their LRF work, is helping to drive further collaborative working in this and other departments.

Areas to explore

- **Public consultation**

In common with other public organisations, the Service has struggled to attract a high level of engagement and comment, on its IRMP proposals, from the public and other external stakeholders, despite having put significant effort into this. This has led to the Service wanting to explore how this could be improved, which is commendable. However, any additional investment in this area should be balanced against the likely benefits (in terms of increased response from the public) that are likely to be obtained.

The Service is keen to explore the possibility of collaboration with Shropshire when developing its new CRMP, possibly even looking at developing a joint CRMP that covers areas for joint working. To support this, both Services may wish to consider a suitable timetable, to ensure that they can take advantage of the processes that Shropshire has developed around its '20:20' work.

Even if the Service decides not to collaborate with Shropshire on its new CRMP, HWFRS may want to revisit the current timetable set for this work, to ensure that it can be completed in a manner that is robust enough to inform the Service's medium to long term community risk reduction plans and link with the Authority's medium term financial plan.

The Service may wish to consider how they will encourage involvement of more staff in the development of their CRM Plans and proposals going forward as a number of staff commented that the recent consultation on the fire cover options felt more like a communication process, rather than true consultation.

7. Protection & Prevention

Strengths

- **Good Community Safety Strategy**

The recent 'root and branch' review of Community Safety has ensured that the activities and initiatives, undertaken across the Service, are appropriate to HWFRS, with a clear statement about the specific areas now targeted by the new Strategy.

Staff are generally pleased with the introduction of designated leads for each of the four Community Fire Safety (CFS) streams.

The Service is making good use of a number of software solutions in identifying domestic properties to be targeted through its CFS work. There is also evidence that the Community Safety department uses feedback from front-line crews to further improve the accuracy of that targeting.

The CFS department is now ensuring that they manage the volunteers' activities appropriately to get the most from this valuable resource.

The recent restructuring of the Technical Fire Safety Department has resulted in the centralising of a number of its functions, whilst also maintaining a local presence out in the districts. This has enabled the Service to reduce the resources in this department whilst, at the same time, beginning to improve the consistency of advice given to both internal and external stakeholders.

The Service is planning to collaborate with Shropshire FRS across a number of areas. This is particularly relevant to the area of Technical Fire Safety, where the Community Fire Risk Management Information System (CFRMIS) software is used by both Services.

The peer team also recognised that the adoption of the Olive Branch training developed by Staffordshire FRS displayed excellent Community Fire Safety collaboration with partner agencies.

Areas to explore

- **The Community Safety department could make greater use of the analytical skills and tools available to the Performance and Information Team**

The Community Safety department could make greater use of the analytical skills and tools available to the Performance and Information Team. This would help the Service to further progress towards quantifying the benefit that arises from its CFS work, including Home Fire Safety Checks (HFSC).

The Service would benefit from ensuring that the benefits from the new PinPoint software are fully realised through its full implementation and on-going support.

Although evidence was given of one 'unproductive' partnership having been stopped, this appears to have been an ad-hoc occurrence and was not as part of an ongoing regular review process. The Service may wish to improve its Partnership monitoring and evaluation processes to ensure that they are all subject to an appropriate level of regular review, scrutiny and benefits analysis.

8. Response

Strengths

- **Good equipment, Personal Protective Equipment (PPE) and appliances**
- **Demonstrable commitment to fire fighter safety**
- **Response is supported by excellent work in the production of response plans**

Staff from across the Service were in agreement that HWFRS provided operational staff with the best available fire fighting equipment, from PPE to appliances, and that this evidenced and supported the Chief Fire Officer's overriding commitment to fire fighter safety.

This commitment to ensure that the best available equipment is procured and available to operational staff was also evidenced, again by a cross section of the Service, through the trialling and involvement of front line staff in the decision making process for procuring new equipment. This level of involvement is well received by all staff.

HWFRS provides excellent resilience not only in fire fighter availability but also in the wide range of skills which they possess. The local requirements for specialist skills have been well mapped and resources strategically placed across the Service. Fire fighters displayed a clear desire to excel and continuously improve their personal knowledge and skills. Indeed they provided many excellent ideas for service improvement both in procedures and for equipment and this could be tapped into further moving forward.

Wholetime and on call firefighters, feel well trained and competent, and therefore able to deal with the many operational challenges which they are faced with on a daily basis. However, though RDS staff are well trained, some expressed a concern over skills fade due to lack of exposure to incidents and reduction in call outs, although this is also a national issue.

HWFRS provides a sound response service to the public and this is supported by the work to produce response plans for properties such as care/ nursing homes, which significantly improves the service offered to the community.

Areas to explore

- **Retained fire fighter availability**
- **Attendance Standards**

Retained staff availability, although providing excellent resilience in general terms, does have difficulties in providing day time availability in certain areas.

It has been noted that many rural retained stations are beginning to struggle to recruit new fire fighters and that some senior managers feel that increased flexibility may be required to ensure resilience going forward, i.e. identifying areas where a relaxation of the requirement to live/work within 5 minutes of the fire station would still provide a faster response to the public than deploying from elsewhere within the Service. Senior officers have also identified a need for a new approach to retained recruitment with more active work in local businesses and possible advertising to increase public awareness of the retained service, i.e. selling the limited time draw on staff to employers along with the skills that the employee will be able to offer once trained by the Fire and Rescue Service.

In addition the Service will need to ensure that staff understand why changes to crewing levels are being implemented to make necessary cuts to service provision. We are aware that this has already been explained to all staff but many of those interviewed were still to be convinced.

In Quarters 1 and 2 of the current year, the Service has seen a reduction in the number of attendances at building fires that met the self-set attendance standard, compared with last year. Although the performance levels currently being achieved are within the level of tolerance, the Service may wish to take the opportunity, offered by the development of its new CRMP, to explore the reasons behind this reduction. The Service has indicated that it may adopt revised standards in the future that will make improvement simpler to understand and implement.

9. Health and Safety

Strengths

- **There is a clear strategic management commitment and focus to the continuous improvement of Health & Safety**
- **Health & Safety culture is well embedded**

There is a clear strategic management commitment and focus to the continuous improvement of Health, Safety and Wellbeing. This has been demonstrated by recent organisational restructures which strengthen the links, between Health and Safety, Operational Policy, Operational Assurance, Fleet, Training and Human Resources.

Staff across the organisation are passionate, competent and enthusiastic about health and safety and have widely bought into the vision that Health

and Safety is an organisational responsibility at every level. This was reinforced throughout the visit and the team were impressed with the calibre and enthusiasm of the people they met and consider the culture of safety and safe systems to be well embedded.

HWFRS has recognised the significance and importance of the findings from the Health and Safety Executive (HSE) Consolidated Report based on the eight inspections completed in 2009/10. This has been instrumental in developing key drivers in improvement plan action and outcomes. This also considered a range of activities impacting in the areas of prevention, protection, performance and risk.

