



WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Monday, 18 February 2019 at 11:00

**FIRE SERVICE HEADQUARTERS,
99 VAUXHALL ROAD,
BIRMINGHAM, B7 4HW**

Distribution of Councillors	
<u>Birmingham</u>	D Barrie Z Iqbal K Jenkins S Spence
<u>Coventry</u>	C Miks S Walsh
<u>Dudley</u>	A Aston N Barlow
<u>Sandwell</u>	J Edwards C Tranter
<u>Solihull</u>	P Hogarth
<u>Walsall</u>	S Craddock A Young
<u>Wolverhampton</u>	G Brackenridge J Dehar
<u>Police & Crime Commissioner</u>	D Jamieson
<u>Co-opted Members</u>	Professor S Brake S Middleton

Car Parking will be available for Members at Fire Service Headquarters.

Accommodation has been arranged from 10.00 am for meetings of the various Political Groups.

Fire Authority

You are summoned to attend the meeting of Fire Authority to be held on
Monday, 18 February 2019 at 11:00

at Fire Service HQ, 99 Vauxhall Road, Nechells, Birmingham B7 4HW

for the purpose of transacting the following business:

Agenda – Public Session

- 1 To receive apologies for absence (if any)
- 2 Chair's announcements
- 3 Declarations of interests in contracts or other matters
- 4 Minutes of the Fire Authority held on 19 November 2018 7 - 16
- 5 Investment in Support Services 17 - 24
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17	<u>Minutes of the Audit and Risk Committee held 12 November 2018</u>	213 - 222
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19	<u>Minutes of the Scrutiny Committee held on 14 November 2018</u>	227 - 238
20	<u>Notes of the Policy Planning Forum held on 10 December 2019</u>	239 - 246
21	<u>Minutes of the Governance and Transformation Committee held on 10 December 2018</u>	247 - 248
22	<u>Minutes of the Audit and Risk Committee held on 14 January 2019</u>	249 - 254
23	<u>Exclusion of the public and press</u> Chair to move:- <i>"That the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 for the reasons stated below."</i>	

Agenda (not open to public and press)

24 Planned Procurement Exercise for 2019-2020.

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

Agenda prepared by Julie Connor

Strategic Hub, West Midlands Fire Service

Tel: 0121 380 6906

Email: julie.connor@wmfs.net

This agenda and supporting documents are also available electronically on the West Midlands Fire Service website at:- www.wmfs.net

Clerk Name: Karen Gowreesunker

Clerk Telephone: 0121 380 6678

Clerk Email: Karen.Gowreesunker@wmfs.net

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 4

**19 November 2018 at 1100 hours at
Fire Service Headquarters, Vauxhall Road, Birmingham**

Present: Councillor John Edwards (Chair)
Councillor Zafar Iqbal (Vice Chair)
Councillors Aston, Barrie, Barlow, Brackenridge,
Craddock, Dehar, Jenkins, Miks, Spence, Walsh,
Young

Mr M Ager, Independent Member
Professor Simon Brake – Co-opted Member

86/18 **Apologies for Absence**

Councillors Hogarth and Tranter, Sarah Middleton

87/18 **Declarations of Interest**

Councillor Brackenridge declared an interest in items 5, 6, and 7 of the Agenda. The Chair declared an interest in the same items and stated they were personal and non-pecuniary.

88/18 **Chief Fire Officer's Announcements**

The Chief Fire Officer (CFO) said it had been a busy period for the Brigade and Officers were working on the strategy options to be presented to the Authority at its February 2019 meeting.

The Authority were informed that Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) would be visiting three times over the forthcoming months.

3 December 2018 – Discovery Week
17 January 2019 – Strategic Briefing
28 January 2019 – Two Week Inspection

The Inspection would focus on the Service but Inspectors would wish to meet with the Chair of the Authority also.

The CFO informed the Authority that West Midlands Fire Service (WMFS) had reached 2nd place in this year's Inclusive Top 50 Employers list announced at the Inclusive Companies Awards.

Three years ago the Service had been 31st and then 29th on the list and had now achieved 2nd place to Touchstone who are a BME organisation. This year, WMFS ranks above organisations such as Sky and HSBC. The league table shows the most inclusive employers along with best practice across all strands of diversity including age, disability, gender, LGBT, race, faith and religion.

The award is a reflection of the work that the Service is undertaking in areas of equality and protected characteristics. Tyne and Wear Fire and Rescue Service had achieved 10th place and the WMFS were the highest ranking Fire and Rescue Service.

Members were informed that the Rewards and Recognition Awards evening had been ~~was~~ scheduled to take place on 29 November 2018 and the Annual Carol Service would be taking place on Sunday 9 December 2018.

The Chair congratulated everyone on the great achievement and thanked everyone for their work in respect of recruitment and retention and the numbers of female and BME groups were positive.

The Chair welcomed Councillor Walsh back to the Authority following his illness and Item 7 regarding an extension to the time to be away from the Authority would now be withdrawn from the Agenda.

Councillor Craddock congratulated the Chief Fire Officer on the Pride of Britain Award achieved. He considered that the Award showed the Service in an excellent light and the officers had been excellent on the television programme.

On behalf of the Authority the Chair thanked and congratulated the crew from Highgate who had won the award.

89/18 **Minutes of the Fire Authority held on 17 September 2018**

Resolved that the Minutes of the Authority held on the 17 September 2018, be confirmed as a correct record.

90/18 **Revising the Strategy 2019-2022**

The Authority noted the context of the need to revise the Authority's strategy, including the financial considerations, the need for investment in the Protection function and Support Services and the need to consider Service changes in order to deliver the Authority's 2019 -2022 strategy and budget.

This was the second report the Authority had received on the Options to be considered to meet the £3m deficit in the Financial Efficiency Plan, combined with the need for investment in the Protection function and other Support Services. Clarity and consistency had been maintained with the five options presented to the Authority on the 17 September 2018:

- Staff/resource availability
- Resource configuration
- Shift arrangements (risk based crewing)
- On-call firefighters
- Management Review

The Authority received further information to ensure that all dependencies were considered. They had been developed together and presented as an Appendix for illustrative purposes. A full Equality Impact Assessment would be required together with Trade Union consultation and staff engagement. This was generally positive and on-going.

A final report would be presented on the Options to the Authority meeting scheduled to take place on Monday 18 February 2019.

Members had received a full briefing on the Options at the Policy Planning Forum and were familiar with the action required to address the £3m deficit in the Financial Efficiency Plan, created by the decision to revise the approved Fire Authority Strategy.

The Chair stated that there was a clear expectation from the Auditors to set a balanced budget. However, the Finance Settlement would not be announced until December 2018. This would be the fourth year of this CSR period. Council Tax details for 2019/20 were also unknown and recommended that no hard decisions be made until February 2019.

In respect of the Options, the Chair would want to see one Pump Rescue Ladder (PRL) on every fire station and maintain 5 riders on first PRLs, but recognised the need for flexibility around 2nd PRLs.

All other options should be left for consideration, but further information was requested on On-Call Firefighters, shift patterns and self-rostering.

Further discussions and negotiation would need to take place on the savings that could be made and the consequences of any changes.

The Review of SET and FDS as part of the Management Review and departmental assessment and restructure was noted and the need for additional resources in Operations, Information and Communications Technology, Education and Learning and HM Inspection etc, would be considered in February 2019 when the budget was set.

The Opposition Group generally supported the report, however, as the political landscape had changed and there had been no significant changes since the last time on-call had previously been supported, it was suggested that this option was unlikely and should be taken off the table to allow more discussion on the other elements.

The Chief Fire Officer confirmed that this had previously been explored however on-call firefighters would not be suitable to meet the 5 minute risk based attendance time. The Service was performing positively in the 2, 3 and 4 categories.

However, if the option was to have nothing or an on-call or retained service for category 2, 3 and 4 incidents, this would be brought out in the options report in February. On call would not be desirable for category 1 incidents.

One Member supported the process of moves in preference to station closures and wholeheartedly agreed with a PRL on every fire station and with the suggestion of 5 Riders on PRLS and 2nd Pumps having 4 Riders and BRVs with 3 Riders.

It was acknowledged by Members however that they didn't want to tie the Chief's hands too closely and wished to see what was brought back to the February 2019 meeting.

Another Member noted the resource configuration and noted the suggestions for the reduction in riders on the 2nd Pump at Coventry, Highgate and Walsall. It would be the expectation that there would be no less than 5 riders on the 1st Pump Rescue Ladder and this would be an expectation of the public and a priority for the Service.

The Authority supported the suggestions put forward by the Chair.

The Authority looked forward to receiving the detailed report in February for budget setting.

91/18 **Investment in Protection Resources**

The Authority noted the impact of the reduction in Protection resources because of the core funding reductions and the need for further financial investment.

The Authority noted the potential impacts to the efficient and effective delivery of the Authority's statutory fire safety responsibilities because of the external environment.

The report highlighted the impact of continued resource reductions within the Protection function, as a result of core funding reduction to meet the challenges of the comprehensive spending review. There were increased demands on resources due to the internal and external environment and the need for investment to enable the Authority to continue to effectively discharge its statutory responsibilities in relation to fire safety. The need for investment in Protection resources had been brought to the Member's attention as part of the Strategy Options 2019 – 2022 report to the Authority on the 17 September 2018.

Staffing levels within the Protection function had seen a 41% reduction in the number of Fire Safety Officers from 105 in 2002 to the current establishment of 60.

A requirement of the National Framework for Fire and Rescue Services is to consider all risks in their areas and provide the resources and strategy to manage and reduce those risks and protect the public from risk. Fire and Rescue Services should ensure Protection has enough capacity through suitably qualified Fire Safety Officer to effectively implement Integrated Risk Management Plans (IRMPS), risk-based inspection programmes and discharge their statutory fire safety duties in relation to:

- Inspections and audits
- Prohibition and enforcement action
- Consultations
- Carry out additional activities as result of an independent review

Protection continues to experience increasing demands for its resources to effectively reduce risk, ensure public safety and provide public reassurance due to the external environment. Forecasting future demand due to recent changes in legislation and outcomes of the Grenfell Tower incident will further increase the demands placed upon existing resources.

In response to a question from the Co-Opted Member about recovering costs from other authorities for the service being provided.

ACO Taylor stated that the Authority has a Statutory Duty under the Regulatory Reform Order, but can only provide advice to Partner organisations and cannot charge as this would cause a conflict of interest. The responsibility for Building Regulations Applications sits with Local Authorities, but the Fire Service are a statutory consultee and any response is critical for fire safety.

The Authority had previously attempted to have a Trading Company to provide Fire Engineering advice, however, this had not been successful and the company was now dormant.

Resolved that further investment in Protection resources to enable the Authority to maintain effective discharge of statutory fire Safety responsibilities be approved.

92/18 **Extension to Six Month Attendance**

This item was withdrawn.

93/18 **Monitoring of Finances**

The Authority noted the Monitoring of Finances. As part of the Authority's 2018/19 budget setting process the current year's budget reflects an estimated transfer from general balances of £1.5m.

Appendix A showed the current position of the Revenue Budget with an overall minor favourable variance of £14,000.

The Treasurer referred members to the Corporate Budgets and, in particular, the most significant variances related to the Corporate Business Development budget, where there was an adverse variance of £403,000 and the Corporate Finance and Resources Budget where there was a favourable variance of £251,000, arising from a successful rates rebate appeal for the Headquarters and Safeside buildings.

Appendix B of the report set out the position in respect of the Firefighters' Pension Scheme and this was broadly in line with the full year estimate.

The capital scheme analysis shown at Appendix C indicated the Capital Programme forecast was £13.145m for 2018/19. Expenditure at the end of October was shown as £6.016m.

The main forecast variance within the capital programme related to:

- Aston Fire Station, where there had been a delay to construction to enable the re-siting of communication lines with a variance of £540,000
- Vehicle Replacement Programme, where there had been a delayed purchase of ancilliary vehicles (command support vehicle, Detection Identification and Monitoring vehicle and Welfare Pod) with a variance of £640,000.

The Treasurer highlighted that of the £13.145m forecast capital expenditure in 2018/19, £12.4m would be funded from earmarked reserves.

The Chair informed the Authority that the new Station in Coventry was nearing completion and crews were due to move back into the station in December 2018. Members were invited to look around the new facility.

The Chief Fire Officer confirmed that the building of Coventry It had been built using earmarked reserve funding as there was no annual capital allocation. The Authority would still need to find funds to meet ongoing capital programme requirements.

Metropolitan Brigades had not received any capital funding for several years and the Local Government Association were making a case to the Government for this funding.

94/18 **Members Allowances**

The Authority noted the contents of the Independent Review of Members' Allowances report, by Andrew Campbell, Local Government Association and considered the recommendations set out in the report to determine a way forward.

The Authority thanked Andrew Campbell for the good analysis of Members' Allowances and the information provided in the report would be valuable for the future Mayor's Fire Committee. Members appreciated the small savings that would result from the recommendations, but did not feel it appropriate to accept a small pay rise and felt it was the wrong time to do this.

A further review would be undertaken by an internal assessor in April.

95/18 **Minutes of the Audit and Risk Committee held on 4 September 2018**

The minutes of the Audit and Risk Committee held on 4 September 2018 were received.

96/18 **Notes of the Policy Planning Forum held on 4 September 2018**

The notes of the Policy Planning Forum held on 4 September 2018 were received.

97/18 **Minutes of the Scrutiny Committee held on 12 September 2018**

The minutes of the Scrutiny Committee held on 12 September 2018 were received.

98/18 **Minutes of the Appointments, Standards and Appeals Committee held on 17 September 2018**

The Members of the Appointments, Standards and Appeals Committee were concerned that the Appellant had not attended the meeting and felt that the Appeal was unbalanced. The Pension Advisor had attended the Committee to provide information on the circumstances of the Appeal.

It was agreed that the process would be reviewed and the outcomes be provided to the Authority Members.

The minutes of the Appointments, Standards and Appeals Committee held on 17 September 2018 were received.

99/18 **Minutes of the Governance and Transformation Committee held on 8 October 2018**

The minutes of the Governance and Transformation Committee were received.

100/18 **Minutes of the Scrutiny Committee held on 10 October 2018**

Councillor Brackenridge welcomed the report on recruitment and that the challenges set had been met. The Authority congratulated the Recruitment Team on their achievement and the ongoing work in this respect.

The minutes of the Scrutiny Committee held on 10 October 2018 were noted.

101/18 **Exclusion of the public and press**

Resolved that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Section 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information)(Variation) Order 2006 relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of a crime.

102/18 **Notification of Fire Safety Prosecution**

Members noted the details of an impending prosecution. The case involved a significant risk of severe injury or loss of life. The case was due to be heard at Birmingham Magistrates Court and the outcome would be reported to the Authority. Assistant Chief Officer Taylor stated that there had been a doubling in the demand on the Service in respect of Fire Safety work in the past eight years.

Councillor Young requested further information on a recent prosecution where a 7 year custodial sentence had been given. ACO Taylor agreed to provide further details.

The meeting closed at 1155 hours.

Julie Connor Strategic Hub 0121 380 6906 Julie.Connor@wmfs.net

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

18 FEBRUARY 2019

1. INVESTMENT IN SUPPORT SERVICES

Report of the Chief Fire Officer

RECOMMENDED

- 1.1 THAT the Authority approve the ongoing further investment within Support Services as detailed in this paper.

2. PURPOSE OF REPORT

- 2.1 This report highlights the impact of continued resource reductions and increases in work demands within some Service Support sections, as a result of funding reductions during the comprehensive spending period since 2010/11.
- 2.2 To seek approval for additional resources within the Diversity, Inclusion, Cohesion, Equality (DICE), Information Communications Technology (ICT) and Intelligence and Innovation (I&I) teams.

3. BACKGROUND

- 3.1 The Authority will be aware of the impact of funding reductions throughout the CSR period since 2010/11, which has resulted in efficiencies throughout all sections of West Midlands Fire Service (WMFS).
- 3.2 At a time where support services are operating with a 'lean' model, the potential to transform services delivered to local communities relies on the Service's ability to explore opportunities, both internally and externally. The investment set out in this paper places a heavy emphasis on roles which will enable more innovative and digital solutions to help people, systems and process to become more efficient and effective.

- 3.3 In the Authority meetings on 17 September 2018 and 19 November 2018, options were considered in order to meet the shortfall in the Financial Efficiency Plan. At these meetings, it was also recognised that investment would be required in a number of areas in support services.
- 3.4 Since that time further work has been undertaken to establish those support service areas requiring investment, which are reflected in the specific sections below.
- 3.5 The DICE, ICT and Intelligence & Innovation investment directly enables more efficient ways of working and increases capacity. All of which enhance assertive, effective and safe firefighting, reducing risk, increased wellbeing, diversity and ensuring we meet our legislative requirements.
- 3.6 If budget underspends occur, they would be utilised in the first instance to balance the ongoing investment set out within this paper. Only where this is not possible, will any shortfall be met through flexible management of fleet availability based upon risk. Any subsequent effect on front line services will increase risk to our communities.

4. **DICE**

- 4.1 Since September 2017, WMFS have been operating a new approach to the recruitment of firefighters, moving away from campaign-based recruitment. Firefighter recruitment activity is now driven by a sustained approach to positive action, focusing attention on generating a candidate pool who are nurtured through selection.
- 4.2 The Watch Commander (WC) A role is responsible for the attraction and initial selection of applicants for firefighter recruitment, working in partnership with colleagues at the Fire Service College and marketing company, Thinkology. Working alongside other DICE team members the role drives the positive action agenda, implementing a range of initiatives to ensure that our applicant pool is diverse.
- 4.3 We have developed a sophisticated approach to our marketing with dynamic advertisements that change following scrutiny of analytical data and monitoring of success rates.

- 4.4 Positive action intervention is proving to be successful. We are seeing more of our under-represented groups engaging with positive action and going on to be successful during selection. As an indicator of this success, the pre-recruitment programme that commenced in April 2018 was completed by 15 women. Of these, 11 went on to be offered a position on the Trainee Firefighter Development Programme. It is the intention to run a further programme early 2019 which will be exclusive to BAME candidates.
- 4.5 WMFS have challenging targets for the recruitment of both women and BAME firefighters and currently we are seeing huge success in relation to these targets. Since April 2018 WMFS have employed 54 trainee firefighters of which 25 (46%) are women and 15 (28%) are BAME.
- 4.6 In reviewing further, the requirements in supporting new entrants into the organisation, the WC position will support the tracking of new entrant firefighters, understanding performance levels during training, as well as during the early stages of their career. The position will also support other DICE activity. There is the need for us to increase representation of both women and BAME employees at supervisory, middle and strategic management levels and the WC will drive positive action activity internally, to address and seek to change the demographic profile of our management teams.
- 4.7 Our approach to the assessment of candidates has developed over the last 12 months and those who are successful during the initial stages of online assessment, are invited to attend an assessment day.
- 4.8 The assessment day allows assessors to observe how a candidate performs in simulated reality. It is essential that our assessors for firefighter recruitment are diverse and every effort is made to ensure that the make-up of the panels are reflective of the communities that we serve. It is also important that our service delivery employees are directly involved with the recruitment of new firefighters. This creates an open and transparent approach to the process and gives our employees the opportunity to be directly involved in shaping the future face of the Fire Service.

- 4.9 Currently the assessors who carry out this role do so whilst off duty. These are normally Firefighters, Crew Commanders and Watch Commanders.
- 4.10 In the last 12-months more than 400 candidates have attended an assessment centre. Support for positive action and recruitment activity has been largely run on the goodwill of our staff and additional resourcing and funding should now be considered.
- 4.11 Embedding this work through the creation of a Watch Commander A post supported by Assessors roles is reliant upon an annual investment of £59k commencing 2019/2020.

5. **ICT**

- 5.1 Digital is an enabler across all areas of the organisation, with our digital agenda being instrumental in organisational transformation. Digital work underpins the delivery of The Plan with a high number of key projects reliant on technological solutions to deliver more efficient and effective ways of working.
- 5.2 Enterprise Resource Planning (ERP) has been identified as a strategic platform for delivering our digital agenda. However, our current ERP systems are now in need of replacement.
- 5.3 ERP is the collective name for a wide range of back office applications that are essential across both Service Delivery and Service Support. Our current ERP systems requiring a refresh include:
- Human Resources, Occupational Health
 - Time and Attendance
 - Training and Competence
 - Procurement
 - Finance
 - Payrolls
 - Business Intelligence.

- 5.4 The need to implement replacement ERP systems is based upon 3 main areas, namely:
- Replacing outdated systems reduces the associated risks.
 - Modern solutions' functionality provides new enhanced digital tools to our mobile workforce.
 - Business process re-engineering improves efficiency through better ways of working.
- 5.5 As systems become older they pose greater risk to an organisation. Where obsolete versions of software cease to be supported by suppliers, they no longer provide security and legislation based updates.
- 5.6 Modernisation of the back-office systems provides timely information to our workforce through new functionality designed around mobile working. Up to date information of this nature supports our staff in having a clearer understanding of resource availability and enables individuals to interact easier regarding staffing matters.
- 5.7 Updated ERP solutions enable individuals and teams to work better and more effectively through streamlined ways of working and a joined-up approach. Removal of inefficient procedures such as manual processes and duplicate data entry releases key resources to focus on more value based activity whilst providing robust business intelligence.
- 5.8 The new provision would maximise the investment already made across ICT systems, better integrate solutions, automate repetitive transactional work and support mobile working.
- 5.9 High level market research has been carried out following engagement with internal and external stakeholders. The findings have identified that Commercial Off the Shelf (COTS) products and partners are readily available within Procurement Frameworks.
- 5.10 Based on the investigative analysis to date, an uplift of £350k p.a. is likely to be needed from 2021/2022 to provide for ERP licencing and support.

6. INTELLIGENCE & INNOVATION

Intelligence & Innovation (I&I) carries out a vital role through its Organisational Assurance (OA), Health, Safety and Wellbeing work. Ensuring that the organisation remains legally compliant and delivers its organisational functions in an appropriate manner aligned to corporate risk.

The role of OA has provided considerable value to the Organisation through its review of our policies, systems, structures and processes across the full range of Service functionality.

OA is a critical part of the organisation's three lines of defence risk management framework. Through its independent reviews, the team has identified areas of consideration to enable for legal compliance to be maintained, risk to be managed and mitigated, operational excellence – enabling strategy to be delivered assertively, effectively and safely.

This provision of timely and actionable intelligence enables a robust evidence base to support decision making, further improving and strengthening our internal assurance mechanism.

However, reductions within I&I have taken place since 2010 and the team has been supported annually through earmarked reserves. This approach is no longer sustainable and there is a need for an uplift of £23k p.a.

Management resources within the team have been re-aligned to Health, Safety and Wellbeing since the functionality has been transferred into I&I. Subsequently, reducing organisational assurance capability.

Further to these additional workloads being placed upon existing resources, new burdens are further increasing the overall demand upon I&I.

Examples of those demands are external pressures and influence, i.e. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), Health and Safety Executive (HSE) inspections; high profile incidents such as Grenfell and the Manchester Arena Bombing; Requirement to implement and embed National Operational Guidance.

Restructuring and new ways of working have been implemented to ensure technology and automation provide efficiencies. Beyond this improvement, further investment is needed.

The provision of appropriate levels of support for I&I through the creation of a Station Commander B and Watch Commander B post requires £120k ongoing investment.

Considered alongside the adoption of the £23k funding required to maintain the existing team, total investment for I&I equates to £143k p.a. from 2019/2020.

7. EQUALITY IMPACT ASSESSMENT

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out.

8. LEGAL IMPLICATIONS

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

9. **FINANCIAL IMPLICATIONS**

9.1 The estimated costs of the proposed investments are shown in the Table below:

	2019/20 £000		2020/2 1 £000		2021/22 onwards £000	
DICE						
WC A	45		45		45	
Assessors Costs	14		14		14	
		59		59		59
ICT						
Licences/Support					350	
						350
I&I						
SC B	70		70		70	
WC B	50		50		50	
OA Costs	23		23		23	
		143		143		143
TOTAL		202		202		552

9.2 There is currently no specific budget provision to meet the indicated costs.

BACKGROUND PAPERS

Authority Report 17th September 2018 – Strategy Options 2019 – 2022

Authority Report 19th November 2018 – Revising The Strategy 2019 – 2022

The contact name for this report is Phil Hales, Deputy Chief Fire Officer, 0121 380 6907.

Phil Loach
CHIEF FIRE OFFICER

18 FEBRUARY 2019

1. STRATEGY OPTION 2019-2020

Report of the Chief Fire Officer.

RECOMMENDED

THAT Members approve the approach set out in this paper to deliver 'The Plan' and set a balanced budget, through the flexible, risk-based management of resources on a daily basis.

THAT Members note the Chief Fire Officer (CFO) through Authority approved accountabilities will manage resources and determine and manage fleet availability, to support the delivery of the approach as appropriate.

2. PURPOSE OF REPORT

- 2.1 Reports submitted to both 17 September 2018 and 19 November 2018 Fire Authority meetings, have provided the Authority with a range of options to consider in addressing the 2019/20 £3m deficit within the Authority's Financial Efficiency Plan (FEP).
- 2.2 In addition, at the 19 November 2018 Authority meeting, an additional investment of circa £600k was approved for the Protection function. This additional investment is to enable efficient and effective delivery of the Authority's statutory fire safety responsibilities, in support of current and changing legislation.
- 2.3 Consequently, the Fire Authority recognised the need to achieve revenue savings from 2019/20 of approximately £3.6M, specifically to meet the shortfall in the FEP alongside the investment approved in the Protection function.
- 2.4 It was also noted by the Fire Authority that there is a requirement for additional investment within other parts of the

Service in order to effectively and efficiently deliver 'The Plan' over a rolling 3-year period. It should be recognised that any investment approved from the separate 'Investment in Support Services' report, would be savings required in addition to the circa £3.6m referred to in paragraph 2.3.