There is a strong training programme for IOSH and NEBOSH across the organisation which is reinforcing the strong commitment and focus on Health and Safety

There are sound systems of tasking improvements to systems, processes and policy from fire investigation, health and safety investigation and near misses through Share Point. There is a strong feedback loop and robust incident debriefing.

Areas to explore

- **Wellbeing – further benefits to be gained?**
- **Consider closer links with health and safety, risk and insurance to drive down personal injury claims**

Due to the current restructure there is the opportunity to review and refresh the current Health and Safety meetings (Liaison Panel) with regard to their terms of reference, communication, participation and consultation arrangements. This will ensure that there is a robust internal structure and process in place amongst all levels and functions of the organisation, and where relevant, external interested parties can participate. This will also provide a more robust Health and Safety corporate governance structure encompassing welfare and wellbeing.

Whilst there is a strong culture and link between Health and Safety, this is less developed in terms of Wellbeing, which is a relatively new concept. Further benefits could be gained by closer links with HR with regards to occupational health, sickness absence, psychological safety, sickness levels and fitness, to improve management information, trend data and processes regarding the “health of the organisation”.

To further support the strategic focus on fire fighter safety there is the opportunity to develop and establish a more robust audit and review programme to evaluate the Service's health and safety management systems. This will help develop and establish a targeted, budgeted audit plan to proactively and continuously improve performance.

The Service could consider the efficiencies, and increased capacity to be gained by developing a common template for policies, legislation review and safety flash notices between SFRS and HWFRS.

The Service would benefit from considering closer links between the Human Resources Department and the member of staff that deals with insurance claims in the Service which would continue to drive down the cost of personal injury claims through improved information on claims history and injury and illness statistics.

10. Training & Development

Strengths

- **A safe and competent workforce**
- **Training matches risk profiles**
- **Assessment and Development Centres**

The Service has a strategic focus on developing and maintaining a safe and competent workforce.

Clear recognition and ownership of the findings of the HSE Consolidated Report has been instrumental in developing key drivers in improvement and training action plans. A thorough review of training and development delivery resulted in a number of key themes and recommendations being managed on a risk assessed basis; some are completed and some are awaiting completion.

Training generally matches risk profiles for station grounds. This has improved especially at fire fighter level as local station area risk assessments have been improved. Individual competencies have been supported by the rollout of Red Kite Competency Training Records.

Capital investment in training and strategic training facilities is welcomed and a number of key stakeholders have been involved in the design which they value. The new facilities should significantly improve the delivery of realistic operational training across the Service.

Leadership Seminars are seen as one good and effective initiative among many, but to fully gauge the difference they make to organisational capability and development, management may wish to continue with the assessment of leadership competence, following the attendance at the Leadership Seminar, as already evidenced by good individual development plans.

There has been a recent improved focus on non-operational support staff training and development needs, which will enhance effective service delivery. Assessment and Development Centres balance a focus between operational and technical competence as well as personal qualities and attributes applicable to roles and responsibilities.

Areas to explore

- **Integrated ICT systems**
- **Balance between training and assessing competence**

Training Centre staff would welcome working collaboratively with SFRS trainers to cover peaks and troughs in capacity and offering joint quality assurance using peer reviewers.

Equal importance needs to be given to acquisition and maintenance of skills as well as assessing those competencies to achieve an appropriate balance of focus. This is particularly important as many RDS staff feel that the focus on assessment has taken a lot of emphasis away from attainment of skills through instructions at the Training Centre.

Integrating systems such as Red Kite, HR-Connect, Gartan and Health and Safety systems could improve management information. This should be considered in the light of the new ICT strategy which is being developed, and needs to be enforced by Senior Management Board.

The Service may wish to give consideration to develop online E-learning to support training delivery and access to training for RDS. This approach would need to be supported by an investment in better ICT facilities at stations for the full benefit of such a system to be realised.

Early involvement with and stronger links between procurement, and operational support would ensure training requirements are fed into training delivery appropriately.

In relation to the training and competence of Fire and Rescue Authority Members, Member Leads and Champions are already in place. Further organisational improvement, leadership and capability could be achieved by the development of a more focused and current Member Development Training Programme.

11. Call Management & Incident Support**Strengths**

- **Fire control staff are highly motivated, driven and engaged**
- **Strong desire for continuous improvement, which has resulted in numerous upgrades and add-ons to the original system**
- **The use of in-house trainers**

Fire control staff are highly motivated, driven and engaged, not only in day to day working, but also the implementation of the new command and control (C&C) system. This motivation has been demonstrated by a strong desire for continuous improvement, which has resulted in numerous upgrades and add-ons to the original system.

Fire control staff felt that the location of control at HQ was positive as support from all departments was “on the door step”.

Once fully embedded, significant benefits were identified from the new C&C system including faster response times, quick and easy identification of risk and a more robust and well evidenced call challenging capability. Indeed, operational staff identified many benefits of the new system and MDT including the handbook and GPS capability.

The use of in-house trainers was a sound idea and has resulted in well trained staff and in-depth understanding of the system and areas for improvements with trainers also offering resilience within the department.

There is a clear desire and capability for collaboration in this area with SFRS which could result in an improved service, resilience and cost savings moving forward.

Areas to explore

- **Operational staff have and continue to face significant problems with the Mobile Data Terminals (MDT)**

Operational staff have and continue to face significant problems with the MDTs. This has resulted in some lack of confidence in the system. These teething problems require careful contract management and resource support to resolve.

Operational staff, and especially retained staff, do not fully understand the new mobilising system and the excellent training within fire control was not as well replicated with operational staff. Indeed training was carried out well in advance of the introduction of the MDT system which reduced its effectiveness and the system was not “sold” to staff. Significant effort to get them back on side is now being delivered as the new system beds down.

12. Human Resources

Strengths

- **HR Business partnering appears to be on track**
- **Energised, professional and motivated team**
- **HR is now recognised as a key enabler**

The new HR team appears energised, professional and motivated which is a strong foundation on which to build for the future to support organisational change.

The HR team is excited about the potential of the function to add value to the organisation moving forward with the leadership and organisational support openly recognising that HR is a key enabler.

Specific HR officers being linked to each area of the organisation is being seen as positive by operational staff and corporate functions alike and a

number of operational staff expressed a wish for consideration for this model to be available outside core hours to support the RDS, even though current data shows that in the past this was not widely used.

Focus on recruitment as a specialist support function is welcomed and it is hoped that this will allow for improved timescales in RDS recruitment.

There is the opportunity to build on the strong foundations and knowledge which exists in HR by capitalising on the learning brought in from new staff from outside the organisation to improve organisational capability, capacity and best practice.

Areas to explore

- **Succession Planning**
- **Consider an appropriate model to support transactional tasks**
- **Further team building and strategy planning**

It is positive that the focus on succession planning, which needs to relate to all uniformed and non-uniformed staff, especially in the light of potential loss of skills through funding reductions is improving and would further benefit from a more integrated approach with Workforce Planning.

The organisation could consider support mechanisms for HR staff involved in the significant change affecting their own function and also supporting the wider organisational change programme.

The Service could consider an appropriate model to support transactional tasks within HR; this could include closer working with SFRS, bolstering up the administration function internally or by exploring the opportunity to outsource.

In a number of departments over the last few years there has been a significant turnover/change in staff which contributes to a lack of organisational stability and constant need to train, retrain and refresh skills. Recent restructures and refinement within portfolios provides a better balance to match expertise. This will further support the culture of improvement moving forward and hopefully bring a degree of welcomed stability to the organisation.

The future organisation

The first part of this report has focused on the areas HWFRS identified in their scope following their own OpA self-assessment. The remainder of this report focuses on the peer team's view of the wider challenges facing the Service in the future, particularly in relation to further collaboration and discusses the findings from the cultural barometer exercise undertaken with staff.

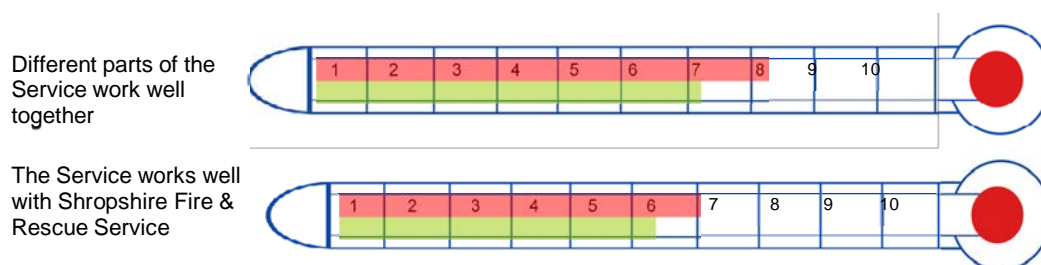
13. Collaboration

HWFRS has expressed a clear desire to explore opportunities to work more collaboratively with the Police, local partners and other Fire and Rescue Services, specifically Shropshire FRS. A number of specific collaborative arrangements already exist both formally and informally, with other Fire and Rescue Services and other organisations and these could be further developed.

The Service recognises that any more extensive collaboration on developing common policies or service delivery must be founded on a clear collective ambition from the collaborative partners and a clear understanding of what collaboration means. Collaboration can take place in many different forms from small-scale alignment of policies to enable a common approach to specific service issues, through to more extensive sharing of service functions.

The peer team identified a wide range of views on the issue of collaboration. Table 1, below, gives an overall feel for attitudes towards how well the Service not only works with SFRS, but also how well it works internally across different functions (this is based on feedback from 92 members of staff across the Service).

Table 1



The red bar shows the responses of strategic and tactical managers and the green bar that of operational staff. Perhaps as you might expect managers have a more positive approach to collaboration and points to the fact that there is some further work to be undertaken in order to fully explain the nature

of collaboration and the benefits to be derived. Nonetheless there was a strong recognition when the peer team discussed collaboration with the majority of operational staff that the future funding climate is likely to notably strengthen the case for greater collaboration and also a general understanding at the operational level that collaboration with other Services was practical and sensible.

However, further work is needed to translate this into practical collaborative working if desired.

At the strategic level, the Service might benefit from developing the existing Memorandum of Understanding with SFRS into a strategic alliance proposal/business case. This will include exploring opportunities for greater collaboration founded on improving the quality of services for local people within the counties.

The approach to developing a proposal for a Strategic Alliance will be important and it needs to include open and transparent discussion between political leaders and senior officers. The process should clearly outline the anticipated benefits from greater collaboration and how any resultant risks are to be managed. This should result in a clear roadmap for the future with buy-in from both the political and officer levels. In discussion with some Elected Members the peer challenge team identified that some Members were keen to explore opportunities for collaboration with their elected colleagues in Shropshire. This positive step could lead to an improved understanding between both Authorities about opportunities for increased resilience, improved performance and cost savings. As there is already a joint working group of officers from the two Services they could work with the Members to set out and suggest areas of potential collaboration for a joint Member group to mandate and move forward on the creation of a Strategic Alliance.

14. Collaboration quick wins

The peer team identified a number of short to medium terms 'quick wins' that would benefit both HWFRS and SFRS but it is recognised that they provide very limited financial savings.

- Sharing of hydrant information across border to Shropshire could be extended to the same distances as Risk Information (10 miles).
- Training instructors and facilities could be shared across HWFRS and SFRS to provide extra capacity in times of need.
- Opportunity to jointly review the ICT/Data Management strategy to facilitate closer collaboration in the future.
- Some informal collaboration is already taking place, such as SFRS providing some HR support to cover sickness, and this could be extended.

- Joint branding when policies are jointly reviewed and then published to get an incremental acceptance of joint branding.
- Further informal relationship building between managers at a tactical level could help to identify more opportunities for collaboration.
- Opportunities to strategically review cross border assets that could be shared or assets that duplicate provisions for efficiencies and economies of scale.
- Aligned recruitment and joint RDS training might shorten the time taken from initial interest to being on the run. However the imbalance in resources and costs between the two Services are acknowledged.
- Phase II control room linking together will negate the need for both Services' secondary control rooms.
- Future capital projects with West Mercia Police.

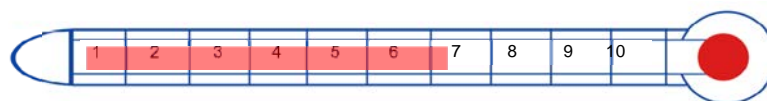
15. Culture

To assist the peer team's understanding of the organisation's culture, the team undertook an exercise with 92 officers and Members in the Service. This helped complement other evidence gathered by the team.

One of the strengths of the Service, as heard from a range of staff, is the increased professionalisation of the Service which was generally perceived as a positive. There is recognition that it is a forward looking organisation that has positioned itself well to deal with future challenges and the staff, as evidenced through the cultural barometer, by and large trusts senior officers to make decisions that will improve the Service.

Table 2

I trust senior officers to make decisions that will improve the Service



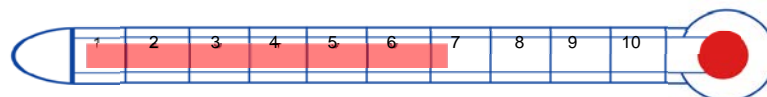
Communication is seen as very good and staff by and large feel that they understand where the Service is trying to go.

Table 3

I get to hear what is going on inside the Service



Issues are discussed with me, I'm not just told what to do



Conclusion and contact information

Throughout the peer challenge the team met with enthusiastic and committed officers. It is clear that Hereford & Worcester Fire and Rescue Service continues to make progress, despite the budget reductions it has already had to manage.