3. **BACKGROUND**

3.1 At the Fire and Rescue Authority meeting on 19 November 2018, the CFO presented to Members an assessment of the five options presented to the Authority in September 2018. These options were:

- Staff/resource availability
- Resource configuration
- Shift arrangements (risk based crewing)
- On-call firefighters
- Management Review

3.2 Each option was presented along with the impact on the Service Delivery Model (SDM) and employees and the related financial consequences. to enable the Fire Authority to make a decision on the preferred option(s).

3.3 The Fire Authority considered each option and asked the CFO to continue to assess each of these, to enable a professional recommendation to be presented to the Fire Authority at the February 2019 meeting.

3.4 The Fire Authority also noted that the review of the Strategic Enabling Team and the Flexi duty system would form a part of the management review.

Risk Management and approach

3.5 Risk analysis and evidence informs our Integrated Risk Management Plan (IRMP) and looks to assess all reasonably foreseeable risk within the community. This evidence and analysis shows us that:

- Speed and weight of attack matters when resolving emergency incidents. A 5-minute risk based attendance standard increases the likelihood of survival of people involved in incidents.

- On arrival assertive, effective and safe activity is required to resolve incidents and that the attendance time of the second appliance is an important enabler to this
 - That our current station locations enable us to position our resources to deploy to the areas of highest risk, whilst maintaining a response capability across our whole delivery area.
 - That our current station locations enable us to deploy our resources effectively for prevention, protection and response activities.
 - That a baseline level of risk always exists in the West Midlands based primarily on the level of deprivation, but that risk is changing in relation to the type of incidents that are reasonably foreseeable and how risk is reduced through an integrated approach to risk reduction through response, prevention and protection and through identifying some of the underlying factors that lead to vulnerability and firefighting upstream.
 - That the late shift enables us to resource at a greater level during times of peak response, prevention, protection and preparedness activities.
 - That an integrated approach to response, prevention and protection is the most effective way to managing risk and vulnerability within the community.
 - That resourcing to risk is enhanced through a blended fleet, dynamic mobilisation, innovation and digital enablers such as 999 eye
- 3.6 Decisions regarding the allocation of resources to risk are delegated to the CFO, as the competent individual held publicly accountable for operational decision making. The CFO will determine the most effective flexible management of risk and allocation of resources on a daily basis.

Approach

- 3.7 Due to a requirement to start achieving the financial savings in year, a blend of the options in managing risk and appliance availability is taking place currently. Following a detailed review of all options by the Strategic Enabling Team

(SET) after the 19 November 2018 Fire Authority meeting, the recommendation set out in this report is a blend of all options with the current exception of on-call and changes to shift arrangements, which will be further developed in line with our IRMP. The management review is ongoing and is currently considering the outcomes of the SET review and the Flexible Duty System (FDS).

- 3.8 Based upon the above summary of findings and principles and the CFO accountabilities as set out in the Fire Authority Constitution, Scheme of Delegations; the CFO will manage the resources available on a day to day basis to maximize our response, prevention and protection activities to reduce risk and vulnerability, whilst achieving a balanced budget. This will be achieved through the use of an evidence base, the IRMP, technological solutions such as the Dynamic Cover Tool, technical expertise and professional judgement.
- 3.9 The expected budget constraints during 2019/20 will result in a number of resources being unavailable each day. A flexible but risk based approach to the decisions made by the CFO on a day to day basis, enables resources to be available in a scalable way based upon finance availability, without the permanent removal of any resources or stations. This approach is also scalable throughout the 3 year rolling planning period and into the future, ensuring an initial focus on risk management and then overlaying achievability based upon finance.

Management Review

- 3.10 The management review will continue through:
- The SET review. This is being carried out by the Chief Fire Officer and will be completed by 31st March 2019.
 - The Flexible Duty System (FDS). The initial analysis against the IRMP and foreseeable risk has now taken place. This will be considered further in relation to the further requirements of FDS and any proposed duty systems.
- 3.11 As part of the management review we have considered the assessment and approach adopted in relation to the four options. The outcomes of this work have identified that there

will be no significant changes to the current levels and roles of supervisory management within the organisation. This will maintain and provide the levels of supervision to support assertive, effective and safe systems of work aligned to the flexible, risk-based management of resources.

- 3.12 In recognition of the requirements above we will therefore be substantiating all temporary vacant roles. The application of this will be based on a set of implementation principles underpinned by the recognition and substantiation of individuals in vacant roles who have passed a recognised selection process. The initial scoping of this work has started with the intention to start applying the principles against an agreed timeframe in April 2019.
- 3.13 Appendix 1 illustrates the impacts that different options and decisions would have on our community. It should be noted that the two Pump Rescue Ladder (PRL) appliances allocated to Technical Rescue are not included in the options, due to the specific and specialised role they provide.

4. **EQUALITY IMPACT ASSESSMENT**

- 4.1 In preparing this report an initial Equality Impact Assessment (EIA) has been carried out. The initial EIA did raise issues which required a full EIA.
- 4.2 To support development of the option a full EIA has also been carried out. The risk-based, flexible approach outlined in the recommendation supported by the ongoing targeting of our prevention and protection towards the most vulnerable helps mitigate any potential equality impacts.

5. **LEGAL IMPLICATIONS**

There are no legal implications as a result of the recommendations set out in this report. Recommendations will ensure the expectations set out in the National Framework 2018 continue to be met.

6. **FINANCIAL IMPLICATIONS**

- 6.1 The 2019/20 shortfall in the FEP (£3m), together with the Fire Authority approved investment in the Protection Function

(£600k) requires savings of £3.6m to be made in 2019/20 in order to achieve a balanced budget. Any additional investments in other Service areas would add a corresponding amount to the scale of total savings required.

- 6.2 The proposed flexible, risk-based management of resources on a daily basis would provide the basis of achieving the required level of savings, specifically by a reduction in employee related costs.
- 6.3 Based on current estimates and assumptions within the Medium Term Financial Plan, there is a forecast budget shortfall of approximately £1.7m in 2021/22. Unless there is an improvement in the Authority's funding position and/or any alternative Service efficiencies are identified, the approach proposed to balance the budget in 2019/20 would need to be extended further to achieve a balanced budget in future year's.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications

BACKGROUND PAPERS

Strategy Options reports – Fire Authority 17th September and 19th November 2018













Protection Investment report – Fire Authority 19 November 2018

Investment report – Fire Authority 18 February 2019









PHIL LOACH
CHIEF FIRE OFFICER

Appendix 1

Illustrative examples of risk-based management of fleet availability to deliver a balanced budget:

Current Service Delivery Model	Impact on IRMP (5 Minute Risk Based Attendance Standard and Safe & Well)	Impact on Safe Systems of work (Assertive, Effective & Safe)	Savings Achieved
<p>1st  X36  X5</p> <p>2nd  X03  X5</p> <p>BRV  X19  X3</p> <p>*Excluding 2 x PRL for Technical Rescue</p>	<p>Current Performance 4:33 mins</p> <p>Safe & Well Delivered = 3600 p/m</p>	<p>Our current Service Delivery Model and Resource Configuration supports assertive, effective and safe tactics.</p>	<p>Our current SDM</p>
<p>In year savings 2018/19</p> <p>Reduction of 1 rider on PRL & Reduction of 2 BRVs</p>	<p>Impact on IRMP (5 Minute Risk Based Attendance Standard and Safe & Well)</p>	<p>Impact on Safe Systems of work (Assertive, Effective & Safe)</p>	<p>Savings Achieved</p>
<p>1st  X36  X5</p> <p>2nd  X03  X4</p> <p>BRV  X17  X3</p>	<p>Limited impact on Cat 1 attendance</p> <p>Up to 3.3% increase on Cat 1 attendance for 2nd Appliance</p> <p>2% - 5% increase on</p>	<p>Safe systems of work will be maintained through agreed Risk Assessment</p> <p>The adoption of Assertive, Effective and Safe tactics may be delayed whilst awaiting the arrival of further resources</p>	<p>£750k</p>

	Cat 3 & 4 attendance		
	Safe & Well Reduced = 120 p/m		

Reduction of 6 x core BRV each shift per 24 hours	Impact on IRMP (5 Minute Risk Based Attendance Standard and Safe & Well)	Impact on Safe Systems of work (Assertive, Effective & Safe)	Savings Achieved
<p>1st  X36  X5</p> <p>2nd  X03  X5</p> <p>BRV  X13  X3</p>	<p>0.4% - 0.7% increase in Cat 1 attendance</p> <p>15% - 23% increase in Cat 4 attendance</p> <p>Up to 13.2% increase in Cat 1 attendance for 2nd Appliance</p> <p>Safe & Well Reduced = 360 p/m</p>	<p>Safe systems of work will be maintained through application of risk assessment</p> <p>The adoption of Assertive, Effective and Safe tactics may be delayed whilst awaiting the arrival of further resources</p>	£3.3m
Reduction of 1 rider on 3 x 2 nd PRL	Impact on IRMP (5 Minute Risk Based Attendance Standard and Safe & Well)	Impact on Safe Systems of work (Assertive, Effective & Safe)	Savings Achieved
<p>2nd  X03  X4</p>	No impact	Limited Impact	£550k

WEST MIDLANDS FIRE AND RESCUE AUTHORITY ^{Item 7}

18 FEBRUARY 2019

**1. BUDGET AND PRECEPT 2019/2020 AND BUDGET FORECAST
2020/2021 TO 2021/2022**

Joint Report of the Treasurer and Chief Fire Officer.

RECOMMENDED

1.1 THAT the following be approved:-

- 1.1.1 The Authority's Net Revenue Budget for 2019/2020 of £96.778 million which includes a Council Tax requirement of £43.215 million, set out in Appendix A, together with the associated precept levels, set out in Appendix B, resulting in a Band D Precept increase of 2.99%.
- 1.1.2 The Authority's capital programme for 2019/2020 to 2021/2022 as set out in Appendix E.
- 1.1.3 The Authority's Treasury Management Strategy which includes the Minimum Revenue Provision Statement set out in Appendix F and the Prudential Indicators in Appendix G.

2. PURPOSE OF REPORT

The Authority is requested to consider the Capital Programme for 2019/2020 to 2021/2022, the prudential indicators relating to the Authority's capital financing requirements, the Minimum Revenue Provision Statement, the Treasury Management Strategy, the Revenue Budget and to approve the consequent precept level and resultant amount for each constituent District Council.

3. BACKGROUND

- 3.1 The budget setting process is a key part of the Fire Authority's arrangements which establishes the anticipated level of available funding to deliver its key priorities and services. Work has been undertaken throughout the year to determine the Authority's key priorities, outcomes and strategic objectives to be contained in the 2019–2022 Plan.

- 3.2 As part of the settlement for 2016/17, an offer was made for a multi-year funding settlement. Any Authority wishing to take up the four-year funding settlement to 2019/20 was required to set out their proposals in an Efficiency Plan to qualify for the four-year settlement from April 2016. The Authority at its meeting on 19 September 2016 considered and approved the Financial Efficiency Plan (FEP) which was submitted to the Home Office.
- 3.3 On 13 December 2018, the Secretary of State for Ministry of Housing, Communities and Local Government (MHCLG) announced the provisional settlement for 2019/20 at £52.048m, resulting in a core funding reduction of £0.982m. The Government also proposed a Council Tax referendum threshold of 3% for Fire and Rescue Authorities.
- 3.4 The provisional four-year settlement offer which was originally announced in December 2016 and been confirmed each year, resulting in the following core funding reductions:
- 2016/17 £3.278m
 - 2017/18 £3.962m
 - 2018/19 £1.673m
 - 2019/20 £0.982m

A total reduction over the four-year period (2016/17 – 2019/20) of £9.895m (16% of the 2015/16 core funding).

- 3.5 On 29 January 2019, MHCLG confirmed the Authority's 2019/20 total core funding.
- 3.6 The projected budget includes a number of efficiency measures which were set out in the FEP referred to earlier as well as enabling any actions to be undertaken arising out of the Authority's Corporate Risk Register. The Corporate Risk Register has identified a number of major risks that would seriously affect the Authority's ability to carry out its functions. The very nature of the risks have made it extremely difficult to quantify any funding impact that would arise were the risk to materialise and in the short term would result in a demand on the Authority's General Balances, which are identified in Section 6 of this report.

- 3.7 To support the resolution of the Trade Dispute, on 6 June 2018 the Executive Committee took a decision to withdraw new entrants' contracts. These contracts enabled the ongoing delivery, within the current Service Delivery Model, of new activities that were linked to the Authority's strategy including commissioned health work.
- 3.8 The Authority's approved FEP included £2m Alternative Funding to be generated by 2019/2020. Due to the change in strategic direction and subsequent withdrawal from delivering commissioned health activities, the £2m target is unachievable. In addition, funding of £0.6m for Disturbance Allowance and £0.3m to maintain the Late Shift Allowance, was provided for in the 2018/19 budget from Reserves. This was in anticipation that both Allowances would cease from 2019/20 onwards. The failure to achieve the removal of these Allowance creates further budget pressures and an overall shortfall in the approved FEP of circa £3m.
- 3.9 As a consequence of the above, it was recognised at the Executive Committee meeting on 6 June 2018, that Service changes would be required to enable a budget to be produced for the Authority in February 2019, reflecting new areas of savings to replace the previously approved FEP.
- 3.10 At the Fire Authority Meeting on 17 September 2018, Members noted the need for further ongoing revenue savings in future years (highlighted originally in the budget report presented to Members on 19 February 2018), due to additional anticipated Government funding reductions from 2020/21 onwards combined with the need for investment in the Protection function and Support Services. At the subsequent Authority meeting on 19 November 2018, Members approved an investment in the Protection function from 2019/20 of approximately £0.6m.
- 3.11 The 2019/20 shortfall in the FEP (£3m), together with the Fire Authority approved investment in the Protection Function (£0.6m) requires savings of £3.6m to be made in 2019/20 in order to achieve a balanced budget. Any additional investments in Support Service would add a corresponding amount to the scale of total savings required. The 2019/20 budget reflects the assumption that the proposed flexible, risk-based management of resources on a daily basis would provide the basis of achieving the required level of savings, specifically by a reduction in employee related costs.

- 3.12 Details of the proposed 2019/20 budget are set out in Appendix A, together with revisions to the current year's budget (the 2019/20 budget is replicated for information in the Service Reporting Code of Practice format in Appendix C).

Business Rates Retention

- 3.13 The Business Rates Retention Scheme was introduced in April 2013 and provides a direct link between business rates growth and the amount of money local authorities have to spend on local people and services. Local Authorities are able to keep 50% of the business rates revenue, adjusted for any growth or reduction on the revenue that is generated in their area. This is intended to provide a strong financial incentive for Authorities to promote economic growth.
- 3.14 The main impact on this Authority is that a proportion of income previously paid by the Government is received via the 7 West Midlands Metropolitan Councils. Under these arrangements this Authority is entitled to a payment equivalent to 2% of the amount of Business Rates retained by the 7 West Midlands Councils. This is approximately £10m.
- 3.15 The Chancellor announced in the Spending Review in November 2015 the intention to localise 100% of business rates to local authorities by 2019/20. In July 2016, Communities and Local Government (CLG) issued the first consultation exercise in relation to the significant proposed changes to Local Government funding arrangements. The consultation included 36 questions, with one Fire Service specific question seeking views as to whether Fire funding should be removed from the business rates retention scheme, with Fire funding provided through a separate grant administered through the Home Office.
- 3.16 However the Local Government Finance Bill, which contained provision for 100% retention, fell when Parliament was dissolved for the June 2017 General Election. It was not revived in the Queen's Speech but the Government has confirmed it is still committed to the reforms.
- 3.17 The Secretary of State for MHCLG announced in the provisional settlement for 2019/20 the Government's aim to increase the local share of business rates retention to 75% from 2020/21 in a way that is fiscally neutral. It is also intending to implement reforms to the business rates retention system to ensure local councils have the levers and incentives they need to grow their local economies.

Fair Funding Review

- 3.18 The Fair Funding Review will affect how funding is allocated and redistributed between local authorities. It is currently proposed that the new arrangements will be introduced from 2020/21 .
- 3.19 The Review will set new funding baselines for every Fire and Rescue Authority. It will not consider the overall quantum of funding available for the Fire Sector (which is a matter for the Spending Review) but will determine the relative share received by each individual Fire and Rescue Authority from the total Fire Service funding received from Central Government.
- 3.20 The Review has identified a strong rationale for retaining a separate funding formula for Fire and Rescue Services in the needs assessment. The Government has provisionally identified the cost drivers with the greatest impact for Fire and Rescue Services spending as follows:
- total population,
 - deprivation, and
 - proportion of residents aged 65 and over
- 3.21 The Government have not produced any 'exemplifications' of what the impact might be for each individual Fire and Rescue Authority but have indicated there could potentially be significant changes compared to the current funding shares.
- 3.22 If the Government were minded to minimise the change in sector funding shares, an option is to update the existing Fire funding formula as far as possible. This would involve updating the indicators in the current funding formula (where possible) and keeping the original weightings as well as the supplementary top-ups.
- 3.23 Another option under consideration is to develop a multi-level model using fire incident data as a proxy for relative risk. Fire incident data is available at a more granular level and allows the testing of a more sophisticated multi-level model to analyse data. Preliminary analysis demonstrates this is a viable approach, although further work and views from the sector are needed to determine if fire incidents adequately reflect fire service activities.

- 3.24 Further work is required to identify an appropriate approach to develop the new funding formula for the Fire Service. The Government has indicated it will sense-check the results of any analysis with experts in the sector, including the National Fire Chiefs Council. Subject to the outcome from consultations and additional analytical work, the Government will form a view on the best approach. However, this review adds another complexity and volatility to long term financial planning.

Update of 'The Plan'

- 3.25 A key element of developing the Authority's plans is to seek the opinions of those people that live, work and travel within the West Midlands. As part of this, a public consultation is undertaken every three years and/or when changes to the core services are being considered by the Authority.
- 3.26 The Authority consulted the public in 2017 and this provided the opportunity for the public to influence the way the Service works. The Community Safety Strategy (the Integrated Risk Management Plan) is the risk analysis which identifies what the risk profile of the West Midlands community is and provides analysis of where resources are required to enable effective management of these risks in order to achieve an average five-minute risk based attendance standard for the most serious emergencies. However, following the Executive Committee decision on 6 June 2018 to remove new entrants' contracts it was recognised this would result in the need for a change in the Authority's strategy which is reflected in the Plan 2019-2022.
- 3.27 'The Plan' sets the Authority's strategic direction for the next three years and defines those outcomes, priorities and strategic objectives which are to be provided with reduced funding and resources.

Firefighters Pension Scheme – Employers Contributions

- 3.28 HM Treasury announced changes to the discount rate for unfunded public sector pensions on 6 September 2018. This, combined with the earlier announcement at Budget 2016, has resulted in a reduction to the discount rate from 3% to 2.4%, and has the effect of increasing the employer contributions (to include ill-health costs) from an average 17.6% to 30.2% from April 2019.

- 3.29 The Government Actuary's Department has estimated that the additional cost to the Fire sector would be around £107m per annum. However, HM Treasury has provided additional funding in 2019/20 in order to mitigate most of this increase, with the sector paying only the additional costs announced at Budget 2016 (a reduction in the discount rate from 3% to 2.8%). This means that the Fire sector will pay approx. £10m of the additional costs in 2019/20, with the remaining £97m being provided via a grant under s31 Local Government Act 2003.
- 3.30 For this Authority the increase in the 2019/20 Employer's Pension contributions is estimated to be £5.3m. A s31 government grant of £4.9m has been allocated in 2019/20. The budget forecasts from 2020/21 reflect a continuation of this arrangement. However, a reduction or complete removal of the S31 arrangement would create an ongoing budget pressure of up to circa £5m.

Firefighters Pension Scheme – Court of Appeal judgement

- 3.31 On 20 December 2018, the Court of Appeal handed down the judgement in the Firefighters transitional appeals case, finding that the transitional protections introduced with the new Pension scheme in 2015 were unlawfully discriminatory on grounds of age.
- 3.32 The decision relates only to the transitional protection arrangements in the 2015 firefighters' pension scheme that applied to members of the 1992 Firefighters' Pension scheme, and whether these are discriminatory. It does not address the introduction of that scheme itself by the primary legislation of the Public Service Pensions Act 2013.
- 3.33 The judgement remits it to the employment tribunal to consider remedy. The Government have submitted an application for permission to appeal to the Supreme Court. This means that any remedy hearing at the Employment Tribunal will not take place until all the issues around the appeals are resolved. It is therefore not likely to understand what this means for pension scheme members and their benefits for some time. It is estimated that the increase in employer's contribution, for this Authority, if members moved back to the 1992 Scheme would be in the region of £1.5m per annum. For the purpose of setting the 2019/20 and medium-term budget requirements, pension budgets have been calculated based on the current regulations.

4. **PRECEPT 2019/2020**

- 4.1 Under the Council Tax arrangements, the allocation of the total sum required by the Authority between constituent District Councils is based on the relevant tax base for each District.
- 4.2 All District Councils have now formally set their Council Tax base and have notified the Authority accordingly. The total relevant Council Tax base for the Authority is 713,120.04 (701,960.99 in 2018/19).
- 4.3 The appropriate precept has now been calculated for each District and is set out in Appendix B, paragraph 1.4, for the Authority's approval.
- 4.4 The Council Tax at Band D for 2019/20 would be £60.60, an increase of 2.99% (£1.76) per annum.

5. **FUNDING OF EXPENDITURE 2019/2020**

The final figures from external funding sources have now been notified and are included in the table below:

	£000
Core Funding	52,048
Section 31 Grant	1,015
Share of Collection Fund Surplus / (Deficit)	500
Council Tax	43,215
Net Revenue Budget	96,778

In addition to external funding, it is estimated that the Authority will generate income of £3.079m (£3.877m in 2018/19) (Appendix D). The 2019/20 budget also assumes the use of £1.1m general balances.

6. **GENERAL BALANCES STRATEGY**

- 6.1 Based on the current forecast of net expenditure in 2018/19, the Authority's General Balances at 1 April 2019 would be approximately £6.9 million. At this level, the amount of General Balances would equate to 7.1% of the Authority's 2019/2020 Net Revenue Budget. The actual level of General Balances at 1 April 2019 will not be determined until the completion of the Authority's 2018/2019 closedown of accounts process.

- 6.2 When the Medium Term Financial Plan was approved by the Authority on 19 February 2018, due to the estimated scale of Government funding reductions in future years and increased budget pressures (particularly the impact of higher pay award assumptions), the further use of General Balances was anticipated in 2019/20 and 2020/21.
- 6.3 As part of considering the Authority's 2019/20 budget, the overall funding requires the use of £1.1 million General Balances to support the Net Revenue Budget requirement, which includes an estimated 2% pay award assumption (compared to 1% allowed for when the FEP was established). This would result in the Authority's available General Balances being approximately £5.8 million by the end of 2019/20 (6% of the Authority's 2019/2020 Net Revenue Budget).
- 6.4 The four-year finance settlement comes to an end in March 2020. There is no clarity over funding levels, nationally and locally, after that date. This hampers meaningful financial planning at a time when central government grant funding is the lowest it has been for decades and demand pressures are increasing.
- 6.5 Whilst the Government settlement figures up to 2019/20 have provided some greater funding certainty than previously, additional potential budget pressures, e.g. anticipated increases in firefighter pension employer rates, further anticipated Government funding reductions beyond this time period and a lack of any direct capital and transformation funding being available, means that the level of General Balances is estimated to be approximately £5 million by the end of 2020/21, which is considered appropriate given the issues highlighted.
- 6.6 However, it should be recognised that the use of General Balances is not a sustainable means of funding the Authority's revenue budget. Consequently, consideration needs to be given to further Service changes, from 2021/22, which currently shows a budget deficit of £1.7m (Appendix H) to reduce the reliance on General Balances and to set a budget from this point without the use of General Balances. The intended strategy for the use of General Balances is shown in Appendix J2.

7. **CAPITAL PROGRAMME**

- 7.1 At the Authority meeting on 19 February 2018, consideration and approval was given to the current three-year Capital Programme. The Programme has been monitored during the year at Authority meetings.
- 7.2 It is estimated that commitments in respect of those projects which make up the proposed capital programme, is as follows:

	£m
2019/2020	6.524
2020/2021	3.153
2021/2022	3.359

The full list of projects is shown on Appendix E.

- 7.3 A forecast of resources covering the period 2019/20 to 2021/22 is shown below:

	2019/20 £m	2020/21 £m	2021/22 £m
Capital Receipts	-	-	2.249
Capital Grants	-	-	-
Revenue Funding	6.524	3.153	1.110
Total Capital Resources	6.524	3.153	3.359

- 7.4 The table below compares the expenditure on those projects within the capital programme which are committed and the projected resources outlined in paragraph 7.3:

	2019/20 £m	2020/21 £m	2021/22 £m
Projected Resources	6.524	3.153	3.359
Less: Commitments	6.524	3.153	3.359
Funding Surplus/(Deficit)	-	-	-

- 7.5 At the time of announcing the funding settlement for 2019/20, no specific announcements have been made by the MHCLG in relation to capital funding. The lack of any specific capital funding allocations continues to be an issue for the Fire sector which central Government have been asked to address.