The peer team believe that by harnessing this enthusiasm and commitment HWFRS can embrace plans for the future, managing the risks and challenges along the way.

For more information regarding the Fire Peer Challenge please contact:

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www.local.gov.uk/peer-challenge

Thematic Areas of Collaboration

OpA Thematic Area	Expected Outcomes
Theme: Incident Command/Management Description: a collaborative review of Incident Command/Management arrangements leading to enhanced command resilience, competence, inter/intra-operability, debriefing, monitoring and peer audit.	Through collaboration, the outcome will result in seamless cross-border working, improved inter-agency command arrangements and increased officer capacity and resilience through mutual shared command/specialist officer functions.
Theme: Integrated Risk Management Planning Description: the development of a collaborative approach to IRMP necessary to address requirements of the FRS National Framework including the review/development of community focused Response, Protection and Prevention targets and standards.	Sharing knowledge, expertise and resource, the outcome will result in a common agreed approach to IRMP, seamless cross-border working, improved inter-agency command arrangements and increased officer capacity and resilience through mutual shared command/ specialist officer functions.
Theme: Training & Development Description: a coordinated collaborative approach to training and formal accreditation/peer review (where appropriate) to enhance service delivery in Incident Command, Cross-Border/Inter-Agency working, Technical Fire Safety and Health & Safety.	The delivery of a collaborative training policy and joint training (where appropriate), leading to uniformity of approach and service delivery efficiencies. The outcome will also include formal accreditation/peer review (where appropriate) to provide community assurance.
Theme: Data Management Description: the effective, efficient and secure use of data to aid resilience and reliability both at incidents and corporately. The actions required will also address policy, user training and data integration (software/hardware and data sharing between agencies).	The outcome will enable the seamless, secure and timely transmission of data on agreed standardised resilient software/hardware. This will aid inter/intra-operability and in particular operational intelligence between fire and rescue services and partner agencies.
Description: Improvements in the quality of data from CFRMIS, IRS and the Command and Control System, and the ability to 'join up' that to provide a holistic approach to all aspects of the Service.	Accurate and timely information that is available and accessible from all areas of the organisation and can be used to target the Service's resources at those most in need in the community.
Theme: Policy Alignment Description: a coordinated collaborative approach to generic service issues such as Health and Safety, Equality & Diversity (process and assessments), Risk Assessments, Personal Development Records and Service Policy Instructions (Protection).	As an outcome of partnership working and critical friend challenge, both Services will adopt recognised best practice and common operating procedures in a variety of policy areas where economies of scale and service improvements are identified.
Theme: Fire Control Description: Utilising the agreed ' <i>Memorandum of Understanding</i> ' arrangements, secure an efficient, effective, robust and resilient command and control infrastructure for the West Mercia area.	Working in partnership through the agreed 'MoU' project, both Services will share a single, resilient command and control infrastructure operated from two locations. The outcome will enable seamless despatch and management of resources anywhere within the 'West Mercia' area.

9. 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 2013/14.

Recommendation

The Chief Fire Officer recommends that the Hereford & Worcester Fire and Rescue Service Pay Policy Statement and supporting information are approved for publication on the Hereford & Worcester Fire and Rescue Service's website before 1 April 2013.

Background

2. The Fire and Rescue Authority 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 must 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. Pay policy statements must be prepared for each financial year, beginning with 2012/13. They must be approved by the Fire and Rescue 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 (for chief officers who are employees) or payment under a contract for services (for chief officers who are self-employed), 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), to their direct reports. 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.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are financial issues that require consideration	No	

Legal Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	Yes	Paragraphs 2,3,4,5

Additional Considerations

6. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

Appendix 1 – Pay Policy Statement
Appendix 2 – Pay Grades 2013/14
Appendix 3 – Other Main Pay Grades
Appendix 4 – Grades and Staff in Post

Contact Officer

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Hereford & Worcester Fire and Rescue Service

Pay Policy Statement

Introduction

Pay for all Hereford & Worcester Fire and Rescue Service (HWFRS) 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 and Rescue Authority locally and representative bodies nationally. Pay awards are considered annually for all staff.

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

Non Uniformed Support Staff

The HWFRS pay framework for non-operational support staff was implemented in 2003 in line with national guidance, with the grade for each role being determined by the national Greater London Provincial Council (LGPC) Job Evaluation scheme. 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 in 2012 for non-uniformed senior management board posts.

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 HWFRS pay framework for operational staff was 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/Chief Executive's pay is considered by the Fire and Rescue Authority. Account is taken of relevant available information, including the salaries of Chief Officers in other comparable Fire and Rescue Services nationally. To support the pay review, information may be provided on inflation, earnings growth and any significant considerations from elsewhere in the public sector. The last review of the Chief Fire Officer's pay was in September 2007.

The Authority has adopted the following pay levels for the Principal Officer team:

- Deputy Chief Fire Officer – 80% of CFO
- Assistant Chief Fire Officer – 75% of CFO
- Director of Finance and Assets – 80% of ACFO

The Treasurer is part of the Director of Finance and Assets' role for which an honorarium is paid and this is reviewed annually.

Latest National Pay Award

Annual pay awards 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 2009
- Non-uniformed support staff - April 2009
- Uniformed staff - July 2012

Appendix 2 details the remuneration relating to the above groups.

Appendix 2 Pay Grades 2013/14

Job	Remuneration	Pay Relationship to CFO	Salary Range	
			Min	Max
1. Head of Paid Service				
Chief Fire Officer / Chief Executive	£121,254	Set by Appointments Committee		
2. Statutory Chief Officer				
Treasurer (Part of Director of Finance and Assets role which includes a £3,000 honorarium for the additional responsibility of Treasurer)				
Monitoring Officer (Part of Head of Legal Services role)				
3. Non Statutory Chief Officer				
Deputy Chief Fire Officer (DCFO)	£97,003	0.80		
Assistant Chief Fire Officer (ACFO)	£90,940	0.75		
Director of Finance & Assets (excluding Treasurer role)	£72,752	0.60		
4. Deputy Chief Officer				
Area Commander Community Safety & Training	£71,234 *	0.59	£64,995	£71,234
Area Commander Operations	£71,234 *	0.59	£64,995	£71,234
Area Commander Operations Support	£71,234 *	0.59	£64,995	£71,234
Head of Legal Services	£53,256	0.44	£50,262	£53,256
Head of Assets	£50,262	0.41	£50,262	£53,256
Head of Corporate Services	£50,262	0.41	£50,262	£53,256
Head of Human Resources	£48,861 **	0.40	£45,195	£48,861
Finance Manager	£42,505	0.35	£41,616	£45,195
Executive Personal Assistant	£26,276	0.22	£24,626	£26,276
5. Lowest Paid Employees ***				
Uniformed				
Firefighter (Control)	£21,145	0.17	£20,301	£27,057
Non Uniformed				
Catering Assistant	£13,589	0.11	£12,489	£13,589
General Assistant	£13,589	0.11	£12,489	£13,589

Notes:

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

Includes an additional 8% enhancement to provide a higher level of fire cover responsibility

**** Pay protected**

***** The lowest paid workers are paid in accordance with their job evaluation score which matches across to Scale 1 of the Service's Pay and Grading structure which is the lowest grade**

All statutory and non statutory Chief Officers excluding Finance Manager, Executive PA, are provided with a motor vehicle for work purposes. Any private use is chargeable.

All statutory and non statutory Chief Officers excluding Executive PA are provided with a mobile phone 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
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Non Uniformed Pay Grades

PO7	£55,819	£59,237	0
PO6	£50,262	£53,256	3
PO5 (SMB))	£45,055	£47,906	2
PO5	£41,616	£45,195	3
PO4	£38,961	£41,616	1
PO3	£35,430	£38,042	0
PO2	£31,754	£34,549	2
PO1	£28,636	£30,851	12
SO2	£27,052	£28,636	5
SO1	£24,626	£26,276	13
Scale 6	£22,221	£23,708	25
Scale 5	£19,621	£21,519	14
Scale 4	£17,161	£19,126	10
Scale 3	£15,725	£16,830	38
Scale 2	£13,874	£15,444	4
Scale 1	£12,489	£13,589	3
			135

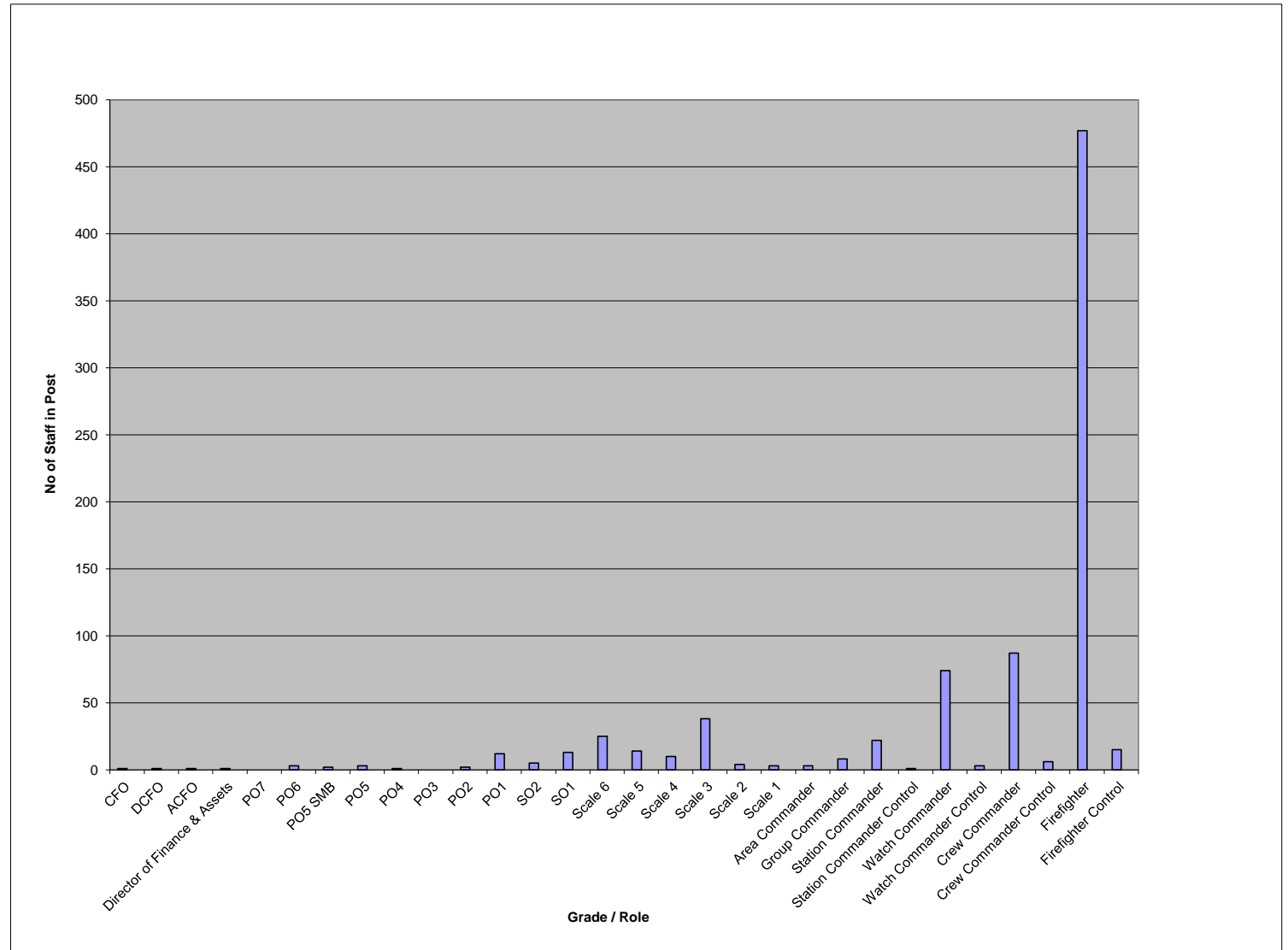
Uniformed Pay Grades *

			WT	RDS	Total
Area Commander	£49,659	£54,473	3		3
Group Commander	£42,300	£46,892	8		8
Station Commander	£36,729	£40,510	22		22
Station Commander Control	£34,893	£38,485	1		1
Watch Commander	£32,259	£35,311	54	20	74
Watch Commander Control	£30,646	£33,545	3		3
Crew Commander	£30,271	£31,576	32	55	87
Crew Commander Control	£28,757	£29,997	6		6
Firefighter	£21,369	£28,481	177	300	477
Firefighter Control	£20,301	£27,057	15		15
			321	375	696

* Pay based on wholtime equivalents. Includes retained duty staff

Appendix 4 - Grades and Staff in Post

CFO	1
DCFO	1
ACFO	1
Director of Finance & Assets	1
PO7	0
PO6	3
PO5 SMB	2
PO5	3
PO4	1
PO3	0
PO2	2
PO1	12
SO2	5
SO1	13
Scale 6	25
Scale 5	14
Scale 4	10
Scale 3	38
Scale 2	4
Scale 1	3
Area Commander	3
Group Commander	8
Station Commander	22
Station Commander Control	1
Watch Commander	74
Watch Commander Control	3
Crew Commander	87
Crew Commander Control	6
Firefighter	477
Firefighter Control	15



10. Committee Structure

Purpose of report

1. To seek approval to the principle of implementing a new constitution defining the role of the Authority, delegating greater responsibility to committees and merging the Audit Committee and the Standards Committee.
-

Recommendations

The Audit Committee recommends that approval be given, to the adoption of a new constitution:

- (i) defining the matters of strategic importance that are reserved for decision by the full Authority;*
- (ii) delegating other matters within the remit of individual committees to those committees for decision; and*
- (iii) combining the present Audit Committee and Standards Committee into a single Audit & Standards Committee.*

Introduction and Background

The Head of Legal Services has identified two initial areas where improvements can be made, as follows:

- (a) avoiding unnecessary duplication between the work of committees and meetings of the full Authority; and
- (b) dispensing with a separate Standards Committee and combining this role with of Audit Committee instead.