8. **TREASURY MANAGEMENT AND THE PRUDENTIAL CODE**

- 8.1 The Fire Authority recognises the importance of Treasury Management to the economy and efficiency of its finances. It also recognises that delivering quality services in this area requires expertise and skills that can best be provided by specialist professions from external organisations.
- 8.2 West Midlands Fire Service's Treasury Management functions are provided by Sandwell MBC who have in turn appointed external advisors to support them. The Fire Authority has also linked its appointment of bankers to that of Sandwell MBC in order to benefit from efficiencies in tendering, cash flow management and investment.
- 8.3 The Treasury Management Strategy for 2019/20 is set out in Appendix F.
- 8.4 Under the Local Government Act 2003, credit approvals were abolished, and a new prudential capital finance system was introduced from 1 April 2004. CIPFA has prepared a Prudential Code which underpins the system of capital finance. Local authorities are required by Regulation to have regard to the Prudential Code under Part 1 of the Local Government Act 2003.
- 8.5 The key objectives of the Prudential Code are to ensure that the capital investment plans of the Authority are affordable, prudent and sustainable. 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.
- 8.6 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used and the factors that must be taken into account. The indicators are designed to support and record local decision making.
- 8.7 The Prudential Indicators that have been calculated for this Authority are detailed on Appendix G.

9. **PLANNING FOR THE 2019/2020 TO 2021/2022 BUDGET**

- 9.1 In preparing the draft revenue budget for 2019/20, an expenditure forecast for 2020/21 to 2021/22 has also been undertaken by “rolling forward” the 2019/20 draft budget; updating for specific known budget pressures, anticipated inflation and pay awards, adding in commitments, adjusting for anticipated staff turnover levels, setting efficiency targets, etc. (Appendix H).
- 9.2 2019/20 is the final year of the four-year settlement. In the Secretary of State for MHCLG settlement announcement, there was no indication of further funding levels beyond 2019/20. In planning for 2020/21 onwards, a reduction of 2% has been assumed to the overall core funding. It should be noted that this is a very provisional figure and there is the potential for the scale of reductions to be of a greater magnitude than this base assumption. Every 1% reduction in core funding represents a loss of circa £0.5m funding for the Authority.
- 9.3 A summary of the impact of the indicated reductions in core funding is shown in the table below:

Estimated position assuming the financial settlement reductions to core funding to 2019/20 and estimated reduction of 2% in 2020/21 and 2021/22 (with a Band D Council Tax increase of 2.99% in 2019/20, 2020/21 and 2021/22)

	2019/20 £m	2020/21 £m	2021/22 £m
Net Budget Requirement	96.8	97.9	100.6
Core Funding	52.1	51.0	50.0
Section 31 Grant	1.0	1.0	1.0
Council Tax	43.2	45.2	47.2
Council Tax Surplus	0.5	0.7	0.7
Available Resources	96.8	97.9	98.9
Annual Surplus/(Deficit)	-	-	(1.7)

- 9.4 Progress of delivery against the FEP is provided in Appendix H4

10. **ROBUSTNESS OF THE BUDGET PREPARATION AND ADEQUACY OF RESERVES**

10.1 In accordance with the Local Government Act 2003 (S25-S27) and to comply with CIPFA guidance on local authority reserves and balances, the Treasurer is required to formally report to members on the robustness of the budget and the adequacy of reserves.

10.2 The budget presented to the Authority has been prepared using reasonable and appropriate estimation techniques for both expenditure and income. The budget process is such that all financial pressures faced by the Authority have been considered and resources allocated as appropriate to fulfil the priorities of the Authority. Where resources have not been allocated to identified pressures either; the pressure has been absorbed into the existing budget or the risk associated with not meeting the pressure has been evaluated and appropriate action taken. The robustness of the budget preparation undertaken by the Authority is therefore considered satisfactory.

10.3 The appropriate level of reserves and provisions has been assessed and determined using a variety of mechanisms, including:

- The budget setting process, the annual financial cycle and contributions from the strategic leadership of the organisation.
- Considering the budget at various stages of construction including the reasonableness of the key budget assumptions such as estimates of inflationary and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for.
- Review of the movements, trends and availability of contingencies, provisions and earmarked reserves to meet anticipated and unforeseen cost pressures in the context of future pressures and issues.
- The use of professional experience and best professional judgement.
- The use of appropriate professional, technical guidance and local frameworks.
- Knowledge of the Officers involved in the process, particularly finance professionals, including their degree of experience and qualifications.

- Review of the strength of financial management and reporting arrangements including internal control and governance arrangements.
- 10.4 The Authority's aim is to have a prudent level of General Balances informed by an assessment of potential risks to the organisation. The level of General Balances at the end of the financial year 2019/20 is forecast to be £6.9m, of which £1.1m will be utilised to help fund the 2019/20 budget, reducing the level of available General Balances to £5.8m, approximately 6% of the net budget requirement. This level of balances is considered appropriate at this stage due to the assumed scale of core funding reductions in future years, volatility of Council Tax collection rates and the absence of capital and transformation funding available to the Authority.
- 10.5 It was deemed that a prudent level of earmarked reserves was established during the Authority's 2017/2018 closedown exercise. A review of these reserves will be undertaken as part of the Authority's 2018/2019 closedown of accounts process.
- 10.6 Based on known circumstances and financial risk assessment, it is felt that adequate earmarked reserves and provisions were created to meet legal and expected liabilities, as at 31 March 2018. A list of the reserves and the intended strategy for their use in future years is provided in Appendix J.
- 10.7 Consideration will be given to the appropriate level of reserves required as at 31 March 2019 as part of the Authority's closedown of accounts process.
- 10.8 In recommending an adequate level of reserves, consideration is given to the opportunity costs of maintaining particular levels of reserves and balances and compares these to the benefits accrued from having such reserves. The opportunity cost of maintaining a specific level of reserves is the 'lost' opportunity, for example, of investing elsewhere to generate additional investment income or using the funds to invest in service improvements. In assessing this, it is important to consider that reserves can only be used once and are therefore potentially only 'one-off' sources of funding. Therefore, any use of general reserves is only ever used on one-off items of expenditure and/or to assist transformational change. The level of reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust 'safety net' which adequately protects against potential unbudgeted costs.

- 10.9 The current level of reserves is considered to be sufficient in all but the most unusual and serious combination of possible events. In this context it is considered that the current level of reserves presents an optimum balance between risk management and opportunity cost. This maintains a suitable and sustainable level of reserves, which include ensuring sound governance and financial stability in the short and longer term.
- 10.10 Best endeavours have been made to ensure that the budget and reserves are adequate using the information available at this date. The budget has been constructed with a professional policy led medium term strategic framework using appropriate assumptions, linking investment and spending to key priorities and having undertaken a comprehensive assessment of risk.
- 10.11 The forecast budget for 2021/22 shows a shortfall of £1.7m. Attention needs to be given to the Service adjustments that would be required to set a balanced budget for that year. However, given the number of issues that could have a significant impact on the Authority's budget position over the period of the medium term financial plan i.e.; future Government funding allocations to the Fire Sector, the introduction and impact of the Fair Funding Review and the treatment of firefighter pension related issues, the need for and scale of budget savings required over the period of the medium term financial plan needs to be kept under review.

11. **EQUALITY AND DIVERSITY IMPLICATIONS**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report will not lead to and/or do not relate to a policy change.

12. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

BACKGROUND PAPERS

MHCLG / Home Office Communications

Executive Report 6 June 2018 – Delivery of The Plan 2018/2021

Authority Report 17th September 2018 – Revising The Strategy 2018 – 2022

Authority Report 17th September 2018 – Strategy Options 2019 – 2022

Authority Report 19th November 2018 – Revising The Strategy 2019 – 2022

Authority Report 19th November 2018 – Investment in Protection Resources

District Leaders' Meeting 7 December 2018

Policy Planning Forum 4 February 2019

The Plan 2019–2022

The contact name for this report is Phil Hales, Deputy Chief Fire Officer, 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

MIKE GRIFFITHS
TREASURER

APPENDIX A**WEST MIDLANDS FIRE AND RESCUE AUTHORITY****SUMMARY OF 2018/2019 AND 2019/2020 BUDGET**

	Original Budget 2018/19 £000s	Revised Budget 2018/19 £000s	Original Budget 2019/20 £000s
<u>Expenditure</u>			
Employees	85,215	85,974	*89,797
Premises	5,643	5,261	5,763
Transport	1,340	1,451	1,470
Supplies & Services	7,304	7,898	7,452
Capital Financing	15,620	8,903	10,318
Appropriations to Reserves	100	100	100
Total Expenditure	115,222	109,587	114,900
<u>Income</u>			
Core Funding (Formula Grant)	(53,030)	(53,415)	(52,048)
Other Government Grant	(1,890)	(2,352)	*(7,118)
Income from Services	(3,877)	(3,634)	(3,079)
Collection Fund (Surplus) / Deficit	(466)	(466)	(500)
Appropriations from Reserves	(14,654)	(8,415)	(8,940)
Total Income	(73,917)	(68,282)	(71,685)
COUNCIL TAX REQUIREMENT	41,305	41,305	43,215
Collection Fund Surplus / (Deficit)	466	466	500
Core Funding (Formula Grant)	53,030	53,030	52,048
Section 31 Grant	676	676	1,015
NET REVENUE BUDGET	95,477	95,477	96,778

* figures reflect the increase in employer's pension contribution and associated government grant funding.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**BAND D PRECEPT INCREASE OF 2.99%**

- 1.1 THAT it be noted that the constituent District Councils have formally set their Council Tax bases for the year 2019/2020 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992 as follows:

	Tax Base
Birmingham	251,580.00
Coventry	83,400.10
Dudley	92,253.95
Sandwell	74,150.81
Solihull	76,946.00
Walsall	70,792.74
Wolverhampton	63,996.44
	<hr/>
	713,120.04

- 1.2 THAT the following amounts be now calculated by the Authority for the year 2019/2020 in accordance with Sections 40 to 48 of the Local Government Finance Act 1992:
- 1.2.1 £114,900,000 being the aggregate of the amounts which the Authority estimates for the items set out in Section 42A(2)(a) to (d) of the Act.
- 1.2.2 £71,685,080 being the aggregate of the amounts which the Authority estimates for the items set out in Section 42A(3)(a) to (b) of the Act.
- 1.2.3 £43,214,920 being the amount by which the aggregate at 1.2.1 above exceeds the aggregate at 1.2.2 above calculated by the Authority in accordance with Section 42A(4) of the Act as its council tax requirement for the year.
- 1.2.4 £60.60 being the amount at 1.2.3 above divided by the total amount at 1.1 above, calculated by the Authority in accordance with Section 42B(1) of the Act as the basic amount of its Council Tax for the year.

1.3	<u>Valuation Bands</u>	£ (to 6 decimals)	£ (rounded to 2 decimals)
	A	40.399856	40.40
	B	47.133165	47.13
	C	53.866475	53.86
	D	60.599784	60.60
	E	74.066403	74.07
	F	87.533021	87.53
	G	100.999640	101.00
	H	121.199568	121.20

being the amounts given by multiplying the amount at 1.2.4 above by the number which in the proportion set out in Section 5(1) of the Act is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Authority in accordance with Section 47(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

1.4 Resultant precepts:

	£
Birmingham City Council	15,245,694
Coventry City Council	5,054,028
Dudley MBC	5,590,569
Sandwell MBC	4,493,523
Solihull MBC	4,662,911
Walsall MBC	4,290,025
Wolverhampton City Council	<u>3,878,170</u>
Total	<u>43,214,920</u>

being the amounts given by multiplying the amount at 1.2.4 above by the appropriate tax base at 1.1 above in accordance with section 48(2) of the Act, as the amount of precept payable by each constituent District Council.

- 1.5 THAT the precept for each District Council as calculated at 1.4 above be issued in accordance with Section 40 of the Local Government Finance Act 1992.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**SUMMARY OF 2018/2019 AND 2019/2020 BUDGET****SERVICE ANALYSIS**

	2018/19	2018/19	2019/20
	£'000	£'000	£'000
<u>Devolved Budgets</u>			
Corporate Management	2,616	2,538	2,592
Corporate Charges	580	542	388
<i>Service Support:</i>			
People Support Services	6,033	6,452	6,285
Finance & Resources	5,072	5,117	5,314
I.C.T	4,211	4,918	4,441
Intelligence & Innovation	1,447	1,740	1,520
Business Development	94	115	95
<i>Service Delivery:</i>			
Operations	52,848	52,899	52,220
<u>Corporate Budgets</u>			
Service Support	15,953	15,699	17,138
Service Delivery	5,005	5,069	5,245
Other Income & Expenditure	1,618	388	1,540
NET REVENUE BUDGET	95,477	95,477	96,778

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**SERVICE INCOME BUDGETS 2018/19 AND 2019/20**

	Original Budget 2018/19 £000s	Revised Budget 2018/19 £000s	Original Budget 2019/20 £000s
Fees and Charges:			
- Fire Control & Contact Centre	956	959	991
- NFCC	350	350	350
- Training	296	326	314
- Child Care Vouchers	-	240	240
- ICT	111	111	111
- External Contracts	102	127	57
- Mutual Assistance	70	70	35
- Fire Engineering	100	117	5
- Room Hire	40	56	54
- Transport Engineering Workshops	31	81	75
- Other	227	293	242
Sales	104	104	104
Alternative Funding	1,000	250	0
Rents - Property	114	89	125
Interest	300	385	300
Other Income	76	76	76
TOTAL SERVICE INCOME	3,877	3,634	3,079

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**CAPITAL PROGRAMME 2019/2020 TO 2021/2022**

Scheme	Project Year In 2019/20	2019/20 £000s	2020/21 £000s	2021/22 £000s
<i>Committed Schemes:</i>				
Vehicle Replacement Programme	On-going	3,254	2,404	2,772
Aston Fire Station	5 of 5	2,159	-	-
Drill Towers / Training Facilities	2 of 2	290	-	-
Boiler Replacement Programme	On-going	151	171	-
Rewires	On-going	321	195	192
Windows & Door Replacements	On-going	276	234	175
Roof Replacement	On-going	73	149	220
TOTAL COMMITMENTS		6,524	3,153	3,359
<i>Projected Resources Available:</i>				
Prudential Borrowing		-	-	-
Capital Receipts		-	-	2,249
Capital Grants		-	-	-
Earmarked Reserves/DRF		6,524	3,153	1,110
TOTAL PROJECTED RESOURCES		6,524	3,153	3,359
FUNDING SURPLUS/(DEFICIT)		-	-	-

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

TREASURY MANAGEMENT STRATEGY 2019/2020

1.1 Background

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer term cash flow planning to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, local authorities to prepare a capital strategy, which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the capital strategy is to ensure that Members of the Authority fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

Further information on the Capital Strategy can be found at:

<https://www.wmfs.net/about-us/openness/documents/>

1.2.2 Treasury Management Reporting

The Authority is required to receive and approve the following main reports each year. These reports are required to be adequately scrutinised by the Audit and Risk Committee before being recommended to the Authority.

Prudential and Treasury Indicators and Treasury Strategy – This report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A Mid Year Treasury Management Report – This will update Members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

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

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

Capital Issues

- the capital expenditure plans and the associated prudential indicators;
- the MRP strategy.

Treasury Management Issues

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

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

1.4 Treasury Management Consultants

The Authority's treasury management function is provided by Sandwell MBC who have appointed Link Asset Services, Treasury solutions as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon Sandwell MBC and the external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. Sandwell MBC will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. Capital Prudential Indicators 2019/20 – 2021/22

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators:

2.1 Capital Expenditure

This prudential Indicator (Appendix E) is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

2.2 The Authority's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR, details are provided in Appendix G.

The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

2.3 Minimum Revenue Provision Statement

The Authority is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG Regulations have been issued which require the full Authority to approve an MRP Statement in advance of each year. A variety of options are provided to Authorities, so long as there is a prudent provision. The Authority is recommended to approve the following MRP Statement

For all borrowing the MRP policy will be:

- **Asset Life Method** (Option 3) – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).

This option provides for a reduction in the borrowing need over approximately the assets life.

For 2015/16 onwards the proposed MRP policy has been amended to an Annuity basis which results in a reduction to the amount of revenue applied to provide for debt in the period 2015/16 to 2033/34 after which point the revenue applied increases compared to the current MRP approach through to 2054/55. The change does not increase the level of debt but means that the level of capital expenditure financed by borrowing, the Capital Financing Requirement will reduce more slowly in the earlier years as the amount of MRP is lower than the policy in 2014/15. However, the revised policy would ensure that the CFR would be repaid over a period of 40 years. If the current MRP approach continued there would be a balance outstanding of approximately £7m at the end of the 40-year period. It is not proposed to amend retrospectively any MRP recognised in previous years; this policy would apply from 2015/16 onwards.

In addition, the Authority can set aside amounts in excess of the minimum required. Consideration will continue to be given to more closely aligning external debt with the capital financing requirement by making a voluntary MRP contribution and/or using capital receipts. This would reduce the Authority's expenditure commitments in future years.

3. Treasury Management Strategy - Borrowing

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

3.1 Current Portfolio Position

Within the prudential indicators there are a number of key indicators to ensure that the Authority operates its activities within well defined limits. One of these is that the Authority needs to ensure that its gross debt, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

3.2 Treasury Indicators: Limits to Borrowing Activity

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

2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
£41m	£40m	£39m	£38m

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

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

2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
£45m	£44m	£43m	£42m

3.3 Prospects for Interest Rates

The Authority's Treasury Management functions are provided by Sandwell MBC who have appointed Link Asset Services as its treasury advisor and part of their service is to assist with formulating a view on interest rates. The following table and Appendix F1 gives Link Asset Services central view.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.

Borrowing interest rates have been volatile so far in 2018/19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. Interest rates in financial markets will be monitored alongside other economic indicators.

Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits:

	2019/20	2020/21	2021/22
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	160%	160%	160%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity Structure of fixed interest rate borrowing 2018/19			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	20%	
2 years to 5 years	0%	25%	
5 years to 10 years	0%	50%	
10 years and above	0%	90%	
Maturity Structure of variable interest rate borrowing 2018/19			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	20%	
2 years to 5 years	0%	25%	
5 years to 10 years	0%	50%	
10 years and above	0%	90%	

3.5 Policy on Borrowing in Advance of Need

The Authority will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Borrowing in advance will be made within the constraints that it will be limited to no more than 20% of the expected increase in borrowing need (CFR) over the three-year planning period. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Audit and Risk Committee through the mid-year or annual reporting mechanism.

4 Annual Investment Strategy

4.1 Investment Policy

The Authority's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments ("the Guidance").
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code").
- CIPFA Treasury Management Guidance Notes 2018.

The Authority's investment priorities will be security first, portfolio liquidity second, then return.

The guidance from MHCLG and CIPFA place a high priority on the management of risk. The Authority will adopt a prudent approach to managing risk and defines its risk appetite by the following means:

Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

Further, the Authority's and Sandwell MBC's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Authority and Sandwell MBC will engage with its advisors to monitor the market.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix F2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Authority's Treasury Management Practices – Schedules.

4.2 Creditworthiness policy

The primary principle governing the Authority's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Authority will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Authority's prudential indicators covering the maximum principal sums invested.

A counterparty list will be maintained in compliance with the following criteria. These criteria are separate to that which determines which types of investment instrument are either Specified or Non-Specified as it provides an overall pool of counterparties considered high quality which the Authority may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Asset Services, treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer term change) are provided to Officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

- Banks 1 - good credit quality – the Authority will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AA+

and have, as a minimum, the following Fitch, Moody's and Standard & Poors (S&P) credit ratings (where rated):

- i. Short term – F1, P-1, A-1 (Fitch, Moody's and S&P) respectively
 - ii. Long term – A, A1 and A (Fitch, Moody's and S&P) respectively
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 – The Authority's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Building Societies. The Authority will use all Societies which meet the ratings for banks outlined above.
- Money Market Funds – AAA rated
- UK Government (including gilts and the Debt Management Account Deposit Facility (DMADF))
- Local Authorities, Parish Authorities, CCLA, etc
- Supranational institutions

Use of additional information other than credit ratings.

Additional requirements under the Code require the Authority to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Authority will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Country and sector considerations - Due care will be taken to consider the country, group and sector exposure of the Authority’s investments. In part the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

4.4 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

Link Asset Services suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.50%
- 2021/22 1.75%
- 2022/23 1.75%
- 2023/24 2.00%
- Later years 2.50%

The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Authority is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 365 days			
£m	2019/20	2020/21	2021/22
Principal sums invested > 365 days	£25m	£25m	£25m

- 4.5 Investment Risk Benchmarking.** These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

Security - The Authority's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.03% historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Authority seeks to maintain:

- Liquid short-term deposits of at least £20m available with a week's notice.
- Weighted Average Life benchmark is expected to be 0.25 years, with a maximum of 1.0 years.

Yield – local measures of yield benchmarks are:

- Investments – internal returns above the 7-day LIBID rate

And in addition, that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.03%	0.12%	0.10%	0.08%	0.06%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

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

APPENDIX F1

Interest Rate Forecast 2019 – 2022

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate													
Link Asset Services	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
Capital Economics	0.75%	1.00%	1.25%	1.50%	1.70%	1.75%	2.00%	2.00%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
Capital Economics	2.03%	2.15%	2.40%	2.65%	2.70%	2.75%	2.80%	2.85%	-	-	-	-	-
10yr PWLB Rate													
Link Asset Services	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
Capital Economics	2.43%	2.55%	2.80%	3.05%	3.05%	3.05%	3.05%	3.05%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.96%	3.08%	3.33%	3.58%	3.53%	3.48%	3.43%	3.38%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.78%	2.90%	3.15%	3.40%	3.40%	3.40%	3.40%	3.40%	-	-	-	-	-

**TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND
COUNTERPARTY RISK MANAGEMENT**

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Authority to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Authority has adopted the Code and will continue to apply its principles to all investment activity. In accordance with the Code, the Treasurer has produced its Treasury Management Practices (TMPs). This part, TMP1, covering investment counterparty policy requires approval each year.

Annual Investment Strategy – The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Authority will use. These are high security (i.e. high credit rating, although this is defined by the Authority, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Authority is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Authority has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish Authority, CCLA or community Authority.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society).

For category 5 this covers bodies with a minimum short-term rating of AA (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Authority has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is as per the "Investment Counter Party and Liquidity Framework".

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include any sterling investments with:

	Non-Specified Investment Category	Limit (£ or %)
a	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>30%</p> <p>AAA long term ratings</p>
b	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	30%
c	<p>The Authority's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	20%
d	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Authority may use such building societies which were originally considered Eligible Institutions.</p>	20%
e	<p>Any bank or building society that has a minimum long-term credit rating of AA-, for deposits with a maturity of greater than one year</p>	3 years and £30m

The Monitoring of Investment Counterparties – The credit rating of counterparties will be monitored regularly. The Authority receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Treasurer, and if required new counterparties which meet the criteria will be added to the list.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**PRUDENTIAL INDICATORS**

1. The actual capital expenditure that was incurred in 2017/18 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

2017/18 £000 Actual	2018/19 £000 Estimate	2019/20 £000 Estimate	2020/21 £000 Estimate	2021/22 £000 Estimate
4,527	11,342	6,524	3,153	3,359

2. Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2017/18 are:

2017/18 % Actual	2018/19 % Estimate	2019/20 % Estimate	2020/21 % Estimate	2021/22 % Estimate
2.72	2.57	2.61	2.62	3.16

The estimates of financing costs include current commitments and the proposals in this budget report.

3. All borrowing forecasts contained within this report relate only to supported capital expenditure, which receives Government grant support. Consequently, the incremental impact of any borrowing arising from new capital investment decisions has been reflected within the overall budget projections, although the impact specifically on the level of precept cannot be quantified.
4. Estimates of the end of year capital financing requirement for the Authority for the current and future years and the actual financing requirements at 31 March 2018 are:

31/03/18 £000 Actual	31/03/19 £000 Estimate	31/03/20 £000 Estimate	31/03/21 £000 Estimate	31/03/22 £000 Estimate
37,977	37,115	36,201	35,229	34,197

5. The capital financing requirement measures the Authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, West Midlands Fire & Rescue Authority does not associate borrowing with particular items or types of expenditure. The Authority relies upon Sandwell Metropolitan Borough Council to undertake its treasury management function, which has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Service. West Midlands Fire & Rescue Authority has, at any point in time, a number of cash flows both positive and negative and Sandwell Metropolitan Borough Council manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the Authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.

6. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence.

"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 Authority had no difficulty meeting this requirement in 2017/18, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

7. In respect of its external debt, it is recommended that the Authority approves the following authorised limits for its total external debt gross of investments for the next three financial years and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary.

2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
46,000	45,000	44,000	43,000	42,000

8. These authorised limits are consistent with the Authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing and with approved treasury management policy statement and practices. They are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.
9. The Authority is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movement, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring.