Avoiding duplication

2. Certain matters of strategic or key policy decision making should be reserved to the full Authority for decision, usually on the advice of one of the committees. This would include:
 - approval of the annual budget;
 - setting the precept (this cannot be delegated);
 - approval of the Community Risk Management Plan
 - approval of any fire cover review;
 - adoption of policies and strategies but only where these are of strategic importance;

- amendments to the terms of reference of committees and changes to the constitution; and
 - confirmation of the appointment of Chief Fire Officer, Deputy Chief Fire Officer, Treasurer and Monitoring Officer.
3. Matters not reserved to the full Authority and which currently fall within the remit of one of the Authority's committees could properly be delegated to those committees for decision, without the need for those items to also be considered by the full Authority. The benefits of this approach are that it would:
- speed up decision making;
 - avoid unnecessary duplication; and
 - enable the full Authority meetings to concentrate on matters of strategic importance.

Potential to Merge Audit Committee and Standards Committee

4. The introduction of the Local Government Act 2000, required the Authority to appoint a Standards Committee to promote and maintain high standards of conduct and ethical governance by Members and co-opted Members of the Authority.
5. Under the Localism Act 2011, the Authority still has the duty to promote and maintain standards but there is no longer a requirement to have a separate Standards Committee. Nor is there any longer a requirement to have independent members on a Standards Committee, but they can be co-opted as non-voting members. Co-opted members cannot be the Chairman or Vice-Chairman of a Standards Committee.
6. At its meeting on 19 July 2012 the Authority re-established a Standards Committee on a politically proportionate basis, comprising five Authority Members with two seats for co-opted non-councillors without voting rights. This was seen as being best practice at the time but it was also partly done out of expediency.
7. In the light of experience since July, it is now evident that:
- the changes introduced by the Localism Act have reduced the workload for Standards Committees;
 - there is insufficient business for Standards Committee to warrant a stand alone committee; and
 - there is already some cross-over with regards to the business that is considered, for example:
 - ensuring compliance with relevant codes of conduct;
 - ethical issues such as Whistleblowing Policy, Anti-Fraud and Corruption Policy, ethical framework;
 - the Code of Corporate Governance;
 - training and awareness of governance issues; and

- external audit reports.
8. The new committee would have the responsibility for promoting standards of behaviour amongst members and overseeing training in this regard, functions that sit comfortably with the present remit of Audit Committee. Any complaints of breaches of the code of conduct would be considered by a Hearings Sub-Committee. It is proposed that the new committee would not include independent non-voting members on the committee itself but that independent members would be co-opted to sit on the Hearings Sub-Committee if and when it needed to meet.
 9. The proposed combination of Audit and Standards Committees would produce some savings in resources, Member and Officer time and would result in a reduction in the number of Committee Chairmen, thereby removing the need for one Special Responsibility Allowance. The estimated total saving in a full year would be approximately £2,000.
 10. Any such changes to would be introduced with effect from the next annual meeting in June 2013.

Conclusion/Summary

11. The changes proposed would improve the Authority's decision making processes by focussing on the strategic role of the Authority, avoiding unnecessary duplication, reducing the overall number of meetings and generating a modest saving.
12. If Members agree the proposed changes in principle the intention would be to present an amended draft constitution to committee for approval in April with a view to this then being adopted and implemented at the Fire Authority Annual Meeting in June.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are financial issues that require consideration	Yes	Paragraph 11 – potential savings

Legal Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	Yes	Paragraph 7 – the Authority has a duty to promote and maintain high standards of conduct amongst members

Additional Considerations

15. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

Background Information

- Audit Committee Terms of Reference
- Standards Committee Terms of Reference
- Fire and Rescue Authority agenda papers – 19 July 2012
- Audit Committees – Practical Guidance for Local Authorities (CIPFA, 2005)

Contact Officer

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11. Member Learning and Development Strategy

Purpose of report

1. To seek the Authority's approval of the Member Learning and Development Strategy.
-

Recommendations

The Policy and Resources Committee recommend to the Fire and Rescue Authority:

(i) That the draft Members' Learning and Development Strategy be approved;

and

(ii) Any further views be put forward to the Member Development Working Group.

Introduction and Background

2. The Code of Corporate Governance requires that arrangements are put in place to ensure that the capability and capacity of Members is developed to enable them to carry out their roles effectively.
3. A programme of development and support is led by Committee and Members' Services. The programme includes an annual training programme that aims to ensure Members are properly trained to carry out their roles as Members of the Fire and Rescue Authority.
4. As is good practice, the previous Clerk adopted a Member-led approach, by setting up a Member Development Working Group, comprising of Authority representatives from each political group. Each annual programme is reviewed by gathering feedback from Members on both individual sessions and the annual programme as a whole. The terms of reference is attached at Appendix 2.
5. Members are surveyed as to their training needs for the forthcoming year and requests are built into the programme where appropriate. Feedback is also sought from Officers involved in facilitating sessions and analysis discussed by the Member Development Group.
6. The Development Programme comprises an annual Induction for new Members, which includes the legislative framework for Fire and Rescue Services and an initial session on the Members' Code of Conduct. The

Induction is also a useful refresher for existing Members to keep updated with changes in the Service.

7. The Programme provides a range of seminars on core issues to which all Members are invited. It aims to provide opportunities for Members to improve their knowledge and skills in relation to their role as key decision-makers and links in with key objectives as set out in the Authority Plan.
8. In addition to the core programme there have been sessions for Members with specific roles e.g. Audit Committee Members. Opportunities are provided for all Members to remain up to date with operational developments in service delivery through equipment demonstrations, station open days and to be kept apprised of issues as they arise through briefings and the Members' Bulletin.
9. The annual programme aims to be Fire Authority specific and complimentary to the programmes provided to Members by their constituent authorities.