2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
42,000	41,000	40,000	39,000	38,000

10. The Authority's actual borrowing at 31 March 2018 was £37.4m. It should be noted that actual long-term liabilities are not directly comparable to the authorised limit and operational boundary, since the actual long-term liabilities reflects the position at one point in time.
11. In taking its decisions on this budget report, the Authority is asked to note that the authorised limit determined for 2018/2019 (see paragraph 7 above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

APPENDIX H

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

NET EXPENDITURE BUDGET FORECAST 2020/2021 TO 2021/2022

	Budget 2020/21	Budget 2021/22
Subjective Heading	£000s	£000s
Employees	91,300	93,000
Premises	5,300	5,800
Transport	1,500	1,500
Supplies & Services	7,200	7,300
Capital Financing	10,400	7,200
Income	-9,300	-9,500
Appropriations	-8,500	-4,700
NET EXPENDITURE	97,900	100,600
Available Funding	97,900	98,900
Surplus/(Deficit)	-	-1,700

Note

Budget forecast for 2020/21 and 2021/22 assume:

- A Council Tax increase of 2.99% in 2020/21 and 2021/22.
- Achieving the savings identified in the FEP.
- Inflation assumptions as shown on Appendix H2.
- An assumed £0.6m business rates rebate in 2020/21.
- Continuation of Section 31 government grant to fund employer's firefighter pension contribution increase.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

INFLATION ASSUMPTIONS

Pay Awards:		%
- Uniformed Staff		
	July 19	2.0
	July 20	2.0
	July 21	2.0
- Non-Uniformed Staff		
	April 19	2.0
	April 20	2.0
	April 21	2.0
General Prices:		
	April 19	2.0
	April 20	2.0
	April 21	2.0
Pensions Increase Order:		
	April 19	2.4
	April 20	2.0
	April 21	2.0
Residential Rents:		
	April 19	3.5
	April 20	2.0
	April 21	2.0

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

SENSITIVITY ANALYSIS

The approximate annual impact of a 1% variation in some of the key assumptions underpinning the budget projections is shown below:

Expenditure

Uniformed pay awards	£660k (£500k part year)
Employers Firefighters Pension Contribution	£770k
Interest payable	£360k
Non-uniformed pay award	£146k
General inflation	£80k
Energy costs	£12k
Fuel	£6k

Income

Core Funding	£520k
Council Tax	£432k
Interest receivable	£290k

APPENDIX H4

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

PROGRESS AGAINST THE EFFICIENCY PLAN

Efficiency Plan Saving Forecast 2016/17 – 2019/20

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Staffing	2.1	1.3	0.4	0.2	4.0
Alternative Funding	0.2	0.8	1.0	-	2.0
Internal Restructures	0.4	0.6	-	-	1.0
Service Reductions	1.0	-	-	-	1.0
Council Tax Base	0.9	0.4	0.4	0.3	2.0
TOTAL	4.6	3.1	1.8	0.5	10.0

Actual Saving Achieved 2016/17 & 2017/18 and Estimate for 2018/19 & 2019/20

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Staffing	1.3	1.3	0.4	3.0	6.0
Internal Restructures	0.5	0.3	0.1	0.1	1.0
Service Reductions	0.9	0.3	-	-	1.2
Council Tax Base	0.9	0.7	0.7	0.7	3.0
TOTAL	3.6	2.6	1.2	3.8	11.2

Note: Alternative Funding is no longer reflected in the actual savings achieved.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**SCENARIO ANALYSIS**

2019/20 is the final year of the four-year settlement. In the Secretary of State for MHCLG provisional settlement announcement in December 2018, there was no indication of further funding levels beyond 2019/20. In planning for 2020/21 onwards, a further reduction of 2% has been assumed to the overall core funding. Furthermore, the impact of a further 1% or 2% reduction to the core funding is shown in the following tables.

Core Funding Reductions

Financial Year	£ Core Funding	% Reduction	£ Reduction
2015/16	61,943,000		
2016/17	58,665,000	-5.3%	-3,278,000
2017/18	54,703,000	-6.8%	-3,962,000
2018/19	53,030,000	-3.1%	-1,673,000
2019/20	52,048,000	-1.9%	-982,000
2020/21	51,007,000	-2.0%	-1,041,000
2021/22	49,987,000	-2.0%	-1,020,000

Further 1% Core Funding Reduction in 2020/21 and 2021/22

Financial Year	£ Core Funding	% Reduction	£ Reduction
2019/20	53,048,000		
2020/21	51,457,000	-3.0%	-1,591,000
2021/22	49,913,000	-3.0%	-1,544,000

Further 2% Core Funding Reduction in 2020/21 and 2021/22

Financial Year	£ Core Funding	% Reduction	£ Reduction
2019/20	53,048,000		
2020/21	50,926,000	-4.0%	-2,122,000
2021/22	48,889,000	-4.0%	-2,037,000

Should the core funding reductions in 2020/21 and 2021/22 be 1% lower than currently indicated, the table below shows the impact of the reductions.

Financial Year	£ Core Funding	% Reduction	£ Reduction
2019/20	53,048,000		
2020/21	52,518,000	-1.0%	-530,000
2021/22	51,993,000	-1.0%	-525,000

APPENDIX J

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

RESERVES STRATEGY

RESERVES	31/03/18 £000s	31/03/19 £000s	31/03/20 £000s	31/03/21 £000s	31/03/22 £000s	31/03/23 £000s
Earmarked Reserves						
Capital						
Fire Station Improvements/Investments	9,069	3,353	0	0	0	0
Forecast Capital Program Shortfall	10,951	8,177	3,737	584	0	0
Insurance						
Insurance Reserve	7,188	7,188	7,188	7,188	7,188	7,188
Other						
Digital Transformation	324	100	0	0	0	0
Gains Share	250	190	95	0	0	0
Holiday Pay	107	0	0	0	0	0
Seconded Staff	13	15	0	0	0	0
Service Review	2,088	800	400	0	0	0
Business Development						
Project Management/Support	67	0	0	0	0	0
Communications						
Communications/Media Events	16	19	4	0	0	0
Community Engagement	21	0	0	0	0	0
Finance & Resources						
Loss of Use Recovery	50	77	37	0	0	0
Procurement Collaboration	23	0	0	0	0	0
Procurement of Operational Equipment	218	97	0	0	0	0
Property Maintenance	1,210	1,038	986	901	311	15
ICT						
ESMCP-Local Transition	1,916	1,717	734	0	0	0
Firelink	278	0	0	0	0	0
IT Equipment & System Upgrades	1,405	480	150	0	0	0
Intelligence & Innovation						
Care Quality Commission	59	0	0	0	0	0
Distributed Training Model (DTM)/ERP	1,000	2,000	1,000	0	0	0
Firefighting & Rescue Equipment	10	0	0	0	0	0
Legal Services	96	31	0	0	0	0
Project Management/Support	159	13	7	0	0	0
People Support Services						
Health & Wellbeing	169	85	24	12	0	0
Staff Training & Development	370	41	0	0	0	0
Time Management System	29	25	0	0	0	0
Training Equipment/Facilities	136	44	0	0	0	0
Prevention						
Community Partnerships	446	310	91	0	0	0
Education Materials/Facilities	65	32	13	0	0	0
Youth Services	9	12	6	0	0	0
Protection						
Fire Safety	11	0	0	0	0	0
Response						
Service Delivery	408	180	73	0	0	0
Tech Rescue	823	775	609	444	234	0
Total Earmarked Reserves	38,984	26,799	15,154	9,129	7,733	7,203
General Reserve	8,390	6,890	5,790	5,040	5,040	5,040
% Net Revenue Budget	8.8%	7.1%	6.0%	5.0%		
Total Reserve Balances	47,374	33,689	20,944	14,169	12,773	12,243

Further information on the Reserves Strategy can be found at:
<https://www.wmfs.net/about-us/openness/documents/>

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

18 FEBRUARY 2019

1. PROPOSED VEHICLE REPLACEMENT PROGRAMME 2019/20 TO 2021/22

Report of the Chief Fire Officer

RECOMMENDED

- 1.1 THAT the Authority note the proposed Brigade Vehicle Replacement Programme (VRP) for the financial years 2019/20 to 2021/22, the detail of which is set out in the main body of the report. Appendix 1, 2 and 3 identifies the projected capital costs and the years in which the vehicles are estimated to be delivered.
- 1.2 THAT the Authority approve the funding for 2019/20.
- 1.3 THAT the Authority note that it is intended to procure a range of vehicles identified in the VRP using the Crown Commercial Services Purchase Framework Agreement RM859, Open EU tenders and other approved Consortia routes that represent value for money to the Authority.

2. PURPOSE OF REPORT

This report is submitted to seek the Authority's approval to proceed with the proposed Brigade VRP for the financial year 2019/20 in line with the above recommendations.

3. BACKGROUND

- 3.1 Officers based at Transport Engineering Workshops (TEW) using their professional skills and judgements have carried out a review of the ongoing VRP.
- 3.2 The following age profile and review periods were used to determine the type and number of vehicles in the fleet recommended during the financial period 2019/20:-

Vehicle	Replacement (Years)
Pump Rescue Ladders	13
Brigade Response Vehicle	10
Business Support Vehicle	7
Hydraulic Platform	15
Prime Movers	20
Demountable Units	20
Large Vans Mercedes/Transit/Iveco	9
Large Vans/Minibus	9
PCV/PMB/G vehicles	9
Cars/Vans	8
Hybrid (Petrol/Electric) cars	7
Bobcat	15
General Purpose Lorry	15

	Review Period (Years)
Coach	12
Driver Training Lorry	15
Trailers/Fuel Bowser	15
Command Support Vehicles	12
Motorbike	Review

3.3 Operational Fire Appliances (PRLs/BRVs/BSV's)

In relation to operational fire appliances, the service currently has an operational fleet of 84 appliances as follows:

- 41 Pump Rescue Ladder Vehicles (PRLs) frontline
- 9 PRL reserve
- 10 PRL training
- 19 Brigade Response Vehicles (BRVs) frontline
- 2 BRV reserve
- 3 Business Support Vehicles (BSVs) frontline

As stated at paragraph 3.2 above, PRLs have a proposed replacement life of 13 years (10 Years front-line, 3 Years reserve)

fleet), BRVs have a proposed replacement life of 10 years and BSV's have a proposed replacement life of 7 years.

- 3.4 To achieve a fleet replacement of the operational appliances within current budget constraints there will be a requirement to replace 5 PRLs and 1 BSV in 2019/20, 6 PRLs and 1 BSV in 2020/21 and 6 PRLs in 2021/22.

3.5 Aerial Appliances

Currently the aerial appliance fleet stands at a total of 5, 4 front-line and 1 reserve, none of which require replacement within the next three years

3.6 Ancillary Vehicles

The ancillary fleet of vehicles currently stands at 116 vehicles (cars/vans/motorbike 99, Hydraulic Platforms 5, Prime Movers 6, Bobcat 1, Coach 1, Recovery Vehicle 1, Lorry 2, Detection Identification Monitoring vehicle 1) and 21 specialised trailers.

- 3.7 Following a full review of the ancillary vehicles during 2016/17, Appendices 1, 2 and 3 show the vehicles that fall due for replacement within the 3 year VRP. A total of 24 Station Vans are now due for replacement from years 2016/17 and 2017/18 and will be replaced during 2019/20 and 2020/21. The introduction of all electric vehicles will be evaluated during 2019/20 for suitability prior to purchases in 2020/21. The replacement period for vans and cars has been extended from 7 years to 8 years.
- 3.8 The option of leasing vehicles has and will continue to be explored. When compared with the current method of procuring vehicles via the current framework agreement the whole life costs of leasing are found to be more expensive.

4. **EQUALITY IMPACT ASSESSMENT**

- 4.1 An initial Equality Impact Assessment has been carried out and a Full Impact Assessment is not required and has not been carried out.

- 4.2 The matters contained in this report do not relate to a policy change.
- 4.3 The tender and evaluation process will encompass equality and diversity issues in relation to requirements of the companies invited to tender.

5. **RISK IMPACT ASSESSMENT**

In preparing this report a Risk Impact Assessment has been undertaken. The risks associated control measures have been recorded and are included at Appendix1 of this report.

6. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

7. **FINANCIAL IMPLICATIONS**

- 7.1 The estimated cost of the proposed VRP is as follows:

	£'000
2019/20	2,673
2020/21	2,404
2021/22	2,772

- 7.2 Funding provision will be required in the three-year capital programme to meet this expenditure as part of the Authority's budget setting process.

BACKGROUND PAPERS

Proposed Vehicle Replacement Programme 2018/19 to 2020/21 – Authority Report 19 February 2018.

The contact officer for this report is DCFO Phil Hales, telephone number 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

APPENDIX 1**2019/2020****Estimated Replacement Value****£'000**

PRLs	5 x £259.2k	1,296
PMB/G 258	Wednesbury Technical Rescue	80
Van 350	Hydrant Technician Van	55
D-WSU 343	Water Support Unit	50
MRV 283	TEW Service Van	50
TRL 230	Road Show Trailer	40
Car 135	Emergency Response	25
Car 136	Driver Training	25
TLR 356	Community Safety Trailer	20
TRL 357	Community Safety Trailer	20
TRL 358	Community Safety Trailer	20
TRL 270	Water Rescue Instructors	10

Prior Years Slippage

CSV 106	Command Support Vehicle	500
Van ND4	New Dimensions Van	80
D-FD 361	Foam distribution Unit	70
D-FD 363	Foam distribution Unit	70
BSV 141	Business Support Vehicle	40
Van 172	Billesley	16
Van 173	Coventry	16
Van 175	Kings Norton	16
Van 176	Binley	16
Van 179	Oldbury	16
Van 180	Equipment Maintenance Services	16
Van 181	Wednesbury	16
Van 186	Bloxwich	16
Van 193	Bournbrook	16
Van 196	Tipton	16
Van 197	Ward End	16
Van 198	Woodgate Valley	16
TLR 343Z	Wednesbury Tech Rescue Boat Trailer	10
TLR 346Z	Bickenhill Tech Rescue Boat Trailer	10
TLR 347Z	Bickenhill Technical Rescue Boat Trailer	10

Estimated Total**2,673**

APPENDIX 2**2020/2021****Estimated Replacement Value****£'000**

PRLs	6 x £270k	1,620
PMB 250	Youth Services	60
PMB 251	Youth Services	60
BSV 143	Business Support Vehicle	45
PMB/G 240	Handsworth	44
PMB/G 241	Solihull	44
PMB/G 242	Canley	44
PMB/G 243	Sheldon	44
PMB/G 244	Driver Training	44
PMB/G 245	UKFSSART	44
PMB/G 246	Road Casualty Reduction Team	44
Van 167	Command Development Centre	44
Car 132	Pool Vehicle	25
Car 133	Pool Vehicle	25
MPV 207	Fire Research Investigation	25
Van 177	Erdington	16
Van 178	Brierley Hill	16
Van 182	Aston	16
Van 183	Dudley	16
Van 190	Fallings Park	16
Van 191	Foleshill	16
Van 210	West Bromwich	16
Van 211	Northfield	16
Van 213	Highgate	16
Van 214	Wolverhampton	16
Van 217	Tettenhall	16
Van 218	Smethwick	16

Estimated Total**2,404**

APPENDIX 3**2021/2022****Estimated Replacement Value****£'000**

PRLs	6 x £278k	1,668
PCH 300	Coach	300
MPV 285	DIM Team	60
MPV 286	B7 Tech Rescue	60
CSV 108	ISAR	60
D-WSU 346	Water Support Unit	60
D-WSU 347	Water Support Unit	60
D-LF 329	Demountable lounge fire unit	55
MPV 208	Fire and Research investigation	50
MPV 209	Fire and Research investigation	50
Van 266	Comms ICT	40
Van 267	Comms ICT	40
Van 158	Facilities Management	38
ND16	Toolcat @ B7	35
MPV 284	TEW Stores	30
MPV 265	ICT/Comms	25
Van 157	Warehouse and Distribution	24
Van 163	Warehouse and Distribution	24
EST/Car 128	Pool Car	23
EST/Car 129	Driver Training	23
Van 168	Walsall	17
TRL 253	Toilet Trailer	15
TRL 355	Toilet Trailer	15

Estimated Total**2,772**

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

18 FEBRUARY 2019

1. **2019/2020 PROPERTY ASSET MANAGEMENT PLAN**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approve the 2019/2020 Property Asset Management Plan attached as Appendix A.

2. **PURPOSE OF REPORT**

In order to ensure the effective and efficient use of land and buildings, a Property Asset Management Plan is essential. The Authority's proposed 2019/2020 Property Asset Management Plan is attached to this report as Appendix A.

3. **BACKGROUND**

- 3.1 Considerable work has been completed over the last 12 months to assess the appropriateness of existing property assets and consider where future investment should be directed.
- 3.2 In order to demonstrate the effective use of resources, it is necessary to undertake a fundamental review of property assets which should also be flexible enough to respond to organisational changes.
- 3.3 The attached Property Asset Management Plan involved input from all key West Midlands Fire Service stakeholders and reflects the property and property related priorities over the next five year period.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

- 6.1 Planned maintenance issues will need to be undertaken during the five year period. Current annual revenue budget provision for these items is £0.9m per annum.
- 6.2 Subject to approval of the attached proposals, estimated capital expenditure of £0.821m would be incurred on planned maintenance of building related assets in 2019/2020.

BACKGROUND PAPERS

Report to the Fire Authority – 19 February 2018

The contact name for this report is DCFO Phil Hales, telephone number 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

2018/19 Property Asset Management Plan

1. Purpose

The purpose of this document is to set out the property asset position and requirements of West Midlands Fire and Rescue Authority (WMFRA) to support its service needs, objectives, strategy and plans. Property plays an important role alongside people, vehicles, equipment, finance and information to ensure quality of service and thus needs to be fully reflected in the planning of the Service.

This Plan is written to reflect the changing financial climate that prevails within the Public Sector and it is recognised that there may be significant amendments to or, indeed, omissions or inclusions throughout the coming years. Specific reviews will drive forward initiatives that are likely to impact upon the Authority's property portfolio.

The Property Asset Management Plan should be utilised as a realistic, flexible, practical working tool to ensure that the Authority's Property Portfolio (currently valued at circa £143 million) is managed, improved, replaced or refurbished as required to complement the operational and functional needs of a dynamic community orientated rapidly changing organisation. To this end the concept of collaborative provision and space utilisation has been, and will continue to be, explored to ensure Best Value is achieved for the community.

The Plan will ensure that all of the Authority's land and buildings are used efficiently, effectively, economically and in a sustainable manner that will facilitate service improvement.

The Property Asset Management Plan needs to consider a number of key issues such as emergency response standards and the provision of appropriate training facilities ensuring that it is flexible and responsive. The intention is that the Plan has a positive impact on service delivery from the Authority's building portfolio.

2. **Background**

WMFRA operates from 41 sites throughout the West Midlands. These properties include thirty-eight fire stations, Headquarters and other support buildings as well as residential units located on certain station sites. The Property Asset Management Plan covers all 41 sites.

Fundamental to the Property Asset Management Plan is an assessment of whether the Service operates from an appropriate number of sites. This is particularly relevant in determining fire station numbers and whether all of the sites are actually required and, if so, whether the current location is appropriate. For a number of years, studies have been carried out to assess the incidents that have occurred in the West Midlands conurbation via the Community Safety Plan and considered in developing the Property Asset Management Plan.

It is imperative that having determined the number and location of Authority buildings that the building stock is effectively maintained and is fit for purpose. In order to ensure that this requirement is met Building Condition Surveys are undertaken. This exercise ensures that appropriate focus is given to those issues which need to be considered as part of the ongoing Planned Maintenance Programme and highlights those buildings which need to be considered for complete refurbishment and upgrade subject to funding availability.

Property Asset Management Planning assists the Service in targeting resources effectively and investing appropriately to ensure that the Authority's building assets contribute towards the continuous improvement of service delivery.

This document collates the information necessary to make informed decisions about investment in property. The Condition Surveys provide a key component of the Plan in terms of a property perspective and in order for an effective property asset management plan to be implemented it is essential that input from other stakeholders is fully considered.

The information from the Property Asset Management Plan will assist the Authority in:-

- providing property that meets the Brigade's needs.
- ensuring that property decisions are consistent with the Brigade's objectives and service requirements and are integrated in to the corporate planning process.
- prioritising decisions on spending and evaluation of building projects to ensure and demonstrate value for money.
- providing information to ensure conserved energy usage and therefore the impact on the environment is minimised.

3. **Assessment of Existing Building Stock**

The need to undertake building condition surveys is a key factor in managing any organisation's building stock. It is essential to consider all required maintenance work in a planned way, both in terms of ensuring the organisation has the capacity to undertake the work and to maintain or improve the fabric of the building assets. The benefit of taking a proactive approach to building maintenance will result in a more efficient use of resources and more effective use of the buildings. The table on Appendix 1 provides an age profile of all buildings surveyed.

Comprehensive building condition surveys have been completed and analysis has been undertaken of the planned maintenance requirements of the buildings. The outcome of this work has been reviewed and updated where necessary and is reflected in Appendix 2, which provides a summary of the estimated value of planned maintenance work required for each site over the five year period commencing 2019/2020.

The property related Capital and Revenue Programmes may be subject to change for a number of reasons, including the following:-

- changes to the Community Safety Plan.
- legislative requirements.
- operational requirements.

- Health and Safety issues.
- environmental issues.
- corporate objectives.
- collaborative provision.
- available budget.

In addition, it is anticipated that there will be a significant impact on the HQ/Safeside site as a result of development work associated with the HS2 project. Some of the specific work that will need to be undertaken as a result of this may include; relocation of staff/functions to alternative WMFS locations, relocation of water storage and sprinkler tanks and provision of alternative staff and visitor car parking arrangements.

Residential and non-operational buildings

The terraced houses located at Perry Barr are subject to a planning application to alter their external layout with a view to disposal.

Longer term plans regarding non-operational buildings include giving consideration to utilising houses and flats for cold training at Kings Norton Station.

One for One Station Replacement Update

Aston

The Fire Authority gave approval on 16 February 2015 to completely refurbish Aston Fire Station, which is a listed building with English Heritage. Work has taken place with Architects and Heritage England to develop a sympathetic redevelopment of the site.

Redevelopment started in June 2018, consisting of a new build fire station adjoining the old Aston station and a refurbishment of the old station which is proposed to house Birmingham City Council's (Aston) Library services and WMFS heritage Museum, it is anticipated that these local attractions will provide both local communities and distance visitors with a great learning facility. Completion is estimated for December 2019.

4. Community Safety Strategy and Dynamic Cover Tool

There is a requirement arising from the Fire and Rescue National Framework and the Fire and Rescue Services Act 2004 to ensure an Integrated Risk Management Plan (IRMP) is produced and updated and that significant plans for change are released for public consultation.

Whilst this should occur on a three year rolling basis, in reality WMFS reviews the IRMP on an ongoing basis to ensure it is current and reflects the evidence based approach taken to our decision making. The most recent consultation of the IRMP concluded in January 2017. No specific property related issues were identified which need to be reflected within the 2017/18 Property Asset Management Plan from the feedback from that exercise.

In April 2016, WMFS released an online interactive Community Safety Strategy (CSS) which is accessible to the public on the website. The CSS sets out the Fire and Rescue Authority's assessment of local risk and, in line with this assessment, how resources will be deployed to address these risks. The Plan, which complements the CSS, indicates how the Authority intends to deliver its services to reduce risk in the community. WMFS fulfils this requirement through the publication of 'The Plan', the CSS and supporting documentation and risk analysis on an ongoing basis.

WMFS has developed with the software supplier ORH, the dynamic cover tool (DCT) which provides a real-time visual aid for Fire Control resource managers to support their decision making around deciding on appropriate positioning of resources to improve emergency cover dynamically, including the positioning of vehicles at non-fire service locations. The day to day management of our resources is carried out using the Dynamic Cover Tool which went live in Fire Control in May 2017.

When managing the IRMP on a daily basis, risk and resource is modelled in the live environment. The DCT takes the analysis from circa 150k historical incidents and models them along with an Index of Multi Deprivation data to determine a base layer of risk

5. Training Facilities

The Distributed Training Model (DTM) in place since 2014 requires constant review to ensure our training infrastructure is in place to meet the demands placed upon the Service and through these on-going reviews our training facilities will be constantly developed. Below is an overview of current training facilities:

Canley

Road Traffic Collision (RTC) and First Aid Trauma Management, Training at Height Facility

Command Development Centre (CDC)

CDC delivers Incident Command Training. XVR incident command suite.

Coventry

The current training facility is due to be redeveloped. A number of alterations to improve the 'hot' fire training facility including a compartment for Fire Investigation and a basement carbonaceous burn room will be included, it is proposed that the WMFRS will partner with Warwickshire Fire and Rescue Service on this joint re-development.

Hay Mills

Hay Mills Training Facility is able to deliver RTC and First Aid Trauma management. Fire Behaviour Unit H Block

Oldbury

Oldbury Training Facility has a Fire House, purpose-built High Rise facility and a small fire behaviour unit.

The Business Educational Safety Team (BEST) are also located at Oldbury with a dedicated area for delivering external courses.

Walsall

Walsall Training Facility has the ability to deliver RTC, First Aid Trauma Management and New Entrant training.

Sutton Coldfield

Training at Height facility (a proposed RTC facility is being considered following the completion of a training asset review.

Bickenhill
Pylon Training, confined space training

West Bromwich
Training at Height Facility

Driver Training
West Bromwich and Solihull fire stations.

Solihull
Training at Height Facility

Fallings park
Training at Height Facility

6. **Environmental Impact**

The Service is committed to minimising the impact of its operations on the environment, reducing carbon emissions and energy costs by means of continuous improvement and balancing the needs of the environment with operational requirements.

To improve energy efficiency and reduce the Service's carbon footprint, several energy saving programmes are in place as part of the Property Asset Management Plan. For example, improvements to building fabric such as insulation, continued phased boiler replacements, improvement to water heating and space heating controls, in addition compliance with Part L Building Regulations (Conservation of Heat and Power) will be achieved or exceeded on applicable schemes. Furthermore, Electric Vehicle Charging points are installed at HQ for dual fuel vehicles.

New builds will endeavour to utilise eco-friendly products and low carbon or renewable technologies where possible, and will be built in a responsible and sustainable manner. A robust approach will continue to be undertaken on energy management and reporting, helping to highlight and focus attention on properties to ensure that they compare favourably with energy benchmark targets. Utilities sub-metering has been introduced to further improve energy monitoring and control. Additionally, Display Energy Certificates (DECs) and the Associated Advisory Reports continue to be undertaken for each of the Authority's buildings (non-domestic) and can now be used to ensure continual improvement.

WMFRA signed up to the Carbon Trust's Carbon Management Programme 2010 and have achieved a significant reduction of approximately 50% in carbon emissions across all buildings and operations.

This has been achieved by:-

- good housekeeping/energy saving measures/behavioural changes.
- invest to save/low carbon technologies.
- employing latest design and asset management techniques.
- improving existing building thermal performance.
- organisation realignment and process changes.
- renewable technologies.
- liaise with energy providers to explore grants and services on offer to reduce energy use.

7. Equality Act (DDA) Compliance

WMFRA is committed to the Equality Act (2010) with a substantial amount of work having been undertaken to carry out reasonable adjustments to the building stock. Measures are in place to ensure compliance as appropriate on all future projects involving either refurbishment or new build. Compliance with the Equality Act is dependent to a large extent upon the Brigade ensuring access for members of the public is restricted to the ground floor non-operational areas only.

Further to the establishment of the National Equality and Diversity Delivery Partnership, representatives from the Chief Fire Officers' Association, Communities and Local Government and the Equality and Diversity Stakeholders' Group (trade unions and groups such as the Disabled Fire Service Association) have commenced joint working on guidance documents over a range of issues, including facilities on fire stations and Facilities Management led by Operations providing additional facilities for staff under the 'Dignity for All' agenda.

8. Community Facilities

The provision of Community Facilities contribute significantly to the potential to deliver community based risk reduction activity.

A review of station community facilities indicated a need for some level of enhancement to a number of existing facilities where practicable and feasible to do so. Any enhancements would be informed by consultation with local communities and potential future partners in order to meet the widest range of local need.

The two key property requirements to be considered to ensure the Authority can deliver Prevention activities in an effective, targeted manner relate to

1. The provision of appropriate facilities for Fire Cadets (and other youth related activities) and
2. The provision of facilities to meet the more general needs of the community and community groups.

The strategic aim would be to provide community facilities on all Fire Stations but this is challenging due to the layout of existing stations. When designing new or refurbishing existing stations, the provision of community facilities would form part of the design.

9. **Partner Working**

The Authority is keen to work with partners to share accommodation and facilities where appropriate and so achieve better value for money and wider community benefits.

In addition, the Authority continues to be committed to Blue Light collaboration and will seek to advance shared arrangements throughout 2019/2020 and beyond. WMFS are fully engaged with the West Midlands Police Service (WMPS) with a view to establishing a police presence on several sites. Four pilot sites will be occupied during 2019 by Police neighbourhood services.

Provision of accommodation facilities for the Ambulance Service have reduced due to changes in the response model of the Ambulance Service.

During 2019/2020 any further appropriate opportunities will be taken to enhance community partnerships without undermining existing community arrangements.

In addition, the Brigade is keen to keep pace with ever changing demands on its building stock and demonstrate value for money through efficiently used property assets driven by both the Government focus on effective property management and by good asset management practice to ensure appropriate space utilisation (be it by: partnering arrangements, rationalisation of stock, higher density office accommodation or re-profiling budgets considering life cycle costing).

WMFS are also involved in discussions with other Local Authorities such as Walsall, Wolverhampton and Dudley in order to identify any possible opportunities for LAs to relocate services within the WMFRA Estate, such as Wolverhampton City Council's Youth Offending Services who are looking to relocate onto the Wolverhampton Fire Station site.

Furthermore, whilst much work has been done already regarding efficient space utilisation at HQ and Safe-side, where so far as reasonably practicable to do so, further consideration will be given to relocating Sections currently operating from remote locations such as Occupational Health.

10. **Specific Actions**

During the 2018/19 financial year significant Facilities Management related projects were successfully carried out on the property portfolio and a summary of key activities is contained within Appendix 3 supporting the specific actions as set out within the previous year's Asset Management Plan.

Below are key Specific Actions for the forthcoming 2019/20 financial year;

- Continue working on partnership arrangements with the West Midlands Police.
- Completion of Aston Fire Station new build.
- Evaluate space optimisation within West Midlands Fire Service Headquarters, facilitating a move towards a more mobile and flexible working environment, creating efficiencies by consolidating and relocating staff/sections within the HQ/Safe-side locations.

- Proposed relocation of Occupational Health services from Highgate to Safe-side.
- Completion of a refurbished Fire House at the Coventry site in partnership with WFRS.
- Provide enhanced meeting/conferencing facilities within HQ.
- Consider whether an RTC facility should be based at Sutton Coldfield Fire Station
- Undertake all planned maintenance work during 2019/2020 in line with the outcome of the Building Condition Surveys as summarised on Appendix 2.
- Evaluate space utilisation and continue to assess building stock other than Fire Stations (residential buildings).
- Boiler replacement will be undertaken over the next financial year at Handsworth Fire Station. This will further the Authority's efforts in reducing its overall carbon emissions.
- To work closely with energy providers in our continued effort to reduce our carbon footprint and reduce utility costs.
- New appliance bay doors at Ward End Fire Station.
- Full re-wires at Bickenhill, Tettenhall and Wednesbury Fire Stations.
- Continued replacement of energy efficient lighting at Wednesbury, Fallings Park and Canley Fire Stations.
- Refurbishment of nine male and six female ablutions across the Brigade.
- Replacement of windows and doors at Dudley, Erdington, Handsworth, and Sheldon Fire Stations plus Solihull Annex.
- Fire alarm upgrades at Binley and Hay Mills Fire Stations.

- Replace UPS batteries within Safe-side.
- In line with HSG264 (Management of Asbestos) all applicable sites have Management Surveys undertaken and that any highlighted works are addressed.
- Ensure consideration continues to be given to the appropriate provision of partnership and community working.
- Continue to explore further collaborative opportunities with other public services/public organisations within the asset base of the Fire Service in order to demonstrate value for money and more joined up, effective services.
- Delivering enhancements to community facilities to enable wider availability for the community.
- To assist in developing plans in conjunction with the Emergency Response Planning Team pertaining to the estate to ensure resilience for the Authority (IRMP).
- Continued involvement with HS2 to mitigate the impact of the HS2 railway works to the HQ and Safe-side site.

APPENDIX 1

WMFRA Age Profile of Buildings

Building	Construction/ Acquisition Date
Aston Fire Station	1924
Perry Barr Fire Station ₁	1928
Kings Norton Fire Station	1930
Erdington Fire Station	1938
Bloxwich Fire Station	1954
Canley Fire Station	1956
Sheldon Fire Station	1956
Northfield Fire Station ₂	1958
Fallings Park Fire Station ₄	1960
Billesley Fire Station	1962
Bilston Fire Station	1963
Sutton Coldfield Fire Station	1963
Brierley Hill Fire Station	1966
Aldridge Fire Station	1967
Ladywood Fire Station	1967
Tipton Fire Station	1968
Wednesbury Fire Station	1968
Wolverhampton Fire Station	1968
Stourbridge Fire Station ₅	1969
Binley Fire Station	1970
Bournbrook Fire Station ₃	1970
Tettenhall Fire Station	1970
Solihull Fire Station ₇	1972

Building	Construction/ Acquisition Date
Highgate Fire Station	1972
West Bromwich Fire Station	1973
Walsall Fire Station ⁸	1974
Oldbury Fire Station	1974
Ward End Fire Station	1976
Bickenhill Fire Station	1977
Smethwick Fire Station	1978
Willenhall Fire Station	1981
Workshops	1984
CDC ⁶	1989
Foleshill Fire Station	1990
Smoke House Oldbury	1990
Hay Mills Fire Station	1993
Woodgate Valley Fire Station	1996
Dudley Fire Station	1998
Handsworth Fire Station	1999
Technical Rescue Bickenhill	2008
Headquarters/Safeside	2008
Haden Cross Fire Station	2014
Coventry Fire Station	2018

1	Perry Barr Extension	1992
2	Northfield Refurbishment	2001
3	Bournbrook Refurbishment	2004
4	Fallings Park Refurbishment	2005
5	Stourbridge Refurbishment	2006
6	CDC	2008
7	Solihull Refurbishment	2011
8	Walsall Refurbishment	2011

APPENDIX 2

ESTIMATED PLANNED MAINTENANCE REQUIREMENT

Site	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Command Development Centre	£8,500	£5,300	£1,500	£8,500	£14,450
Aldridge	£3,600	£10,800	£11,650	£5,200	£6,750
Aston Station	£1,900	£1,700	£2,200	£1,700	£2,200
Aston Annex	£300	£300	£300	£300	£300
Bickenhill Station	£179,200	£77,500	£35,800	£4,000	£33,400
Bickenhill USAR	£5,200	£1,250	£6,300	£10,350	£1,400
Billesley	£5,100	£9,600	£26,600	£50,100	£1,600
Bilston	£20,100	£20,650	£8,200	£4,800	£16,850
Binley	£28,600	£3,150	£31,800	£34,250	£43,900
Bloxwich	£13,800	£10,850	£4,900	£22,950	£32,000
Bournbrook	£1,300	£1,850	£1,400	£11,950	£24,500
Brierley Hill	£3,600	£9,100	£6,600	£9,150	£1,150
Canley	£5,550	£26,300	£31,150	£29,300	£9,250
Coventry	£300	£300	£300	£300	£300
Dudley	£3,700	£4,200	£44,200	£16,200	£1,200
Erdington	£18,800	£11,300	£20,300	£14,300	£17,300
Fallings Park	£37,500	£43,050	£4,600	£13,500	£17,700
Foleshill	£16,250	£19,000	£59,800	£33,000	£38,850
Handsworth	£11,450	£32,550	£32,600	£19,650	£12,700
Hay Mills Station	£25,850	£23,100	£45,950	£12,000	£42,750
Hay Mills Annex	£4,800	£32,800	£37,800	£19,300	£10,300
Haden Cross	£1,600	£8,800	£1,600	£12,800	£1,600
Headquarters	£84,850	£16,300	£2,850	£19,100	£87,950
Highgate Station	£15,700	£10,500	£22,250	£24,500	£2,300
Highgate Annex	£3,300	£29,300	£16,300	£14,350	£9,350
Kings Norton	£16,550	£29,100	£15,150	£25,200	£20,750
Ladywood	£1,200	£7,400	£2,800	£27,900	£1,400
Northfield	£4,700	£13,750	£33,400	£16,350	£2,100
Oldbury Station	£2,400	£24,300	£2,600	£53,450	£3,800
Oldbury Annex	£2,100	£7,300	£2,200	£33,300	£27,300
Oldbury Fire House	£44,100	£45,150	£43,500	£46,550	£45,100
Perry Barr	£18,050	£31,050	£2,550	£2,600	£9,550
Sheldon	£21,050	£27,100	£35,650	£7,200	£73,250
Smethwick	£6,050	£28,900	£55,050	£11,200	£3,350

Site	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Solihull Station	£12,300	£7,800	£33,300	£19,300	£5,800
Solihull Annex	£8,800	£1,900	£1,800	£2,000	£1,800
Stourbridge	£7,500	£8,200	£11,200	£25,250	£47,300
Sutton	£18,800	£33,800	£46,300	£20,300	£2,800
Tettenhall	£5,100	£72,100	£27,100	£31,100	£12,100
Tipton	£4,800	£6,900	£45,500	£1,900	£17,600
Walsall	£11,500	£34,800	£14,850	£22,850	£2,900
Ward End	£50,250	£26,500	£4,850	£34,500	£4,950
Wednesbury	£60,250	£18,500	£20,050	£3,600	£2,650
West Bromwich	£62,300	£12,350	£2,750	£12,850	£20,900
Willenhall	£4,800	£1,800	£34,850	£4,900	£16,950
Wolverhampton Station	£10,800	£10,300	£7,300	£2,400	£24,400
Wolverhampton Annex	£3,500	£8,000	£1,500	£1,500	£4,500
Woodgate Valley	£12,300	£2,550	£5,600	£58,650	£17,750
Workshops	£4,500	£56,550	£1,600	£21,650	£21,700
Perry Barr-Residential	£1,600	£1,600	£1,650	£1,650	£1,700
Kings Norton-Residential	£0	£0	£0	£0	£0
Bloxwich-Residential	£700	£700	£3,700	£700	£700
Erdington-Residential	£300	£300	£300	£300	£300
Harborne-Residential	£5,000	£0	£0	£0	£0
Total Spend	£902,150	£928,250	£914,050	£880,700	£823,450

Lighting	£22,950	£56,000	£50,250	£20,500	£22,950
Boilers	£151,000	£171,000	£0	£0	£151,000
Rewires	£321,000	£194,500	£192,000	£129,000	£321,000
Roof	£73,000	£149,000	£220,000	£125,000	£73,000
Windows & Doors	£276,500	£234,000	£175,000	£105,000	£276,500
Other (Above)	£902,150	£928,250	£914,050	£880,700	£902,150
TOTAL FORECAST SPEND	£1,746,600	£1,732,750	£1,551,300	£1,260,200	£1,746,600
TOTAL BUDGET AVAILABLE	£1,746,600	£1,732,750	£1,551,300	£1,260,200	£914,808
Provisional Surplus(+)/Deficit(-)	£0	£0	£0	£0	-£479,642

2018/19 Key Activities

During 2018/2019 significant Estates related works were successfully carried out across the property portfolio. Below is a list of some key achievements.

- Relocation of Primary Fire Control.
- Established four pilot locations for collaborative working with neighbourhood Policing teams
- Delivered Coventry Fire Station (new build)
- Commenced work on the new Aston Fire Station.
- Re-roofing at Erdington, Wolverhampton and Highgate Fire Stations
- Window and external door replacements to Smethwick, Canley and Solihull Fire Stations
- Hot water Boiler replacement at Erdington and Woodgate Fire Stations.
- Refurbishment of ablutions at TEW, CDC, Foleshill, Sutton, Ward End, Wednesbury and Woodgate Fire Stations
- Automated gates installed at Walsall, Solihull & Sutton Fire Stations
- New kitchen facility at Ladywood Fire Station
- Continued management of asbestos, with surveys carried out across Authority's premises in line with HSG264.
- Involvement with ongoing development plans in conjunction with the Emergency Response Planning Team to ensure resilience for the Authority.

- Continued work to evaluate the HQ building with regards to achieving full occupancy, working to relocate WMFS staff within HQ from other WMFS locations.
- HS2 – Continued involvement with negotiations regarding mitigation of impact to HQ, Safeside and Fire Control.
- Continued upgrading of lighting to energy efficient LED systems at Binley Fire Station
- Lease agreement re: 'the bank' building at Bloxwich Fire Station site
- Draft Heads of Terms with City of Wolverhampton to occupy the former Fire Safety building at the Wolverhampton Fire Station site

18 FEBRUARY 2019

1. **THE PLAN 2019-2022**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Members approve the revised Priorities and Outcomes of The Plan 2019-2022.

2. **PURPOSE OF REPORT**

- 2.1 Following a review of the Authority's Integrated Risk Management Plan (IRMP), Strategy and budget considerations aligned to the Financial Efficiency Plan (FEP), this report seeks approval of revised priorities and outcomes for The Plan 2019-2022, which continue to support the Services Vision statement.
- 2.2 These priorities and outcomes reflect the changing internal and external environment.

3. **BACKGROUND**

- 3.1 The Plan is a rolling 3-year corporate strategy, designed to enable detailed planning for the first year and broader planning setting out aspirations for a further 2 years. This planning period enables the most effective approach to delivering services to local communities, in recognition of a changing external environment and an ongoing three/four-year comprehensive spending review period by central government.
- 3.2 As part of the Service's Strategic Planning Framework, 'The Plan' is reviewed on an (at least) annual basis. Our IRMP sets out in detail the risk based analysis that has informed the recommendation in this report.

Following a review of the risk analysis, there has not been any significant change to risk in the West Midlands, providing an evidence base which supports the continuation of the Services strategy and Service Delivery Model.

- 3.3 Aligned to strategy option and budget considerations, the priorities and outcomes for 2018-2021 (as detailed in appendix 2), as enablers to achieving our vision of Making West Midlands Safer, Stronger and Healthier, over a 3 year rolling period, have been reviewed and amended. The rationale for these changes is set out in paragraph's 3.5 onwards.

Response, Prevention and Protection priorities and outcomes 2019-2020

- 3.4 The Vision statement and priorities of response, prevention and protection reflect our continuing ambition to support and transform wider and improved outcomes for local communities, in particular, health and well-being. This is in addition to providing clarity to employees, partners and the community alike, as to the core services that we deliver to our communities.
- 3.5 The response, prevention and protection outcome statements have been amended to recognise the strategic intent of both current and future transformation of services, through wider working with partners including the West Midlands Combined Authority (WMCA) and public reform agenda, as well as considering digital innovation, workforce reform and development.

A key area of consideration has been the potential additional burdens to Fire and Rescue Services, as a result of the recommendations of the independent review of building regulations of fire safety following the Grenfell Tower incident.

- 3.6 In addition to changes as proposed through the Strategy Option Fire Authority report; priority and outcome statements reflect the need for the CFO to deliver The Plan through flexible, risk-based management of resources on a daily basis to maximise response, prevention and protection activities and reduce risk and vulnerability aligned to the delivery of The Plan, to enable a balanced budget.

Supporting Priority Statements

- 3.7 Supporting priority and outcome statements for Value for Money, People and Digital and Innovation are aligned to enable the delivery of Response, Prevention and Protection priorities and outcomes.
- 3.8 The inclusion of 'Digital and Innovation' as a supporting priority statement is an evolution of the previously entitled ICT area. This priority and its outcomes have been revised to reflect the significance of digitally enabling the delivery of all priorities within The Plan.
- 3.9 The ability to provide the appropriate information to our mobile workforce and the need for secure exchange of data remain in place. This has been bolstered by amendments reflecting the importance of embedding a digital culture as well as a focus on research and development.

4. EQUALITY IMPACT ASSESSMENT

- 4.1 Equality impact assessments have been completed where appropriate against each of the reports against which the proposals within this paper have been formed, Strategy Option and Investment papers. Therefore, an additional equality impact assessment has not been undertaken.

5. **LEGAL IMPLICATIONS**

- 5.1 The National Fire and Rescue Framework for England 2012 requires the production of an Integrated Risk Management Plan (IRMP). The Authority's IRMP is known as the Community Safety Strategy. The Framework is given statutory power by reference to it in the Fire and Rescue Services Act 2004.

6. **FINANCIAL IMPLICATIONS**

- 6.1 There are no direct implications arising from this report. The Authority's approved budget for 2018/19 will support the delivery of the priorities, strategic objectives and outcomes.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications.

BACKGROUND PAPERS

Strategy Options reports – Fire Authority 17 September and
19 November 2018, 18 February 2019

Protection Investment report – Fire Authority 19 November 2018

Investment report – Fire Authority 18 February 2019

The contact officer for this report is Phil Hales, Deputy Chief Fire Officer, Tel. No. 0121 380 6908

PHIL LOACH

CHIEF FIRE OFFICER

Appendix 1

PRIORITIES AND OUTCOMES 2018-2021

Our response priorities focus on dealing excellently with emergency incidents:

- the most serious emergency incidents will be attended, on average, within five minutes to save life, protect homes and businesses, and keep our transport networks moving
- our commitment to operational excellence will reduce risk to life and property and enable an assertive, effective and safe emergency response to all incidents whilst supporting firefighter safety
- at all incidents we attend, we will lead and co-ordinate rescue operations whilst working collaboratively with other agencies to deliver an excellent response and meet public expectations
- we will enhance resilience and deliver a local, national and international response to major incidents, emerging threats, and humanitarian situations through our specialist response teams.

Our prevention priorities focus on making safer, healthier communities:

- the number of people killed or seriously injured by fire-related incidents will reduce as we focus, with our partners, on the risks faced by the most vulnerable people in our communities.
- arson-related incidents will fall, supporting safer and stronger communities, as a result of our partnership working
- fewer people will be killed or seriously injured on West Midlands roads, as we work with the West Midlands Combined Authority and other organisations to develop and deliver interventions that support the West Midlands Regional Road Safety Strategy
- the safety, health and well-being of the most vulnerable people in our communities will improve through our interventions delivered to tackle the effects of an increasing demand on health and social care services.

Our protection priorities focus on creating stronger businesses and safer communities:

- we will ensure high risk buildings including residential high rise, are assessed to ensure public safety and provide reassurance from the risks of fire
- we will ensure businesses become safer from fire through interaction with our people delivering integrated prevention, protection and response services What about the prevention of less vulnerable businesses
- we will enhance economic growth by providing clear advice and flexible support in collaboration with other regulators and partner agencies
- we will utilise an evidence-based approach to risk reduction to enable effective engagement with the most vulnerable businesses and members of the community
- we will reduce the impact of Automatic Fire Alarms, to minimise unnecessary disruption

VALUE FOR MONEY

Working closely with other organisations, collaborating with our partners - is an essential part of being able to deliver our services effectively and efficiently. Your fire service will ensure

- Government funding reductions will be met and our Service Delivery Model, which focuses on public safety and vulnerability, will be maintained
- Resource and assets will be used effectively and efficiently in support of delivering service priorities
- alternative funding and efficiency opportunities will be identified and delivered through collaborative activities and by exploring commercial, social value, sponsorship and commissioned opportunities, to support the delivery of our strategy and public safety through targeting the most vulnerable.

BUSINESS DEVELOPMENT

From finance through to our vehicles, technology and communications, we work hard to ensure that our services are delivered in the most relevant, effective and efficient ways. Everything we do is achieved by our cost-effective, flexible and agile workforce. At a time of unprecedented change and financial challenges for the public sector, our staff keep finding exciting, new ways to transform the services we provide and achieve even more with less.

PEOPLE

The people who work for us here at West Midlands Fire Service are our finest asset. Without them, we couldn't achieve what we do for the people of the West Midlands. That's why we have a set of strategic priorities dedicated to them and members of our community to ensure:

- an agile, flexible and accountable workforce, to provide the sustained delivery of our strategy by individuals and teams through adaptability, authenticity and cohesion.
- an environment and culture where benefits of physical, emotional and mental health and wellbeing are understood and valued equally, to enable our staff to respond positively to opportunities for change
- Diversity, Inclusion, Cohesion and Equality (DICE) to support, the safety, health and well-being of the most vulnerable people in our communities. by addressing social and health inequalities
- A workforce reflective of the communities we serve. Through an approach known as 'positive action' we will attract, recruit and support progression for individuals with protected characteristics.

Appendix 2

PROPOSED PRIORITIES AND OUTCOMES 2019-2022

RESPONSE

Our response priorities focus on dealing excellently with emergency incidents:

- Through risk management, the most serious emergency incidents in high risk areas will be attended within five minutes, to save life, protect homes and businesses, and keep our transport networks moving
- risk to life and property will be reduced through our commitment to operational excellence, enabling an assertive, effective and safe emergency response to all incidents whilst supporting firefighter safety
- at all incidents attended, rescue operations will be led and co-ordinated by WMFS whilst working collaboratively with other agencies to deliver an excellent response and meet public expectations
- National Resilience will be enhanced through delivery of a local, national and international response to major incidents, new risks, and humanitarian situations through our specialist response teams.

PREVENTION 2019-2022

Our prevention priorities focus on making safer, healthier communities:

- The number of people killed or seriously injured by fire-related incidents will reduce as we focus with our partners, reducing the risks faced by the most vulnerable people in our communities.
- The safety, health and well-being of the most vulnerable people in our communities will improve by targeting 'radical prevention' interventions that are directly linked to vulnerability from fire.

- Arson-related incidents will fall, supporting safer and stronger communities, as a result of our partnership working
- Fewer people will be killed or seriously injured on West Midlands roads and we will keep our transport networks moving, as we work with the West Midlands Combined Authority and other organisations to develop and deliver interventions that support the West Midlands Regional Road Safety Strategy

PROTECTION 2019-2022

Our Protection prioritises focus on protecting life and property to make businesses stronger and communities safer.

- Life and property will be protected by targeting high risk buildings and vulnerable businesses, including residential high rise to ensure compliance and enforcement of fire safety legislation.
- Improved community safety through implementing outcomes of the Independent Review of Building Regulations and Fire Safety.
- Improved community safety through innovative and contemporary approaches to the delivery of protection activities and working cohesively with partners at local, regional and national levels to influence the development of new and enabling legislation.
- Prosperity and economic growth are enhanced by educating and supporting Businesses including collaboration with other regulators and partner agencies
- Disruption to Businesses, Communities and the West Midlands Fire Service caused by unwanted fire signals from fire alarms will be reduced.

Supporting priorities:

DELIVERING EFFECTIVE THROUGH COLLABORATION

VALUE FOR MONEY

Working closely with other organisations, collaborating with our partners - is an essential part of being able to deliver our services effectively and efficiently. Your fire service will ensure:

- Government funding reductions will be met and our Service Delivery Model, which focuses on public safety and vulnerability, will be maintained
- Services delivered will be managed efficiently and effectively using the most appropriate management of resources and assets in delivering the organisational priorities.
- efficiency opportunities will be identified and delivered through collaborative activities and by exploring social value, commercial and sponsorship opportunities, to support the delivery of our strategy and public safety through targeting the most vulnerable.

•

DIGITAL and INNOVATION

To continually explore opportunities to enhance and transform services to communities that are underpinned through innovative and digital solutions.

- commitment to research and development enabling assertive, effective and safe firefighting.
- A culture where digital as an enabler will help people, systems and processes become more efficient and effective.
- provide assurance and intelligence for evidence-based decisions with accurate, useful and timely information that will reduce community risk through our mobile workforce
- enable the secure and reliable sharing of data with our partners and the cost-effective and joined-up delivery of services to the most vulnerable people in our communities

PEOPLE

The people who work for us here at West Midlands Fire Service are our finest asset. Without them, we couldn't achieve what we do for the people of the West Midlands. That is why we continue to focus on organisational development to enable:

- an agile, accountable and competent workforce, to provide the sustained delivery of our strategy by individuals and teams through adaptability, authenticity and cohesion.
- an environment and culture where benefits of health & wellbeing are understood and valued equally, to enable our staff to respond positively to change
- Diversity, Inclusion, Cohesion and Equality (DICE) to support, the safety, health & wellbeing of the most vulnerable people in our communities.
- A workforce reflective of the communities we serve through 'positive action' to attract, recruit and support progression for individuals with protected characteristics.

18 FEBRUARY 2019

1. **MONITORING OF FINANCES**

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the report be noted.

2. **PURPOSE OF REPORT**

2.1 This report deals with the monitoring of the finances of the Authority in the current financial year and covers revenue expenditure and the Capital Programme.