Supporting and Developing Members

10. Although work is undertaken to provide Members with development opportunities on an annual basis, there is a lack of a longer term strategic vision for Members' learning and development. Other Fire and Rescue Authorities such as West Midlands, Cheshire and Merseyside have Member Development Strategies in place and it is recommended that prior to the local elections in May 2013 the Authority should adopt a Member Learning and Development Strategy to ensure that:
 - there is a commitment from the political and managerial leaders to drive Member development forwards;
 - Member development is aligned to the longer term needs of the organisation e.g. Medium Term Financial Plan, Community Risk Management Plan;
 - resources are secured to ensure opportunities are available to Members; and
 - the expectations the Authority has of its Members are clearly set out.
11. The theme for the 2012/13 Member Development Programme is Operational Response and Training and has incorporated Members' requests to learn more about the role of firefighters, firefighter training and equipment. It would be useful to identify further themes for Members' Training over the next three years.
12. Potential themes could be highlighted by identifying any complex and challenging decisions that Members will have to make over the next three years and how they can be supported and prepared in their role as decision makers.
13. The Member Learning and Development Strategy identifies that key competencies should be set out for Members, including those areas that may be compulsory for specific roles. For example, Ethical Framework sessions could

be made compulsory for key Members such as Group Leaders and Committee Chairs. This would, of course, need the backing of Group Leaders but would demonstrate that those Members in receipt of a Special Responsibility Allowance have specialised knowledge.

Conclusion/Summary

14. This report proposes a three year strategy for Members' Learning and Development and recommends a draft for approval. The draft has been shared with the Member Development Champions and the Chairman of the Authority, prior to consideration by the Policy and Resources Committee on 23 January 2013, with final approval being sought at the FRA meeting on 13 February 2013.
15. The next stage will then be to involve the Member Development Group in developing a programme of learning and development opportunities for Members for the period 2013-2014 for approval by the Audit Committee at its meeting on 17 April 2013. The programme will then be implemented from June 2013.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are financial issues that require consideration	Yes	Paragraph 12

Legal Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	Paragraph 9

Additional Considerations

16. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e. paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	Yes	Paragraph 9
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	Yes	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

Appendix 1 – draft Member Learning and Development Strategy 2013-16

Appendix 2 – Member Development Group Terms of Reference

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Member Development Strategy 2013-2016

1. Introduction

The purpose of this Strategy is to ensure that Authority Members, Officers and staff are aware of the approach to the development of Members, why it is important and the roles they play in making this happen. This document brings together the aims of Member Development and the medium term priorities of the Authority. It also details how Members will be supported to fulfil their roles and contribute to the quality of our services.

2. Authority Priorities

The Member Development Strategy strives to contribute to the delivery of the Authority's Core Purpose, which is to 'provide our communities with sustainable, high quality firefighting, rescue and preventative services'.

This will be achieved by linking Member Development with the following foundations on which our core purpose is built:

- Fleet & Equipment: we will provide and maintain the right fleet, tools and equipment to ensure our staff can do their jobs effectively
- People: we will ensure we have the right people, with the right skills and training to carry out the right job at the right time
- Building & Infrastructure: we will provide appropriate premises in the right locations that enable our staff to carry out their roles effectively
- Resourcing for the Future: we will ensure that our actions now will secure our long term future
- Services: we will deliver targeted and quality services with the resources available to us
- Fire & Rescue Authority: we will engage with FRA Members in strategic matters affecting the Service

3. Member Development Aims & Objectives

The Member Development Strategy has the following 3 key aims:

- i) to maintain effective leadership of the Authority through on-going and continuous Member development;
- ii) to provide Members with the support, knowledge, skills and information necessary to enable them to effectively carry out their role, as set out below:

- to ensure that the Fire Authority provides an efficient and effective Fire and Rescue Service, taking into account the needs of all sections of the community;
 - to contribute actively to the formation and scrutiny of the Fire Authority's decisions, policies, priorities, plans, targets, budget and service delivery;
 - to ensure that the Fire Authority delivers value for money; and
 - to ensure that the Fire Authority is an equal opportunity employer that focuses on the safety of employees, and considers the needs of all sections of the community.
- iii) To ensure Members are made aware and kept up to date with developments impacting on the organisation through seminars, workshops and bulletins.

These aims will be realised through ensuring that:

- member Development Champions are appointed by the Authority;
- key competencies are identified for Authority Members;
- access to training and development activities is guided by the Authority's Ethical Framework and Equality Scheme;
- this strategy derives from and contributes to the Authority's strategic objectives;
- training activities are provided in response to identified organisational, individual and statutory needs; and
- development opportunities provided by constituent authorities are incorporated in to the development programme developed by the Authority.

4. Member Development Policy

Member Induction

All newly appointed Members should attend the Induction session which will cover the basic areas of knowledge necessary, such as the key roles and responsibilities of Authority Members, the legislative framework for the fire and rescue services and the financial context. Members will be provided with training on the Code of Conduct by their constituent authorities and attendance at these sessions will be monitored.

The Induction session will be open to existing members whose experience will prove invaluable to new Members.

Member Development Programme

All Authority Members will be provided with the opportunity to put forward their training needs which will be fed in to the Member Development Programme. The programme will be compiled by the Committee & Members' Service Team, in conjunction with the Member Development Working Group, Group Leaders and the Senior Management Board. The Programme will be approved by the Audit Committee.

The programme will include core sessions for all Members, with a key theme being identified for each year. In addition, essential training for Members will be provided on the role and function of their respective Committees. Opportunities for all Members to remain up to date with developments in service delivery will also be provided.

The Programme for Authority Members will be Fire and Rescue specific and will be developed with the constituent authorities to prevent unnecessary duplication.

Opportunities to provide joint training events with other Authorities will be explored where possible.

Support

The majority of seminars and briefings will be delivered in-house. Officers with specific knowledge in key areas will be expected to provide sessions and/or demonstrations for Members. The Committee and Members' Services team will provide information and support to Officers holding briefings and delivering training seminars.

Committee & Members' Services will also:

- support the Member Development Working Group and Member Development Champions;
- consult with Members and officers to identify key competencies for Members;
- identify learning opportunities for Members;
- co-ordinate the Member Development programme;
- liaise with constituent authorities to ensure development opportunities are complimentary; and
- analyse feedback from Members.

Review

The Member Development Programme will be evaluated annually by the Member Development Working Group through assessment of areas such as Member feedback, attendance levels and feedback from training facilitators, Group Leaders and SMB.

The Member Development Working Group (MDWG)

Composition

The MDWG to comprise the Corporate Support Manager and 5 Members, (nominated by Group Leaders) who will champion the importance of member development within their respective groups and within the Authority generally.

The Clerk, the ACFO Service Support, Head of Corporate Services and the Treasurer will be invited to attend any Meetings of the MDWG.

Purpose

The Member Development Working Group is an informal forum where Members and officers:

1. Aim to make the Member Development Programme meaningful and appropriate to the role of each Authority Member.
2. Ensure that the Member Development Programme contributes to the Authority achieving its core values, priorities and objectives more effectively and efficiently.
3. Design and plan the Member Training Programme and present the Programme for approval by the Audit Committee.