2.2 Expenditure is compared with a profile of the Authority's budget.

3. **BACKGROUND**

3.1 **Revenue Expenditure**

The Authority's 2018/2019 Council Tax requirement is £41.305 million and the revenue budget is £96.608 million. As part of the Authority's 2019/2020 budget setting process, the current year's budget has been revised and reflects an estimated transfer from general balances of £1.500 million.

Appendix A compares the revenue budgeted to the end of January 2019 with the actuals to that date. Devolved budgets are managed by the Section responsible for incurring the expenditure as opposed to corporate budgets, which are managed by the named Section on behalf of the Brigade as a whole.

Actual spend to January 2019, including commitments, was £80.584 million compared to a projected budget of £80.632 million, an overall favourable variance of £0.048 million.

Appendix B provides statistical data relating to the Firefighters' Pension Scheme.

3.2 **Capital Expenditure**

The Authority's approved capital programme for 2018/2019 is £13.548 million. A scheme analysis is shown on Appendix C. Expenditure to the end of January 2019 is shown as £8.168 million.

The main forecast variance within the capital programme relates to:

- Aston Fire Station where there has been a delay to construction to enable the re-siting of communication lines.
- Vehicle Replacement Programme – delayed purchase of ancillary vehicles (command support vehicle, Detection Identification and Monitoring vehicle and Welfare Pod) pending the outcome of a review and slippage of final stage builds of 7 PRL's to 2019/20.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report, an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

These are contained in the body of the report and the attached Appendices.

BACKGROUND PAPERS

Authority's Budget and Precept Report – February 2018
Finance Office Budget Monitoring Files

The contact officer for this report is Philip Hales, Deputy Chief Fire Officer, telephone number 0121 380 6907

PHIL LOACH
CHIEF FIRE OFFICER

MIKE GRIFFITHS
TREASURER

REVENUE MONITORING SUMMARY TO JANUARY 2019

	LATEST BUDGET 2018/2019 £'000	PROFILED BUDGET £'000	ACTUALS + COMMIT -MENTS £'000	VARIANCE TO PROFILED BUDGET £'000
DEVOLVED BUDGETS				
Corporate Management	2,566	2,117	2,141	24
Corporate Charges	549	541	541	0
Service Support				
People Support Services	6,456	5,427	5,407	-20
Business Development	115	105	106	1
Intelligence and Innovation	1,770	1,465	1,457	-8
Finance & Resources	5,118	4,118	4,105	-13
ICT	4,922	4,201	4,210	9
Service Delivery				
Operations	51,574	42,813	42,865	52
CORPORATE BUDGETS				
Service Support				
People Support Services	2,596	2,148	2,132	-16
Business Development	-250	-208	-197	11
Intelligence and Innovation	-1	-23	-31	-8
Finance and Resources	14,354	12,195	12,174	-21
ICT	217	131	121	-10
Service Delivery				
Response	5,165	4,314	4,295	-19
Protection	-62	-166	-180	-14
Other Income & Expenditure	1,519	1,454	1,438	-16
Appropriation to Reserves	0	0	0	0
TOTAL (NET BUDGET REQUIREMENT)	96,608	80,632	80,584	-48
Core Funding	- 55,303	-46,927	-46,927	-
TOTAL (COUNCIL TAX REQUIREMENT)	41,305	33,705	33,657	-48

FIREFIGHTERS' PENSION SCHEMES

NON-FINANCIAL INFORMATION	2018/19 PROJECTION				ACTUAL POSITION AS AT JANUARY 2019			
	1992 FPS	2006 FPS	2015 FPS	TOTAL	1992 FPS	2006 FPS	2015 FPS	TOTAL
Members of FPS at 1st April 2018	303	11	977	1,291	303	11	977	1,291
New Members	-	-	53	53	-	-	82	82
Opt-In	-	-	-	-	-	-	2	2
Transitional Members during year	-28	-1	29	-	-17	-	17	-
Transfers from Other Pension Schemes	-	-	-	-	-	-	-	-
Transfers to Other Pension Schemes	-	-	-	-	-3	-	-3	-6
Retirements	-38	-2	-	-40	-52	-2	-1	-55
Opt-Out	-	-	-10	-10	-	-	-22	-22
Leavers	-	-	-12	-12	-5	-	-9	-14
Ill-Health Retirements	-2	-	-1	-3	-	-	-	-
Members of the Fire Pension Schemes as at 31st January 2019	226	9	1,043	1,278				

CAPITAL MONITORING STATEMENT 2018/19

Scheme	Year 2018/19	Latest Budget £'000	Actuals January 2019 £'000	Forecast £'000	Variance £'000
<u>LAND & BUILDINGS</u>					
Boiler Replacement Programme	Ongoing	206	221	231	+25
Roof Replacements	Ongoing	355	316	385	+30
Windows/Door Replacement	Ongoing	514	342	494	-20
Rewires	Ongoing	130	2	130	-
Coventry Fire Station	4 of 5	4,169	4,102	4,169	-
Drill Tower/Training Facilities	1 of 2	135	0	10	-125
HQ Alterations	2 of 2	697	640	697	-
Aston Fire Station	4 of 5	3,488	697	2,748	-740
<u>VEHICLES</u>					
Vehicle Replacement Programme	Ongoing	3,705	1,765	2,354	-1,351
<u>ICT & EQUIPMENT</u>					
C&C Upgrade Vision 4	1 of 1	124	83	124	-
Oracle Licensing	9 of 9	25	0	0	-25
Grand Total		13,548	8,168	11,342	-2,206
<u>Funded By</u>					
Prudential Borrowing		0		0	-
Capital Grants / Contributions		672		672	-
Capital Receipts to be Applied		0		0	-
Revenue Financing / Earmarked Reserves		12,876		10,670	-2,206
TOTAL		13,548		11,342	-2,206
SURPLUS(-)/DEFICIT(+)					

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

18 FEBRUARY 2019

1. **PAY POLICY STATEMENT 2019/2020**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approves the Pay Policy Statement for the financial year 2019/2020.

2. **PURPOSE OF REPORT**

This report is submitted for the Authority to approve the Pay Policy Statement for the financial year 2019/2020.

3. **BACKGROUND**

3.1 Section 38 (1) of The Localism Act 2011 requires Fire and Rescue Authorities to produce a Pay Policy Statement for each financial year. The proposed Pay Policy Statement 2019/2020 is set out at Appendix 1 of this report.

3.2 A Pay Policy Statement is expected to comply with the following elements:-

3.2.1 a relevant Authority must prepare a Pay Policy Statement for each financial year.

3.2.2 a Pay Policy Statement for a financial year must set out the Authority's policies for the financial year relating to the remuneration of its Chief Officers.

3.2.3 the statement must include the Authority's policies relating to:-

- (a) decisions on any pay, remuneration or severance packages of Chief Officer roles and/or packages of £100,000 or more being submitted to the Fire Authority;
- (b) remuneration of Chief Officers on recruitment;
- (c) increases and additions to remuneration for each Chief Officer;
- (d) the use of performance related pay for Chief Officers;
- (e) the use of bonuses for Chief Officers;
- (f) the approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority;
- (g) the publication of and access to information relating to the remuneration of Chief Officers;

3.2.4 in addition it must detail:

- (a) the remuneration of its Chief Officers;
- (b) the remuneration of its lowest-paid employees;
and
- (c) the relationship between the remuneration of its Chief Officers and all other employees.

3.2.5 a Pay Policy Statement for a financial year may also set out the Authority's policies for the financial year relating to the other terms and conditions applying to the Authority's Chief Officers.

3.3 The term Chief Officer refers to those defined within the Localism Act. For West Midlands Fire and Rescue Authority this covers the posts of Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer (Service Delivery).

3.4 The term 'lowest paid employees' is defined as a full time employee on the bottom scale column point of the Green Book pay scale and the lowest paid role for Grey Book employees. These are the lowest paid employees other than apprenticeships which are paid less to reflect the nature of the training and development role.

- 3.5 There are supplementary provisions relating to statements as follows:-
- 3.5.1 a relevant Authority's Pay Policy Statement must be approved by a resolution of the Authority before it comes into force.
 - 3.5.2 the statement must be prepared and approved before the end of 31st March 2019.
 - 3.5.3 each subsequent statement must be prepared and approved before the end of 31st March immediately proceeding the financial year to which it relates.
 - 3.5.4 a relevant Authority may by resolution amend its Pay Policy Statement, including after the beginning of the financial year to which it relates.
 - 3.5.5 as soon as is reasonably practicable after approving or amending a Pay Policy Statement, the Authority must publish the statement or the amended statement in such manner as it thinks fit, which must include publication on the Authority's website.
- 3.6 There is a two-track approach for determining levels of pay for Chief Officer roles. At national level, the National Joint Council (NJC) shall review annually the level of pay increase applicable to all those covered by this agreement. In doing so, the NJC will consider affordability, other relevant pay deals and the rate of inflation at the appropriate date. Any increase agreed by the NJC will be communicated to Fire Authorities by circular.
- 3.7 Other decisions about the level of pay and remuneration to be awarded to individual Chief Officer roles will be taken by the local Fire Authority. (Advice on the implementation of a local salary structure is contained within the Pay Policy Statement.)
- 3.8 Authorities are also required to produce information on the salaries of their Chief Officers and the names. This is included in the Statement of Accounts and also on the internet site www.wmfs.net.

- 3.9 If readers are to understand the information being presented to them, they need to have an appreciation of the wider context affecting the organisation. To this end the guidance requires the West Midlands Fire and Rescue Authority to include some contextual information such as a description of what it does, total spend, budget responsibility, job descriptions and person specifications.
- 3.10 The information referred to above, including the expenses paid to Chief Officers, is also available on the West Midlands Fire Service website at www.wmfs.net.
- 3.11 As part of this report the Authority are also publishing their approach to the use of discretionary arrangements in relation to the Local Government Pension Scheme. During the current year evolving case law may see changes to these policies which will be published.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required as there is no direct impact on individuals in setting out the Authority's pay policy statements. Equality Impact Assessments will be carried out on individual processes and decisions taken in the application of the pay policy statement.

5. **LEGAL IMPLICATIONS**

- 5.1 The recommendations provided enable West Midlands Fire and Rescue Authority to continue to comply with the relevant sections of the Localism Act and demonstrate its support for the Government's Public Sector Pay Policy.
- 5.2 To comply with the Localism Act 2011, the West Midlands Fire and Rescue Authority must approve the Authority's Pay Policy Statement before 31st March 2019. The Service will then complete a review of the Pay Policy Statement each year which must be approved by the Authority before 31st March each year.

6. **TRADE UNION CONSULTATION**

This is not a matter for consultation with the trade unions.
The Pay Policy Statement will be shared with the Trade Unions for information following approval at the Authority meeting on 18 February 2019.

7. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

BACKGROUND PAPERS

Localism Act 2011

The contact name for this report is Philip Hales, Deputy Chief Fire Officer, 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER



AUTHORITY REPORT

PAY POLICY STATEMENT 2019/2020

**February 2019
People Support Services**

PAY POLICY STATEMENT 2019/2020

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Pay Policy Statement 2019/2020

The level and elements of remuneration for each Chief Officer

The basic pay details of all Chief Officers is available on the West Midlands Fire Service website www.wmfs.net . The levels of pay will be determined by both national and local review following the guidance set out in the 'Gold Book' Terms of Conditions. All other payments will be contained within the Authority's statement of accounts which is also published on the West Midlands Fire Service website. The new pay awards will be published post April 2019.

Remuneration of Chief Officers on recruitment

On recruitment, the Executive Committee is authorised to consider and make recommendations to the Fire Authority on the conditions of employment and salary of the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer. Considerations will be given to the guidance contained within the Pay Policy Statement for determining the level of salary for each Principal Officer.

Increases and additions to remuneration for each Chief Officer

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

Other decisions about the level of pay and remuneration to be awarded to individual Principal Officer roles will be taken by the local Fire Authority. This will be considered at the time of the Pay Policy Statement Review. (Advice on the implementation of a local salary structure is contained within the Pay Policy Statement).

Remuneration of all other employees of the West Midlands Fire Service

Living Wage

The Fire Authority is an accredited Living Wage employer and is committed to ensuring that all employees are paid, as a minimum, the Living Wage. This is reviewed on a year on year basis and amendments are made to ensure that are aligned to the Living Wage.

Green Book Employees

Salaries of 'Green Book' employees in the Service are set using locally determined pay scales and utilising an Integrated Personal Development System which is based around the nationally agreed Job Evaluation Scheme.

Please see Appendix 1D for the salaries of Green Book Employees including our lowest paid employees and the relationship between these employees and our Chief Officers. For this purpose, the relationship has been made to the Chief Fire Officer's salary. Any new changes to Green Book salaries will be reflected in the Pay Policy Statement post April 2019.

Grey Book Employees

Salaries of 'Grey Book' employees in the Service are set using nationally agreed pay levels.

National Pay Awards are also made to pay scales on an annual basis and these pay awards are applied to all employees. This annual award is applicable in April for Green Book Employees and July for Grey Book Employees.

Please see Appendix 1D for the salaries of Grey and Green Book Employees including our lowest paid employees and the relationship between these employees and our Chief Officers. For this purpose, the relationship has been made to the Chief Fire Officer's salary.

The use of performance related pay for Chief Officers

The West Midlands Fire Service does not use performance related pay for its Chief Officers.

The use of bonuses for Chief Officers

Ref. AU/2019/Feb/2010211950

The West Midlands Fire Service does not award bonuses to Chief Officers.

The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the Authority

The payment to Chief Officers on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant Pension Scheme.

In the case of any redundancy payments to be made to Chief Officers these payments will be set using the existing regulations for 'Gold Book' employees and their appropriate pension scheme.

Redundancy payments for Chief Officers eligible to join the Firefighters' Pension Schemes will be calculated based on the statutory maximum weekly pay. Gold book employees eligible to join the Local Government Pension Scheme will receive a redundancy payment in line with authority agreement under Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. See Appendix 1A.

Any settlement of £100,000 or more or any other payments will be subject to the approval of the Authority on a case by case basis.

The approach to the payment of all other Employees on their ceasing to hold office or to be employed by the Authority

- Green Book Employees

The payment of Green Book Employees on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant Pension Scheme.

In the case of redundancy, the guidance contained within the pension policy statement will apply under the existing conditions of the Local Government Pension Scheme.

- Grey Book Employees

The payment of Grey Book Employees on the ceasing of their employment will be in line with the benefits accrued through meeting the qualifying requirements of the relevant pension scheme.

In the case of any redundancy payments to be made to Grey Book Employees eligible to join the firefighter's pension scheme, these payments will be set using the existing regulations for Grey Book employees. Redundancy payments will be calculated based on the statutory maximum weekly pay.

- Employees in Fire Control

In the case of redundancy, the guidance contained within the pension policy statement will apply under the existing conditions of the Local Government Pension Scheme.

The publication of and access to information relating to the remuneration of Chief Officers

Details of the Chief Officer's salary and remuneration including any expenses will be made available on the West Midlands Fire Service website. This information is contained within the Annual Report and Statement of Accounts.

Discretions available to the Authority under the Local Government and Firefighters Pension Schemes

In line with the regulations of the Local Government and Firefighters Pension Schemes West Midlands Fire Service must formulate, keep under review and publish their policies on certain discretions contained within the Regulations. These regulations are included as appendices to this policy.

Definitions used within the Pay Policy Statement

The term Chief Officer refers to those defined within the Localism Act. In simple terms the policy covers the Chief Fire Officer and those posts which report directly to him/her and also the next management tier below (excluding any secretarial or clerical roles).

The term 'lowest paid employees' is defined as a full time employee on the lowest paid role/rank for Grey Book employees and the bottom scale column point of the Green book pay scale or employee subject to the living wage if higher. These are the lowest paid employees other than apprenticeships which are paid less to reflect the nature of the training and development role.

IMPLEMENTATION OF A LOCAL SALARY STRUCTURE GUIDANCE

Introduction

1. Both the Employers and Brigade Managers recognise the importance of applying the appropriate skills and developing the competencies necessary to support and embed the cultural change inherent within these new terms and conditions.

Local Salary Structures

2. When determining the appropriate level of salaries for all Brigade managers, the Fire and Rescue Authority should refer to the relevant minimum salary of the Chief Fire Officer and the most relevant benchmark data.
3. Normally the fire and rescue authority will wish to begin by determining appropriate salary for their most senior manager.
4. When deciding how these posts should be remunerated the following factors are to be considered:
 - a. the Chief Fire Officer's salary and that of any senior staff not covered by the Scheme of Conditions of Service (Gold Book);
 - b. the relationship of current salary to the appropriate illustrative national benchmark;
 - c. any special market considerations;
 - d. any substantial local factors not common to fire and rescue authorities of similar type and size e.g. London weighting; complex local, regional or national responsibilities which bring added value;
 - e. comparative information to be supplied on request by the Joint Secretaries on salaries in other similar authorities;
 - f. top management structures and size of management team compared to those of other fire and rescue authorities of similar type and size;
 - g. the relative job size of each post, as objectively assessed through an appropriate job evaluation process or otherwise; and

- h. incident command responsibility and the requirement to provide operational cover within the employing authority and beyond

The process for setting salary levels should include consideration of the following criteria:

- minimum salary levels for Chief Officers in relevant sized local authorities;
- market rates of pay for senior managers in a range of private and public sector organisations; and
- evidence of recruitment and/or retention difficulties with existing minimum rates.

There are a range of schemes and approaches available for authorities to use in assessing job size. To assist authorities, advice can be obtained from the Employers' Side Secretary of the NJC.

APPENDIX 1A

STATEMENT OF POLICY

Under Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, operative from 29 November 2006, each employer must formulate, keep under review and publish their policies on certain discretions contained within the Regulations.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the Local Government Pension Scheme (LGPS).

Regulation 5 - Power to increase statutory Redundancy payments

Explanation

Employers have the discretion to resolve to use the employee's actual pay instead of the statutory maximum pay permitted under the Employments Rights Act 1996, in the calculation of redundancy payments.

Policy

The Fire Authority will always use the employees' actual pay when calculating redundancy payments.

Regulation 6 –Discretionary Compensation

Explanation

The Authority has the discretion to resolve to increase the lump sum compensation payable under the Employments Rights Act 1996 to an employee who loses their employment with the Authority, up to a maximum of 104 weeks' pay.

Policy

The Fire Authority will not exercise this discretion and therefore will not increase the maximum payable beyond the statutory limit of 30 weeks' pay.

STATEMENT OF POLICY

Under Regulation 60 (1) of the Local Government Pension Scheme (LGPS) Regulations 2013, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the LGPS.

1. Regulation 30 (8) – Waiving of actuarial reduction

Explanation

From age 55, members who have left local government employment receive early payment of their retirement benefits and do not need their employer's consent. The pension benefits must be reduced in accordance with guidance provided by the Government actuary. Employers may determine on compassionate grounds that the benefits are not reduced.

For a member who joined the scheme prior to 1 October 2006 where the member's age and membership (in whole years) satisfies the "rule of 85" then the benefits would be reduced, unless the employer chooses to exercise the discretion within the regulations. For a member who joined the Scheme on or after 1 October 2006, then reduced benefits would be payable if taken before age 65.

Policy

Each specific case will be judged equally and fairly on its own merits and would need to be funded by a lump sum contribution into the Pensions Fund by the Fire Authority. This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a 3-year period.

This discretion will be exercised by the Deputy Chief Fire Officer as delegated by Chief Fire Officer in conjunction with the Treasurer and Chairman to approve existing severance packages and members will be notified where discretion is exercised.

2. **Regulation 31 - Power of the Employing Authority to award Additional Pension**

Explanation

An employer may resolve to award a member additional pension of not more than £6,500 a year, payable from the same date as their pension is payable under any other provision of these regulations. An additional pension may be paid in addition to any increase to total membership resolved under Regulation 16 so long as the overall total does not breach the limits laid down within these regulations.

Policy

Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.

3. **Regulation 30 (6) - Flexible Retirement**

Explanation

A member who is aged 55 or over and with their employer's consent reduces their hours or grade can then, but only with the agreement of the employer, make an election to the administering authority for payment of their accrued benefits without having retired from that employment.

Policy

Each specific case will be judged equally and fairly on its own merits having fully considered service delivery and financial costs. This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a 3-year period.

4. **Regulations 16(2)(e) and 16(4)(d) - Funding of Additional Pension**

Explanation

Where an active member opts to make Additional Pension Contributions (APC) under Rule 16(2)(e) these may be funded in whole or in part by the Employer. Under Rule 16(4)(d) the employee may opt to pay APC as a Lump Sum and this may also be funded in full or part by the employer.

Policy

The Fire Authority will fund in whole or in part any APC operated by themselves under a salary sacrifice arrangement.

The Fire Authority will, however, not fund in whole or in part any other APC purchased either by periodical payments or Lump Sum direct from a members Net Pay.

The Fire Authority is not obliged by the Regulations to publish a statement on the following discretions contained within the LGPS 2013 Regulations but has chosen to do so.

5. **Regulation 22(8)(b) - Re-employed and Rejoining Deferred Members**

Explanation

Where a deferred member becomes an active member again before becoming entitled to the immediate payment of retirement benefits in respect of their former membership, their former membership will be aggregated with their current active membership unless within 12 months from the date of the active member's pension account being opened they make an election in writing to the member's appropriate administering authority. The period of 12 months may be extended at the discretion of the employing authority.

Policy

The Fire Authority will extend the period of 12 months beginning with the date that the active member's pension account is opened again to allow a member to choose not to aggregate his/her former membership in exceptional circumstances or where it was beyond the member's control.

6. **Regulation 100 (6) – Inward Transfer of Pension Rights**

Explanation

A person who becomes an active member who has relevant pension rights may request his fund authority to accept a transfer value for some, or all, of his former rights. An election must be made in writing before the expiry of the period of 12 months beginning with the date that he became an active member or any such longer period as his employer may allow.

Policy

The Fire Authority will extend the period of 12 months beginning with the date that he/she became an active member – thereby, allowing a member to transfer some or all of his/her rights from the relevant transferor in exceptional circumstances or in circumstances beyond the member's control.

7. **Choice of early payment of Deferred Pension**

Explanation

Where a member became a deferred member between 31 March 2008 and 1 April 2014, they can apply for early release of benefits, and the Fire Authority can fund the costs of the release.

Policy

Each specific case will be judged equally and fairly on its own merits and would need to be funded by a lump sum contribution into the Pensions Fund by the Fire Authority. This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a 3-year period.

This discretion will be exercised by the Deputy Chief Fire Officer as delegated by Chief Fire Officer in conjunction with the Treasurer and Chairman to approve existing severance packages and members will be notified where discretion is exercised.

From 1 June 2004, an amended Internal disputes resolution procedure applies to active members of the LGPS and to others such as deferred and pensioner members, whose position may be affected by decisions taken by their former employer or LGPS administering authority.

8. **The Internal Dispute Resolution Procedure**

Explanation

Responsibility for determinations under the first stage of the procedure now rests with a 'specified person' appointed by your (former) employer. The Fire Authority must specify the job title and address of the person to whom applications should be directed.

Policy

The specified person for the West Midlands Fire and Rescue Authority is:

Phil Hales

Deputy Chief Fire Officer

West Midlands Fire Service HQ

99 Vauxhall Road

Birmingham

B7 4HW

The discretions within this Policy Statement will be reviewed at the point of regulation change but no less than yearly in line with the Authority's Pay Policy Statement.

STATEMENT OF POLICY

Under Rule B7 of the 1992 Firefighters' Pension Scheme Paragraph 5

(A) a fire and rescue authority may, having regard to—

- (a) the economical, effective and efficient management of their functions, and
- (b) the costs likely to be incurred in the particular case

- pay a lump sum in excess of two and a quarter times the full amount of the pension.

West Midlands Fire Service will formulate, keep under review and publish their policy on the discretion contained within this rule.

Due to the rate of the commutation factors laid down within the 1992 Firefighters' Pension Scheme it is possible for an unauthorised payment to occur if a member commutes the maximum allowable portion of their gross pension. In cases where this happens the Fire Authority will become liable to a further charge. When using this discretion the amount to which the lump sum will be increased will be limited to the maximum authorised payment allowed by HMRC regulations.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the 1992 Firefighters' Pension Scheme.

Policy

Each specific case will be judged equally and fairly on its own merits and would need to be funded by a lump sum contribution into the Pensions Fund by the Fire Authority. It is the Line Manager's responsibility to ensure that the recommendation is made and submitted to their SET managers for consideration. The value of the Lump Sum payment into the Pension account will be provided by the Pensions section on request and the remaining cost figures should be obtained from the Finance Liaison Officer.

This discretion will only be exercised by the Fire Authority in cases where it can be demonstrated that the Fire Authority can fund the cost of the release within a 3-year period.

This discretion will be exercised by the Strategic Enabler of People Support Services and Strategic Enabler of Finance & Resources.

STATEMENT OF POLICY

Under Rule K4 of the 1992 Firefighters' Pension Scheme:

A fire and rescue authority may, in their discretion, withdraw the whole or any part of the pension, except a pension under Part C (awards on death—spouses and civil partners), for any period during which the person entitled to it is employed by any fire and rescue authority in whatever capacity.

Part LA Section 9 of the scheme rules states that:

Where an authority exercises its discretion not to withdraw the payment in whole or in part of any pension under rule K4 (withdrawal of pension whilst employed by a fire and rescue authority), the authority shall in the financial year in which payment is not withdrawn, transfer into the Firefighters Pension Fund an amount equal to the amount of pension paid during that financial year to that person which could have been abated or withdrawn. West Midlands Fire Service will formulate, keep under review and publish their policy on the discretion contained within this rule.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the 1992 Firefighters Pension Scheme.

Policy

West Midlands Fire Service will withdraw the whole or part of the pension, except a pension under Part C (awards on death—spouses and civil partners), for any period during which the person entitled to it is employed by any fire and rescue authority in whatever capacity.