Terms of Reference

- To assist in the development and continuous review of the Member Development Programme.
- To survey the learning and development needs for Authority Members that will assist them in carrying out their roles, duties and responsibilities on the Fire and Rescue Authority.
- To make recommendations on the provision of the Member Development Programme, i.e. – Internal/external providers, time and locations, demonstrations, etc.
- To prioritise and review training and development needs within agreed resources.
- To keep the Audit Committee informed of its proceedings.

12. Report from Policy and Resources Committee

Purpose of report

1. To inform the Authority of the proceedings of the Policy and Resources Committee Meeting held on 23 January 2013.
-

Recommendation

The Policy and Resources Committee recommends that the Authority note the proceedings of the Committee meeting held on 23 January 2013.

Budget 2013/14 and Review of Medium Term Financial Plan (MTFP)

2. A report was considered that reviewed the current position in relation to budgets for 2013/14 and beyond and asked the Committee to make recommendations to the Fire and Rescue Authority.
3. A substantive report which makes recommendations to the Authority is included at agenda item number 7.

Development of Crewing Changes to Bromsgrove and Reduction in Watch Levels across the Service

4. A report was considered that informed the Policy and Resources Committee of progress towards the implementation of the changes to crewing and staffing at Bromsgrove Fire Station, aligned to the 2011/12 Integrated Risk Management Plan (IRMP) Recommendation 4.
5. The Chief Fire Officer commented that the changes to crewing at Bromsgrove and the reduction in watch levels had been agreed by the Authority on 7 June 2012. At that meeting it had been agreed to give an update on these two initiatives.
6. Members were advised that 11 out of the 18 posts identified to achieve watch reductions across the Service had been removed from the wholetime establishment. The remaining posts would be removed through natural loss within 2013.
7. With regard to the Day Crewing Plus (DCP) initiative a working group was established from whole time staff in Bromsgrove, management representatives, the Fire Brigades Union, retained staff and representatives from various departments.
8. The Working Group mainly considered accommodation, facilities and the level of remuneration for those working DCP. Staff would be required to perform 148

twelve hour day shifts per person per year to achieve their annual contracted hours with the Service offering a 25% pensionable allowance for working an additional on call element requiring approximately 133 twelve hour night shifts per firefighter. During night shifts staff would be on call only and could undertake personal activities during this time in the vicinity of the station and would be provided with appropriate rest and leisure facilities during this period. Furthermore it would be necessary for DCP staff to voluntarily opt out of the Working Time Directive based on the number of hours they average at work.

9. All existing staff at Bromsgrove had been consulted and it was anticipated that the new DCP crewing system would go live in spring 2014. Existing staff at Bromsgrove would be given the first opportunity to volunteer for DCP. Those staff not wishing to undertake DCP would be transferred to other alternative work locations but it could not be guaranteed that these would be their preferential alternative work location.
10. The DCP initiative and the watch reductions will ultimately realise anticipated revenue savings of circa £1m annually subject to the anticipated leavers and retirements within 2014.
11. The Policy and Resources Committee noted the content of the report.

Member Learning and Development Strategy

12. A report was considered that sought the views of the Policy and Resources Committee with regard to a 3 year strategy to drive forward the learning and development of Members.
13. A substantive report which makes recommendations to the Authority is included at agenda item number 11.

Joint Consultative Committee Update

14. A report was considered that informed the Policy and Resources Committee of the activities of the Joint Consultative Committee (JCC) since November 2012.
15. Members were advised of the items still under discussion and those items which had been closed.
16. At the JCC's next meeting the Authority's budget would be discussed and discussions would take place on the Medium Term Financial Plan. It was noted that so far dialogue on this matter had been very positive.
17. The Policy and Resources Committee noted the contents of the report.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are financial issues that require consideration	Yes	2 - 9

Legal Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	4 - 9

Additional Considerations

18. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	4 - 9
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	4 - 9
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

Background papers – Agenda and Papers, Audit Committee, 16 January 2013.

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13. Report from Audit Committee

Purpose of report

1. To inform the Authority of the proceedings of the Audit Committee Meeting held on 16 January 2013.
-

Recommendation

The Audit Committee recommends that the Authority note the proceedings of the Committee meeting held on 16 January 2013.

Internal Audit Monitoring Report 2012/13

2. The Audit Committee received an interim update on the 2012/13 plan delivery and received a report on progress on the finalisation of the 2011/12 audit reports.
3. It was noted that good progress had been made with regard to the 2012/13 Audit Plan. Members were advised that one report had been outstanding from the 2011/12 audit regarding payroll and pensions. This was due to the changing environment and the impact that additional responsibilities would have. The report would be finalised shortly.
4. The Committee noted the contents of the report.

Annual Audit Letter 2011/12

5. A report was considered that presented the Annual Audit Letter 2011/12 from the Audit Commission.
6. The Annual Audit letter summarised the findings from the 2011/12 audit.
7. The District Auditor had issued an unqualified opinion on the Authority's financial statements. The statements were considered to be true and fair and presented without material misstatement.
8. With regard to Value for Money, the District Auditor had issued an unqualified Value for Money Conclusion and no matters had been identified which led him to believe that the Authority did not have proper arrangements in place for securing economy, efficiency and effectiveness.
9. The Audit Committee noted the Annual Audit Letter 2011/12 from the Audit Commission.

External Audit Fee Letter

10. The Audit Committee received a report which gave details of the External Audit fee for the Authority together with the scope and the timing of work to be undertaken.
11. Members were advised that the Authority's fee for 2012/13 would be £43,829 which was a reduction of 40% on the fee that the Authority had paid in 2011/12. The reduction in the fee had been as a result of the Commission's unique bulk purchasing power together with savings achieved through the Commission's own internal efficiencies.
12. The Audit Committee noted the contents of the report.

Risk Management Strategy and Strategic Risk Register

13. A report was considered that informed members of changes to the revised Risk Management Strategy Service Policy Instruction (SPI).
14. Members were advised that the Service's methodology for the management of and assessment of risks had been revised and a new Risk Management Guide had been produced. A new risk matrix was now being used to bring the Service in line with the Local Resilience Forum.
15. A review of the Strategic Risk Register was being undertaken and the Strategic Risk Register using the new methodology will be published and presented to the Audit Committee in April 2013.
16. The Audit Committee approved the change in procedure in the Risk Management Strategy SPI.

Committee Structure

17. The Audit Committee received a report which sought approval to the principle of implementing a new constitution defining the role of the Authority, delegating greater responsibility to committees and merging the Audit Committee and the Standards Committee.
18. A substantive report on this item is included at agenda item number 10.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are financial issues that require consideration	Yes	Whole report

Legal Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	

Additional Considerations

19. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	Yes	13 - 16
Consultation with Representative Bodies	No	

Supporting Information

Background papers – Agenda and Papers, Audit Committee, 16 January 2013.

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