The amount of Pension withdrawn will be calculated by reference to the Aggregate Annual Pensionable Pay received in the twelve months prior to retirement increased on the same basis as the pension in payment. This figure will be known as the reference pay and will be increased annually in line with the annual pension increase order.

The pension will be reduced by an amount equal to the amount required so that the total income from the pension plus re-employment does not exceed the reference pay calculated above.

Pay in re-employment is the pay receivable under the contract of employment for the hours worked and excludes any payments made for non-contractual overtime. Where the pay in re-employment changes the amount of pension to be withdrawn will be recalculated.

STATEMENT OF POLICY

The Firefighters' Pension Scheme (England) Regulations 2014 contain various regulations where the opportunity for alternative courses of action arises. In these circumstances West Midlands Fire Service will exercise discretion in line with this statement of policy.

This statement is applicable to all employees of the West Midlands Fire and Rescue Authority who are eligible to be members of the Firefighters Pension Scheme 2015.

Power to Delegate

1. Delegation (Regulation 5)

The scheme manager must ensure that delegated powers are appropriate and current. [Regulation 5(2)]

Statement of Policy

The Fire Authority have recently confirmed that the Audit Committee will function as the Scheme Manager.

Opting Out

2. Opting into this scheme (Regulation 12)

An optant-in will become an active member of the scheme with effect from the beginning of the first pay period following the date on which the option is exercised. There is an option for the scheme manager to vary the date on which the person becomes an active member, to such other time as the scheme manager considers appropriate. [Regulation 12(5)]

Statement of Policy

The Organisation will not vary the date on which a member becomes an active member.

3. **Opting out after the first three months (Regulation 16)**

An optant-out ceases to be in pensionable service with effect from the first day of the first pay period following the date on which the option is exercised. If the scheme manager considers that day to be inappropriate, it may vary the date to the first day of any later pay period as the scheme manager does consider appropriate. [Regulation 16(2)(b)]

Statement of Policy

The Scheme Manager will not vary the date on which an optant out ceases to be a member.

Pensionable Pay

4. **Pensionable Pay (Regulation 17)**

The Scheme Manager has discretion if continual professional development payments are to be treated as pensionable pay. [Regulation 17(1)(d)]

Statement of Policy

Continual Professional development payments will be pensionable.

Retirement Benefits

5. **Active Membership (Regulation 19)**

A person who is on unpaid authorised absence can count the period as active membership if the Scheme Manager permits them to be treated as an active member during that period. (Presumably this would be linked to Regulation 111(4) and subject to the member paying the appropriate contributions.) [Regulation 19(d)]

Statement of Policy

The Scheme Manager will permit a member on unpaid absence to count the period as active membership subject to contributions being paid.

Pensions Accounts

6. Establishment of pension accounts: general (Regulation 28)

The Scheme Manager must establish and maintain pension accounts for scheme members, but they may be kept in such form as the scheme manager considers appropriate.

Statement of Policy

The Scheme Manager will maintain pension accounts within an electronic Pension Administration System. The security and operation of these accounts will be reviewed regularly by the Local Pension Board.

7. Closure and re-establishment of active member's account (Regulation 37)

If a member has more than two active members account and ceases pensionable service with less than three months' qualifying service in respect of one account, that account must be closed and benefits aggregated with one of the others; the member may select which one.

Statement of Policy

The Scheme Manager will use their discretion on a case by case basis in the best interests of the member.

Retirement Benefits

8. Closure of deferred member's account after gap in pensionable service not exceeding five year. (Regulation 49)

If a deferred member re-enters pensionable employment after a gap of five years or less, the Scheme Manager must close the deferred member's account and re-establish the active member's account, transferring entries from the deferred account. If the person had more than one relevant deferred member's account, they must selection – within three months of re-entering scheme employment – which one should close. If they fail to make a selection, the Scheme Manager must make the choice for them. [Regulation 49(3) and (4)]

Statement of Policy

The Scheme Manager will use their discretion on a case by case basis in the best interests of the member.

9. Employer initiated retirement (Regulation 62)

An employer can determine that an active member aged 55 or over but under age 60 who on the grounds of business efficiency is dismissed or has their employment terminated by mutual consent, can receive immediate payment of retirement pension without the early payment reduction. An employer may only use this discretion if the employer determines that a retirement pension awarded on this basis would assist the economical, effective and efficient management of its function having taken account of the costs likely to be incurred in the particular case. [Regulation 62(1) and (2)]

Statement of Policy

The employer will use their discretion on a case by case basis with the overriding control that any costs incurred in using this discretion will be recoverable within a three year period.

10. Exercise of partial retirement option (Regulation 63)

An active member aged at least 55 who would be entitled to immediate payment of pension if they leave pensionable service and who claims payment of the pension, may opt to claim the whole of their accrued pension but continue in pensionable service. The person concerned must give appropriate notice to the scheme manager and the partial retirement option is taken to be exercised on a date agreed between the member and the Scheme Manager. [Regulation 63(5)]

Statement of Policy

Where a member wishes to make an application for partial retirement under Regulation 63 they must provide written notice to the Scheme Manager. On a case by case basis the Scheme Manager will agree a date with the member on which the option shall be exercised.

III-Health Benefits

11. Review of ill-health awarded or early payment of retirement pension (Regulation 68)

The Scheme Manager must have a policy for reviewing, at such intervals as it considers appropriate, the award of ill-health pensions where the recipient is under deferred pension age and has been receiving the award for less than 10 years, and for reviewing the early payment of deferred pensions on ill-health grounds for so long as the recipient is below deferred pension age. [Regulation 68(1) and (2)]

Statement of Policy

The Scheme Manager will review the award of ill-health pensions, where the recipient is under deferred pension age and has been receiving the awarded for less than 10 years, and deferred pensions in payment early on ill-health grounds and where the recipient is below deferred pension age on a three yearly basis.

12. Consequences of review (Regulation 69)

If, following the review of a lower tier ill-health pension under Regulation 68, the Scheme Manager determines that the recipient is capable of performing the duties appropriate to the role from which the person retired on grounds of ill-health, the employer must consider whether or not to make an offer of re-employment. [Regulation 69(3)]

Statement of Policy

The Scheme Manager will consider whether or not to make an offer on a case by case basis.

13. Commencement of pensions (Regulation 70)

If a deferred member requests, and is entitled to, the early payment of retirement pension on grounds of ill-health, the scheme manager must determine the date of payment as being the date on which the person became incapable of undertaking regular employment because of infirmity of mind or body or, if that date cannot be ascertained, the date of the member's request for early payment. [Regulation 70(7)]

If a deferred member requests deferral of payment of a deferred pension beyond deferred pension age, or requests early payment with an early payment reduction before deferred pension age, the Scheme Manager will decide the payment date after the claim for payment has been made.

Statement of Policy

The Scheme Manager will determine the date from which a deferred pension will become payable in the situations described in Regulation 70(7) and (8) on a case by case basis using information provided by the claimant, any appropriate medical professional, and with guidance from the Payroll and Pensions Manager.

Allocation

14. Allocation election (Regulation 72)

The Scheme Manager must give consent for the allocation of a portion of pension to a dependant, who is not the spouse, civil partner or cohabiting partner of an active or deferred member. (Consent can be withheld if the Scheme Manager is not satisfied that the person nominated is not substantially dependent of the active member.) [Regulation 72(3)(b) and (4)]

Statement of Policy

The Scheme Manager will give consent for the allocation of a portion of pension to a dependent where acceptable evidence of dependency is provided by the Scheme Member. At the time of application the Scheme Manager will confirm to the member what evidence is to be provided.

15. Adjustment of allocated benefit (Regulation 75)

If a member who has made an allocation election dies after reaching age 75, and the amount of allocated pension does not qualify as a dependant's scheme pension under section 167 of the Finance Act 2004 (pension death benefit rules), the amount may be adjusted in a manner determined by the Scheme Manager. [Regulation 75(1) and (2)]

Statement of Policy

The Scheme Manager will make any adjustments allowed under Regulation 75(1) and (2) on a case by case basis.

Death Benefits

16. Meaning of "surviving partner" Regulation 76)

A cohabiting partner may be considered a "surviving partner" and potentially qualify for a pension provided by meeting certain conditions, one of which is that they must have been in a "long-term relationship" – a continuous period of at least two years – at the date at which entitlement needs to be considered. The Scheme Manager has discretion to allow the person to qualify where the period is less than two years. [Regulation 76(1)(b)(v) and (2)]

Statement of Policy

The Scheme Manager will not use their discretion to allow a person to qualify as a "Surviving Partner" where the relationship has been in place for a period of at least two years.

17. Person to whom lump sum death benefit payable (Regulation 95)

The Scheme Manager has absolute discretion as to the recipient of any lump sum death benefit payable. [Regulation 95]

Statement of Policy

The lump sum death benefit will be paid to whosoever the Scheme Manager decides it should be. The discretion will be operated by the Payroll and Pensions Manager in consultation with the Strategic Enabler for People Support Services.

18. Payment of pensions under Part 6 "Death Benefits" (Regulation 100)

If a child's pension is due in respect of an eligible child under age 18, the Scheme Manager will determine to whom it should be paid and will give directions to that person as to how the payment should be applied for the eligible child's benefit. [Regulation 100(2)]

Statement of Policy

The child's pension in respect of an eligible child over the age of 7 will be paid to that child. A child's pension for a child over the age of 7 will be paid to that child's surviving parent with instruction that it should be applied for that eligible child's benefit.

19. Surviving partner's pensions and eligible child's pensions: suspension and recovery (Regulation 101)

A Scheme Manager has the right to cease paying a surviving partner's pension and/or eligible child's pension and recover any payment made in respect of a pension where it appears to the Scheme Manager that the recipient made a false declaration, or deliberately suppressed a material fact in connection with the award. (This does affect the Scheme Manager's right to recover a payment or overpayment under any other provision where the Scheme Manager considers it appropriate to do so.) [Regulation 101(2) and (3)]

Statement of Policy

The Scheme Manager will cease paying a surviving partner's pension and/or eligible child's pension and recover any payment made in respect of a pension where it appears to the scheme manager that the recipient made a false declaration, or deliberately suppressed a material fact in connection with the awarded except in cases where the Strategic Enabler for Finance and Resources deems it to be financially counter productive to do so.

20. Provisional awards of eligible child's pensions: later adjustments (Regulation 102)

If children's pensions have been made to certain persons on the basis that they were eligible children and there were no others, and subsequently it appears that any of those children were not eligible, or there was a further eligible child to whom no payment has been made, or that a child born after the member's death is an eligible child, the scheme manager has discretion to adjust the amount of pensions as required in view of the facts as they subsequently appear. The adjustments may be made retrospectively. (This does not affect the scheme manager's right to recover a payment or overpayment under any other provision where the scheme manager considers it appropriate to do so.) [Regulation 102(2) and (3)]

Statement of Policy

If children's pensions have been made to certain persons on the basis that they were eligible children and there were no others, and subsequently it appears that any of those children were not eligible, or there was a further eligible child to whom no payment has been made, or that a child born after the member's death is an eligible child the scheme manager will adjust the amount of pensions as required in view of the facts as they subsequently appear. These adjustments will be made retrospectively where required.

21. Adjustment of benefits to comply with fA2004 where members die over 75 (Regulation 104)

If a member dies after reaching age 75 and any part of a pension to which a person becomes entitled on the death would not qualify as a dependant's scheme pension for the purposes of section 167 of the Finance Act 2004 (the pension death benefit rules), the scheme manager has discretion to adjust the benefit payable to the person so that it would qualify under that section of the Act. [Regulation 104(1)(a) and (2)]

Statement of Policy

If a member dies after reaching age 75 and any part of a pension to which a person becomes entitled on the death would not qualify as a dependant's scheme pension for the purposes of section 167 of the Finance Act 2004 (the pension death benefit rules), the scheme manager will adjust the benefit payable to the person so that it would qualify under that section of the Act.

Contributions

22. Member contributions (Regulation 110)

Where there is a change in scheme employment or a material change which affects the member's pensionable pay in the course of a financial year and the revised amount falls into a different contribution rate band, the scheme manager must determine that this rate should be applied and inform the member of the new contribution rate and the date from which it is to be applied. [Regulation 110(5)]

When identifying the appropriate contribution rate, a reduction in pay in certain circumstances as listed in Regulation 110 are to be disregarded. In addition, the Scheme Manager can specify the circumstances in a particular case where a reduction in pensionable pay will be disregarded. [Regulation 110(7) (h)]

Statement of Policy

Where there is a change in scheme employment or a material change which affects the member's pensionable pay in the course of a financial year and the revised amount falls into a different contribution rate band, this rate will be applied from the first day of the pay period following the date on which the material change took effect. The member will be informed of the new contribution rate and the date from which it is to be applied within three months of the date when the new rate is first applied to their pay.

23. Contributions during absence from work due to illness, injury, trade dispute or authorised absence (Regulation 111)

Where an active member is absent from scheme employment because of illness or injury and not entitled to receive pensionable pay, or because of trade dispute or authorised unpaid absence, they may pay member contributions; if they do, the scheme employer may require that they should also pay employer contributions. [Regulation 111(2), (3) and (4)]

Statement of Policy

Where an active member is absent from scheme employment because of illness or injury and not entitled to receive pensionable pay, or because of trade dispute or authorised unpaid absence, they will be allowed to pay contributions. The contribution payable will be the total of both the member and employer contribution.

24. Deduction and payment of contributions (Regulation 114)

Member contributions due under Regulation 110 may be deducted by the scheme employer from each instalment of pensionable pay as it becomes due, unless another method of payment has been agreed between the scheme manager and the member. [Regulation 114(1)]

Contributions due in respect of absence from work on reserve forces service leave may be deducted from any payment made under Part 5 of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951. [Regulations 114(2)]

Contributions which the member is required to pay, or has elected to pay under Regulations 111 and 113 may be paid by a lump sum or by deduction from instalments of pensionable pay as agreed between the member and the scheme manager. [Regulation 114(3)]

Statement of Policy

Member contributions due under Regulation 110 will be deducted from each instalment of pensionable pay as it becomes due.

Contributions due in respect of absence from work on reserve forces service leave will be deducted from any payment made under Part 5 of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951.

Contributions which the member is required to pay, or has elected to pay under Regulations 111 and 113 may be paid by a lump sum or by deduction from instalments of pensionable pay as agreed between the member and Payroll and Pensions Manager on behalf of the scheme manager.

Transfers

25. Statement of entitlement (Regulation 135)

The scheme manager must specify in a statement of entitlement the "guarantee date" date by reference to which the cash equivalent or club transfer value is calculated; this date must fall within the three months beginning with the date of the member's application for the statement of entitlement and within ten days ending with the date on which the member is provided with the statement. The scheme manager has discretion, if it believes reasonable, to extend this date to within six months of the date of the member's application if, for reasons beyond the scheme manager's control, the information needed to calculate the transfer value cannot be obtained before the end of the three-month period. [Regulation 135(4)]

Statement of Policy

The Scheme Manager will extend the "guarantee date" to within 6 months of the date of the member's application if, for reasons beyond the scheme manager's control, the information needed to calculate the transfer value cannot be obtained before the end of the three-month period.

26. Request for acceptance of a transfer payment (Regulation 141)

There is a time limit of one year from becoming an active member in which a person can request a transfer payment from a non-occupational pension scheme. The scheme manager has the discretion to extend this period. [Regulation 141(3)]

Statement of Policy

The Scheme Manager will not extend the time limit in which a person can request a transfer payment from a non-occupational pension scheme.

27. Transfer statement (Regulation 142)

The Scheme Manager can require an active member to ask the scheme manager of a previous non- club pension scheme to provide a statement of the amount of transferred pension that the member would be entitled to count provided that the transfer date falls within two months of the date of the statement.
[Regulation 142(2)]

Statement of Policy

The Scheme Manager will require an active member to ask the scheme manager of a previous non-club pension scheme to provide a statement of the amount of transferred pension that the member would be entitled to count where the transfer date falls within two months of the date of the statement

28. Club transfer value statement (Regulation 144)

The Scheme Manager can require an active member to ask the scheme manager of a previous club pension scheme to provide a statement of the amount of transferred pension that the member would be entitled to count provided that the transfer date falls within two months of the date of the statement. [Regulation 144(2)]

Statement of Policy

The scheme manager will require an active member to ask the scheme manager of a previous club pension scheme to provide a statement of the amount of transferred pension that the member would be entitled to count where the transfer date falls within two months of the date of the statement

Appeals and Determinations

29. Appeal concerning entries on the certificate (Regulation 148)

If a member is not satisfied with a certificate setting out the details in their pension account(s) as required under Regulation 146, they can require the Scheme Manager to deal with their disagreement under arrangements implemented by the Scheme Manager in accordance with the requirements of section 50 of the Pensions Act 1995 (resolution of disputes) and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008. The Scheme Manager must have these arrangements in place. [Regulation 148(1)]

Statement of Policy

If a member is not satisfied with a certificate setting out the details in their pension account(s) as required under Regulation 146, the scheme manager will deal with their disagreement under arrangements implemented by the scheme manager in accordance with the requirements of Section 50 of the Pensions Act 1995 (resolution of disputes) and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008.

The process for dealing with such disagreements will be published via the Intranet.

30. Determination by the Scheme Manager (Regulation 151)

It is the Scheme Manager that must determine whether a person is entitled to an award or to retain an award.
[Regulation 151]

Statement of Policy

On a case by case basis the scheme manager will determine whether a person is entitled to an award or to retain an award. This determination will be made by the Payroll and Pensions Manager in conjunction with the Strategic Enabler for People Support Services.

31. Role of IQMP in determinations by the Scheme Manager (Regulation 152)

The Scheme Manager must select an Independent Qualified Medical Practitioner to provide a written opinion in respect of medical matters which may only be decided by having regard to such an opinion. [Regulation 152(1)]

If a person wilfully or negligently fails to submit to medical examination by the selected IQMP and the IQMP is unable to give an opinion on the basis of the medical evidence available, the Scheme Manager can make the determination based on such medical evidence as the Scheme Manager thinks fit, or without medical evidence. [Regulation 152(7)]

Statement of Policy

The Scheme Manager will select an Independent Qualified Medical Practitioner to provide a written opinion in respect of medical matters which may only be decided by having regard to such an opinion.

Where a person wilfully or negligently fails to submit to medical examination by the selected IQMP and the IQMP is unable to give an opinion on the basis of the medical evidence available, the scheme manager will make the determination based on such medical evidence as the scheme manager thinks fit, or without medical evidence. This discretion will be exercised by the Strategic Enabler for People Support Services.

32. Review of medical opinion (Regulation 153)

Where a member requests a review of an IQMP's opinion in the light of new evidence received by the scheme manager within 28 days of the member having received the opinion, the Scheme Manager may agree to giving the IQMP the opportunity of reviewing the opinion. [Regulation 153(1)]

Upon receiving the IQMP's response the Scheme Manager must confirm or revise its original determination and advise the member accordingly. [Regulation 153(4) and (5)]

Statement of Policy

On a case by case basis, where a member requests a review of an IQMP's opinion in the light of new evidence received by the scheme manager within 28 days of the member having received the opinion, the scheme manager may agree to giving the IQMP the opportunity of reviewing the opinion.

Upon receiving the IQMP's response the Scheme Manager will confirm or revise its original determination and advise the member accordingly. The discretion will be exercised by the Strategic Enabler for People Support Services.

33. Notice of appeal (Regulation 155)

If a member wishes to appeal against a determination made by the scheme manager and their grievance lies in the medical opinion upon which the determination was based, they can appeal to a board of medical referees. The appeal must be made within 28 days of the date on which the member receives the relevant documents under Regulation 154(4). If the appeal is not made within this time limit and the scheme manager is of the opinion that the person's failure to give notice within the required period was not due to the person's own default, the scheme manager has a discretion to extend the time limit for such period as the scheme manager considers appropriate, not exceeding six months from the date the Regulation 154(4) documents were supplied.
[Regulation 155(2)]

Statement of Policy

On a case by case basis the scheme manager will consider extending the time limit during which a member can appeal to a board of medical referees to a maximum of six months from the date the Regulation 154(4) documents were supplied.

34. Reference of appeal to the board (Regulation 156 – See also Regulation 161)

Where a member has given notice of appeal to a board of medical referees, before the board arranges a time and place for the interview and medical examination a member of the board will review the documents supplied to the board in accordance with Regulation 156.

If the board member is of the opinion that the board may regard the appeal as frivolous, vexatious or manifestly ill-founded the board member will notify the Secretary of State accordingly. This will be copied to the scheme manager who must, in turn, send a copy of it to the scheme member advising that if their appeal is unsuccessful, the member may be required to pay the scheme manager's costs and requesting notification from the member as to whether, in the circumstances, they wish to continue with, or withdraw, the appeal. [Regulation 156(8) to (12)]

Statement of Policy

If a member of a board of medical referees, who has reviewed appeal documents provided by the member, is of the opinion that the board may regard the appeal as frivolous, vexatious or manifestly ill-founded the board member will notify the Secretary of State accordingly. The Scheme Manager will send a copy of this notification to the scheme member advising that if their appeal is unsuccessful, they will be required to pay the Scheme Manager's costs and requesting notification from the member as to whether, in the circumstances, they wish to continue with, or withdraw, the appeal.

35. Procedure where appeal to be pursued (Regulation 157)

The Scheme Manager must decide which persons will attend the interview as its representatives. The Scheme Manager must also decide whether or not to submit written evidence or a written statement (and must decide a response to any written evidence or written statement from the appellant). [Regulation 157(6) to (9)]

Statement of Policy

On a case by case basis where an appeal is pursued the scheme manager will decide;

1. Which persons will attend the interview as its representatives.
2. Whether or not to submit written evidence or a written statement.
3. How to respond to any written evidence or written statement from the appellant.

This decision will be made by the Strategic Enabler for People Support Services.

36. Expenses of each party (Regulation 161)

If the medical appeal board determines in favour of the scheme manager and states that in its opinion the appeal was frivolous, vexatious or manifestly ill-founded, the scheme manager can require the appellant to pay it such sum not exceeding the total amount of the fees and allowances payable to the board under Regulation 160(1) as the scheme manager considers appropriate. [Regulation 161(2)]

If the appellant withdraws the appeal requesting cancellation, postponement or adjournment of the date appointed for interview and/or medical examination less than 22 working days before the date appointed, the scheme manager can require the member to pay it such sum not exceeding the total amount of the fees and allowances payable to the board under Regulation 160(1) as the scheme manager considers appropriate. [Regulation 161(3)(a)]

If the appellant's acts or omissions cause the board to cancel, postpone or otherwise adjourn the date appointed or interview and/or medical examination less than 22 days before the date appointed, the scheme manager can require the member to pay it such sum not exceeding the total amount of the fees and allowances payable to the board under Regulation 160(1) as the scheme manager considers appropriate. [Regulation 161(3)(b)]

Statement of Policy

If the medical appeal board determines in favour of the scheme manager and states that in its opinion the appeal was frivolous, vexatious or manifestly ill-founded, the scheme manager will require the appellant to pay it a sum equal to the total amount of the fees and allowances payable to the board under Regulation 160(1).

37. Appeals on other issues (Regulation 163)

If a member disagrees with a scheme manager's determination of award under Regulation 151 and the disagreement does not involve an issue of a medical nature, the member can require the scheme manager to deal with the disagreement under requirements which the scheme manager must have in place in accordance with section 50 of the Pensions Act 1995 (requirement for dispute resolution arrangements) and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008. [Regulation 163]

Statement of Policy

If a member disagrees with a scheme manager's determination of award under Regulation 151 and the disagreement does not involve an issue of a medical nature, the scheme manager will deal with their disagreement under arrangements implemented by the scheme manager in accordance with the requirements of section 50 of the Pensions Act 1995 (resolution of disputes) and the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008.

The process for dealing with such disagreements will be published via the Intranet.

Payment of Pensions

38. Commutation of small pensions (Regulation 167)

If the pension entitlement of a member of the scheme, or the pension entitlement of a member's beneficiary, does not exceed the small pensions commutation maximum the scheme manager may pay the entitlement as a lump sum. This would, however, be subject to the consent of the recipient and must comply with the commutation provisions that apply in the circumstances. [Regulation 167(3)]

Statement of Policy

If the pension entitlement of a member of the scheme, or the pension entitlement of a member's beneficiary, does not exceed the small pensions commutation maximum the scheme manager will pay the entitlement as a lump sum, subject to the consent of the recipient and will comply with the commutation provisions that apply in the circumstances.

39. Payments for persons incapable of managing their affairs (Regulation 168)

If it appears to the scheme manager that a person other than an eligible child who is entitled to benefits under the scheme, is by reason of mental incapacity or otherwise, incapable of managing his or her affairs, the scheme manager may pay the benefits or any part of them to a person having the care of the person entitled, or such other person as the scheme manager may determine, to be applied for the benefit of the person entitled. If the scheme manager does not pay the benefits in this way, the scheme manager may apply them in such manner as it may determine for the benefit of the person entitled, or any beneficiaries of that person. [Regulation 168]

Statement of Policy

Where it appears to the scheme manager that a person other than an eligible child who is entitled to benefits under the scheme, is by reason of mental incapacity or otherwise, incapable of managing his or her affairs, the scheme manager will pay the benefits or any part of them to a person having the care of the person entitled, or such other person as the scheme manager may determine, to be applied for the benefit of the person entitled.

40. Payments due in respect of deceased persons (Regulation 169)

If, when a person dies, the total amount due to that person's personal representatives under the scheme (including anything due at the person's death) does not exceed the limit specified in the Administration of Estates (Small Payments) Act 1965, the scheme manager can pay the whole or part of the amount due to the personal representatives or any person or persons appearing to the scheme manager to be beneficially entitled to the estate, without requiring the production of grant of probate or letters of administration. [Regulation 169]

Statement of Policy

If, when a person dies, the total amount due to that person's personal representatives under the scheme (including anything due at the person's death) does not exceed the limit specified in the Administration of Estates (Small Payments) Act 1965, the scheme manager will pay the whole or part of the amount due to the personal representatives or any person or persons appearing to the scheme manager to be beneficially entitled to the estate, without requiring the production of grant of probate or letters of administration.

Forfeiture

41. Forfeiture: offences committed by members, surviving partners or eligible children (Regulation 171)

If a member, surviving partner or eligible child is convicted of a relevant offence, the scheme manager can withhold pensions payable under the scheme to a member, any person in respect of the member, a surviving partner or an eligible child, to such extent and for such duration as it considers appropriate. "Relevant offence" is defined in this Regulation.

The definition includes offences injurious to the State (including treason) or likely to lead to a serious loss of confidence in the public service. There are certain conditions set out in the Regulation, e.g. it is only the part of the pension that exceeds any guaranteed minimum pension that can be withheld. [Regulation 171(1), (2), (3) and (5).]

Where a pension is withheld, the scheme manager can at any time, and to such extent and for such duration as the manager thinks fit, apply the pension for the benefit of any dependant of the member or restore it to the member. [Regulation 171(4)]

Statement of Policy

If a member, surviving partner or eligible child is convicted of a relevant offence, the scheme manager will withhold pensions payable under the scheme to a member, any person in respect of the member, a surviving partner or an eligible child, to such extent and for such duration as it considers appropriate, subject to a maximum of the amount by which the pension exceeds any guaranteed minimum pension.

On a case by case basis where a pension is withheld, the scheme manager will consider at three monthly intervals, to any extent and for such duration as the manager thinks fit, applying the pension for the benefit of any dependant of the member or restoring it to the member.

42. Forfeiture of pensions: offences committed by other persons (Regulation 172)

If a surviving partner or eligible child is convicted of the murder of a scheme member from whose benefits their pension would be derived the scheme manager must withhold all of the survivor's or child's pension otherwise payable. However, if a surviving partner or eligible child is convicted of the manslaughter of the member or any other offence, apart from murder, of which the unlawful killing of the member is an element, the scheme manager has discretion as to whether or not to withhold the pension to which they would otherwise be entitled. The amount withheld must only be that part of the pension which exceeds any guaranteed minimum pension. If the conviction is subsequently quashed, the pension must be restored with effect from the day after the date on which the member died. If, after the conviction has been quashed, the person is again convicted of murder, manslaughter or an associated offence as outlined above, any restoration is cancelled. [Regulation 172(1) to (5)]

Statement of Policy

The discretion to withhold part of a pension under Regulation 172 (1) to (5) will be exercised on a case by case basis by the Strategic Enabler for People Support Services.

43. Forfeiture of lump sum death benefit: offences committed by other persons (Regulation 173)

If a person is convicted of a relevant offence, i.e. the murder or manslaughter of the member, or any other offence of which the unlawful killing of the member is an element, the scheme manager must withhold all of any lump sum death benefit payable to that person.

If, however, the conviction is subsequently quashed on appeal, the scheme manager may, to such extent and for such duration as it thinks fit, restore to the person the amount of benefit withheld. If, after the conviction has been quashed, the person is again convicted of murder, manslaughter or an associated offence as outlined above, any restoration is cancelled. [Regulation 173]

Statement of Policy

The discretion to restore part of a pension withheld under Regulation 173 will be exercised on a case by case basis by the Strategic Enabler for People Support Services.

44. Forfeiture: relevant monetary obligations and relevant monetary losses (Regulation 174)

If a member has a relevant monetary obligation or has caused a relevant monetary loss, the scheme manager may, to such extent and for such duration as it considers appropriate, withhold benefits payable to that person under the scheme. "Relevant monetary obligation" and "relevant monetary loss" are defined in the Regulation. There are certain limits, e.g. the amount withheld may only be that which exceeds the person's guaranteed minimum pension and the scheme manager may only withhold it if there is no dispute about the amount or, if there is, there is a court order or the award of an arbitrator.

The monetary obligation must have been incurred to the employer after the person became an active member and arising out of or connected with the scheme employment in respect of which the person became a member of the scheme, and arising out of the person's criminal, negligent or fraudulent act or omission. The procedure is set out in Regulation 176.
[Regulation 174]

Statement of Policy

The discretion to withhold part of a pension under Regulation 174 will be exercised on a case by case basis by the Strategic Enabler for People Support Services.

45. Set-off (Regulation 175)

A scheme manager has a discretion to set off a "relevant monetary obligation" against a member's entitlement to benefits under the scheme, subject to certain conditions which are similar to those contained in Regulation 174 (Forfeiture). The procedure is set out in Regulation 176.] [Regulation 175]

Statement of Policy

The scheme manager will set off any "relevant monetary obligation" against a member's entitlement to benefits.

Payment and Deduction of Tax

46. Payment on behalf of members of lifetime allowance charge (Regulation 178)

At a scheme member's request, the scheme manager may pay on the member's behalf any amount that is payable by way of the lifetime allowance charge under section 214 of the Finance Act 2004. The scheme manager may only comply with the request if the member pays it the amount in question on or before the date on which the event occurs or the member authorises the deduction of the amount from a lump sum becoming payable to the member under the scheme at the same time as the event occurs.
[Regulation 178]

Statement of Policy

At a scheme member's request, the scheme manager will pay on the member's behalf any amount that is payable by way of the lifetime allowance charge under section 214 of the Finance Act 2004. The scheme manager will only comply with the request if the member pays it the amount in question on or before the date on which the event occurs or the member authorises the deduction of the amount from a lump sum becoming payable to the member under the scheme at the same time as the event occurs.

47. Evidence of Entitlement (Regulation 184)

The scheme manager can require any person who is in receipt of a pension or may have entitlement to a pension or lump sum under the scheme to provide such supporting evidence as the scheme manager may reasonably require so as to establish the person's identity and their continuing or future entitlement to the payment of any amount under the scheme. [Regulation 184(1) and (2)]

If a person fails to comply with the scheme manager's requirements in this respect, the scheme manager can withhold the whole or part of any amount that it otherwise considers to be payable under the scheme. [Regulation 184(3)]

Statement of Policy

The scheme manager will require any person who is in receipt of a pension or may have entitlement to a pension or lump sum under the scheme to provide appropriate evidence to establish the person's identity and their continuing or future entitlement to the payment of any amount under the scheme.

If a person fails to comply with the scheme manager's requirements in this respect, the scheme manager will withhold the whole or part of any amount that it otherwise considers to be payable under the scheme.

48. Amount of accrued added pension may not exceed overall limit of extra pension (Schedule 1, Part 1, Paragraph 4)

The total amount of accrued added pension must not exceed a certain limit. If it appears to the scheme manager that a member who has elected to make periodical contributions will exceed the limit the scheme manager may cancel the election (by written notice to the member). [Schedule 1 Part 1, Paragraph 4]

Statement of Policy

If it appears to the scheme manager that a member who has elected to make periodical contributions will exceed the limit prescribed in the regulations the scheme manager will, having provided written notice to the member, cancel the election.

49. Member's Election to make periodical contributions for added pension (Schedule 1, Part 1, Paragraph 7)

If a scheme member wishes to make periodical payments for added pension, the scheme manager can set a minimum amount which must be paid. [Schedule 1, Part 1, Paragraph 7(3)]

Statement of Policy

The scheme manager will not allow a member to make periodic payments for added pension of less than £10 per month.

50. Periodical payments (Schedule 1, Part 2, Paragraph 8)

If a scheme member wants to make periodical payments for added pension, but does not want them to be deducted from pensionable pay, the scheme manager may agree another method of payment. [Schedule 1 Part 2, Paragraph 8 (3)]

Statement of Policy

The scheme manager will not allow a member to make periodical payments for added pension except by deduction from pensionable pay.

51. Periodical payments during periods of assumed pensionable pay (Schedule 1, Part 2, Paragraph 10)

After a period of assumed pensionable pay or a period of reduced pay, the member may give written notice to the scheme manager authorising the employer to deduct the aggregate of payments – which would have been made but for the leave – from the member's pay during the period of six months from the end of the period of reduced pay. The scheme manager can extend this period of six months. [Schedule 1 Part 2, Paragraph 10(4)]

Statement of Policy

Where a member gives written notice authorising the deduction of aggregate payments from their pay the scheme manager will extend the period of repayment to a maximum of two years. This discretion will be exercised by the Payroll and Pensions Manager.

52. Meaning of "tapered protection closing date" (Schedule 2, Part 1, Paragraph 3)

The tapered protection closing dates for tapered protection members are given in the 1992 scheme tables in Schedule 2 Part 4. In most cases the appropriate closing date can be ascertained by reference to the band of dates in which the firefighter's birthday falls. The tapered protection date for a tapered protection member of FPS 2006 to whom paragraph 9(5) or 21 applies (members returning to pensionable service) is determined by the scheme manager. [Schedule 2 Part 1,

Paragraph 3(3); Schedule 2 Part 2, Paragraph 9(5); and Schedule 2 Part 3, Paragraph 21]

Statement of Policy

The tapered protection date for a tapered protection member of FPS 2006 to whom paragraph 9(5) or 21 applies (members returning to pensionable service) is determined by the scheme manager. This determination will be exercised by the Payroll and Pensions Manager.

Pay Policy Statement 2019-2020 - Remuneration and relationship between Chief Officer's and Lowest Paid Employees

Appendix 1D

Job	Remuneration (including allowances)	Base Salary Range (excluding allowances)		Pay Relationship to CFO
		Min	Max	
BRIGADE MANAGERS				
Chief Fire Officer **	£170,878	N/A	N/A	Set by Appointments Committee
Deputy Chief Fire Officer **	£136,912	N/A	N/A	Set by Appointments Committee
Assistant Chief Fire Officer (Service Delivery) **	£128,421	N/A	N/A	Set by Appointments Committee
Lowest Paid Employees (Grey Book)				
Firefighter (Control)	£29,006	£22,669	£29,006	0.17
Lowest Paid Employees (Green Book)				
Cleaner	£17,364*	£17,364*	£17,364*	0.10
GREY BOOK EMPLOYEES (Operational)				
Firefighter	N/A	£23,862	£30,533	0.14-0.18
Crew Manager	N/A	£32,452	£33,851	0.19-0.20
Watch Manager	N/A	£34,583	£37,854	0.20-0.22
Station Manager ***	£52,114	£39,374	£43,428	0.23-0.25
Group Manager ***	£60,324	£45,347	£50,270	0.27-0.29
Area Manager ***	£70,076	£53,238	£58,397	0.31-0.34
GREY BOOK EMPLOYEES (Fire Control)				
Firefighter (Control)	£34,807	£21,763	£29,006	0.13-0.17
Crew Manager (Control)	N/A	£30,829	£32,158	0.18-0.19
Watch Manager (Control)	N/A	£32,854	£35,961	0.19-0.21
Station Manager (Control)***	£49,508	£37,405	£41,257	0.22-0.24
Group Manager (Control)***	£57,308	£43,080	£47,757	0.25-0.28

GREEN BOOK EMPLOYEES

Pay Point 102	N/A	£102,530	N/A	0.60
Pay Point 101	N/A	£64,242	N/A	0.38
Pay Point 100	N/A	£58,269	N/A	0.34
Pay Band Manager 1 – SCP 51-59	N/A	£46,667	£56,056	0.27-0.33
Pay Band Manager 2 and Professional 1 - SCP 42-50	N/A	£38,052	£45,553	0.22-0.27
Pay Band Manager 3, Professional 2 and Technical 1 - SCP 33-41	N/A	£29,909	£37,107	0.18-0.22
Pay Band Professional 3, Technical 2 and Administrative 1 - SCP 24-32	N/A	£22,401	£29,055	0.13-0.17
Pay Band Technical 3 and Administrative 2 - SCP 15-23	N/A	£17,972	£21,693	0.10-0.13
Pay Band Administrative 3 and Operative 1 - SCP 8-14	N/A	£17,364	£17,681	0.10-0.10
Pay Band Administrative 4 and Operative 2 - SCP 5-7	N/A	£17,364	£17,364	0.10-0.10

NOTES:

*WMFS is committed to ensuring all employees are paid no less than the National Living Wage which on 5 November, 2018 increased to £9 per hour, equivalent to £17,364 per annum. Lowest paid employees salary was increased in November to the Living Wage and they will continue to benefit from this increase but will not be entitled to any increase applied to NJC rates unless this results in their existing spine point exceeding the National Living Wage. All these figures are subject to change if/when pay awards are determined.

Any changes to Green Book employee salaries will be reflected in the Pay Policy Statement post April 2019

***Salaries incorporates on-call/continuous cover*

**** Salaries inclusive of 20% Flexi Duty Allowance*

WEST MIDLANDS FIRE AND RESCUE AUTHORITY**18 FEBRUARY 2019****1. ARRANGEMENTS TO ACT IN MATTERS OF EMERGENCY
– LAYING OF THE STATUTORY ORDER FOR TRANSFER
OF GOVERNANCE**

Report of the Clerk.

RECOMMENDED

THAT members note the decision made under the above provisions set out within the Authority's constitution, to advise local authorities not to proceed with the laying of the statutory Order for transfer of governance.

2. PURPOSE OF REPORT

This report is submitted to notify members of the decision taken between the Chair to the Fire Authority and the Chief Fire Officer (CFO), following amendments made to the draft statutory Order by the Joint Committee for Statutory Instruments (JCSI). Advice was provided by the CFO to local authority Chief Executives on the 10 January 2019, not to proceed with the laying of the statutory Order to transfer governance of West Midlands Fire Service (WMFS) to the West Midlands Combined Authority (WMCA).

3. BACKGROUND

- 3.1 During 2017 - 2018 the WMCA and WMFS undertook extensive engagement with each of the 7 local authorities, the Fire Authority and the Home Office regarding the proposed change in governance arrangements. This process followed the requirements of the Local Democracy, Economic Development and Construction Act 2009 and included a public consultation focusing on proposals as set out in the approved governance review and scheme.

During this engagement there were clear areas, 'key asks', which each local authority determined would need to be maintained in the Order to ensure the principles of the governance change were met. These areas covered:

- Constitution and composition of the Mayoral Fire Committee
- Ring fencing of fire budget and reserves
- CFO accountability as Head of Paid Service for WMFS

On advice of the Home Office it became clear that both the ring fencing of reserves and the CFO accountability as Head of Paid Service, could not be provided for in the draft statutory Order as these would require a change in primary legislation, and this was not achievable within the required timeline. Compromises were met to achieve the principles of these key asks. The ring fencing of the fire budget and reserves was agreed to be provided for through the WMCA constitution. The accountabilities required for the CFO would be set out in the Order as clear functions to be exercised by the CFO only.

On the 14th September 2018 the WMCA approved the submission of the developed draft statutory Order to the Home Office to be progressed for laying in Parliament. This decision was substantiated by Sandwell Council on the 19 September 2018.

During September 2018 to December 2018, both WMFS and WMCA officers engaged with the Home Office to keep apprised of progress of the Order into the JCSI prior to it being laid in Parliament.

The Order was due to be laid in Parliament on the 14 January 2019. On the afternoon of the 9 January 2019 following JCSI review and amendments, the Order was submitted to all seven local authorities and the WMCA Chief Executive's seeking consent to lay the Order in Parliament. Consent was required by 10 January 2018, 1430hrs.

On review of the JCSI amended Order, it was apparent that changes had been made to section 1 and section 7 of the Order, Chief Fire Officer Functions.

1. Section 7(1) now says “the only arrangements the Mayor may make under section 107D(3)(b) of the LDEDC Act 2009 in relation to fire and rescue functions are to authorise the exercise of the following functions by the CFO (the accountabilities are then listed).... - however;

2. Section 7(2) goes on to say “If the Mayor makes arrangements described in paragraph (1).... - the inclusion of the word "If" means a Mayor has the option not to make the arrangements of authorising a CFO to carry out the delegated accountabilities listed at 7(1) (a) to (j) of the Order.

These amendments changed the ‘CFO functions’ to ‘delegated functions’ on the choice of the Mayor. Therefore, further compromising this locally agreed key ask and removing clarity in the independence of the CFO role.

On the basis of these changes and the further compromise this placed on the locally agreed key asks, the CFO took a decision to advise local authority Chief Executives not to consent to the laying of the Order. The Chair endorsed the assessment of the CFO on behalf of the Fire Authority. Given the timeline for consent this decision was taken aligned to the Authority's Standing Orders, part 3, item 17, Arrangements to Act in Matters of Emergency, section 2.

Each of the local authority and WMCA Chief Executives verbally agreed to this course of action and the Clerk confirmed this decision to the Home Office on the 10 January 2019.

At the time of writing this report six of the seven local authority Chief Executives have provided written confirmation of this decision to the Home Office.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment /is not required.

5. **LEGAL IMPLICATIONS**

The current non-provision of consent by the constituent local authorities to the laying of the draft Order means that the Order (in its current form) will not proceed via the Parliamentary process to become secondary legislation.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications

BACKGROUND PAPERS

The contact name for this report is Karen Gowreesunker, Clerk to the Authority (0121 380 6688)

KAREN GOWREESUNKER
CLERK TO AUTHORITY

18 FEBRUARY 2019

1. ROUTE TO MAYORAL GOVERNANCE UPDATE

Report of the Clerk

RECOMMENDED

THAT Members note the progress of discussions with the Chair, Mayor, Chief Fire Officer (CFO) and West Midlands Combined Authority (WMCA) regarding the route to Mayoral Governance.

2. PURPOSE OF REPORT

- 2.1 This report provides Members with an update on the governance transfer of West Midlands Fire Service, from the Fire Authority to the Mayoral WMCA.
- 2.2 A separate report 'Arrangements to Act in Matters of Emergency' outlines the background and current position in relation to the submission of the draft Order, following local agreement and its receipt following review by the Joint Committee for Statutory Instruments (JCSI).
- 2.3 This report sets out the steps that are now being taken to resolve this issue and move towards a transfer in governance during 2019.

3. BACKGROUND

- 3.1 The pause created in the governance process was a result of amendments made to the draft Order at the JCSI stage. These focused on the delegation of the accountabilities of the CFO and removed the absolute assurance that these would be delegated by the Mayor. This resulted in concern that the operational and organisational independence of the CFO role could be compromised. The CFO issued an assessment to all seven constituent authority Chief Executives to this affect, with the result that constituent authorities did not provide the required consent to the Home Office for the Order to be laid before Parliament on the 14 January 2019.

- 3.2 This has led to the consideration of additional local safeguards, which could replace the specific provisions that were removed from the draft Order and thereby secure the key asks of constituent authorities with regards to the CFO role. Notably these provisions will need to ensure that the accountabilities of the CFO, as defined in the draft Order, 'must' be delegated by the Mayor to the CFO. This approach will ensure the CFO is able to utilise professional judgement, skills and experience underpinned by operational independence and organisational leadership, to actively manage assessed risk on a dynamic basis.
- 3.3 The local safeguards will form clauses contained in the WMCA Constitution, which will put in place clear and robust processes, will provide wide consultation, appropriate scrutiny and voting of any decision to change or amend the CFO accountabilities.
- 3.4 Following recent meetings between the Fire Authority Chair, the Mayor and CFO, each party has re-affirmed their commitment to the governance transfer to the WMCA. This has been underpinned by the need for sufficient assurance around the role of the CFO in any new arrangements, aligned to that intended in the locally agreed draft Order submitted to the Home Office in September 2018.
- 3.5 WMCA Officers have proposed five distinct areas to the CFO, which are intended to provide assurance around the independence of the CFO role and key accountabilities. These are set out in paragraph 3.7 below. Both WMCA and WMFS officers are considering these proposals and developing the detail that will be proposed for inclusion in the WMCA constitution.
- 3.6 It is intended that, following the development of these assurances, the constitutional detail and the assessment of the CFO, the proposed constitutional clauses as developed will be submitted to the WMCA board for approval on 22 March 2019.
- 3.7 The five proposed areas are out below.
- a) A clause within the WMCA constitution which provides security around authorisation by a WMCA Mayor of delegations to the CFO. This removes any doubt about the explicit delegation of accountabilities and decision making authority to the CFO only.

This clause aims to directly address the underlying concern with the JCSI amended Order (which currently makes such delegation optional).

- b) A specific decision making route should any Mayor/WMCA member seek to change the constitutional position in point 1. This would incorporate usual and explicit stakeholder consultation. For example, including the CFO, Mayoral Fire Committee, Overview and Scrutiny Committee within the process to change point 1 (above).
- c) In parallel, a specific clause as a 'reverse lock' – which would offer a second point of assurance such as specifying that other officers of the WMCA 'must not' take on what are currently CFO accountabilities.
- d) A period within which any proposed constitutional change in relation to CFO functions shall not be considered/implemented. For example, until the next Integrated Risk Management Plan (IRMP) is completed. This will enable the consideration of the validity any decisions to change the constitution in relation to CFO functions, to be implemented aligned to the WMFS planning period and will enable the CFO to assess the impact of these decisions on risk.

In order to develop and implement the IRMP as defined by the National Fire and Rescue Framework, the CFO must be the Officer who has the necessary competencies to do so.

The competences of this role will be defined by the National Framework and guidance produced by the fire sector through the National Fire Chiefs Council.

- e) A commitment to further reviewing governance arrangements within the next Mayoral term (or similar), specifically, to explore whether there are any other mechanisms, legal or legislative, which could provide further assurance surrounding CFO accountabilities in the future.
- 3.8 Each of the above points aim to provide assurance within the spirit of local policy intent, which has been underpinned by a robust evidence base on which the Governance Review and Scheme was developed.

- 3.9 Where constitutional changes around the CFO are proposed, points 2 and 4 in particular should provide sufficient time to consider any proposed amendments to the constitutional arrangements around the role of the CFO, along with additional scrutiny on these proposals.
- 3.10 The above draft proposals were received positively by all parties and demonstrated an intent to reach a robust model.
- 3.11 Progression of these proposals will be subject to more formal and detailed drafting for review prior to the 22 March 2019 and an understanding that the CFO would need to be assured around the detail.
- 3.12 The following timeline assumes that constitutional proposals can be developed and agreed with the CFO, prior to engagement and recommendation at WMCA Board.
- WMFRA PPF 4th February
 - WMCA Board update 8th February 2019 – urgent business item
 - WMFRA meeting update 18th February 2019
 - WMCA Board agree constitutional changes 22nd March 2019
- 3.13 It should be noted that at this stage the constituent authority Leaders will need to consider whether the changes to the Order and the developed proposals would require further consideration by their Authority decision-making process; or whether existing delegations would be sufficient to provide consent to the Order (given the development of robust local assurance within the WMCA Constitution).

4. **EQUALITY IMPACT ASSESSMENT**

- 4.1 In preparing this report an initial Equality Impact Assessment is not required and has not been carried out.

5. **LEGAL IMPLICATIONS**

- 5.1 This report does not present any immediate or direct legal implications. However, progression of the constitutional changes will lead to legal implications in respect of WMCA Board approval on 22 March 2019 and subsequent laying of an Order before Parliament once the constitutional changes have been approved locally.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications to this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications to this report

BACKGROUND PAPERS

WMFRA 18 February 2019 Arrangements to Act in Matters of Emergency

[WMFRA 20 FEBRUARY 2017 ROUTE MAP TO A WEST MIDLANDS COMBINED AUTHORITY MAYORAL WMCA GOVERNANCE REPORT](#)

[WMFRA 20 FEBRUARY 2017 OUTCOMES OF THE FUTURE GOVERNANCE WORKING GROUP](#)

[WMCA 3 MARCH 2017 ROUTE MAP TO MAYORAL WMCA GOVERNANCE](#)

[AGM June 2017](#)

[WMCA 8 SEPTEMBER 2017](#)

[Governance Review and WMCA Scheme Report to Local Authorities](#) (17 October 2017 Sandwell Metropolitan Borough Council example)
[Scheme](#)

[Governance Review](#)

[WMFRA 20 NOVEMBER 2017](#)

WMCA Board 8 December 2017 [Mayoral WMCA Governance of West Midlands Fire Service - Governance Review and Scheme](#)

[CONSULTATION OUTCOMES REPORT TO LOCAL AUTHORITIES](#) (21 March 2018 Sandwell Metropolitan Borough Council example)

[WIDENING CFO Accountabilities 16 April 2018](#)

[ROUTE MAP TO MAYORAL COMBINED AUTHORITY GOVERNANCE:
CONSULTATION OUTCOMES AND SCHEME SUBMISSION TO
SECRETARY OF STATE 16 APRIL 2018](#)
[WMCA 14 SEPTEMBER 2018 GOVERNANCE OF WEST MIDLANDS
FIRE SERVICE APPROVAL OF STATUTORY ORDER](#)
[WMFRA 17 SEPTEMBER 2018 ROUTE MAP TO MAYORAL
COMBINED AUTHORITY GOVERNANCE](#)
[WMFRA GOVERNANCE AND TRANSFORMATION COMMITTEE 8
October 2018](#)
[WMFRA GOVERNANCE AND TRANSFORMATION COMMITTEE 12
NOVEMBER 2018](#)
[WMCA AUDIT AND RISK ASSURANCE COMMITTEE 12 NOVEMBER
2018](#)
[WMFRA GOVERNANCE AND TRANSFORMATION COMMITTEE 10
DECEMBER 2018](#)
WMFRA GOVERNANCE AND TRANSFORMATION COMMITTEE 28
JANUARY 2019

The contact name for this report is Karen Gowreesunker, Clerk to the Authority, 0121 380 6678

Karen Gowreesunker
CLERK TO AUTHORITY

**5 November 2018 at 10.30 am
at Fire Service Headquarters, Vauxhall Road, Birmingham**

- Present:** Members of the Authority
Councillor Edwards (Chair)
Councillor Iqbal (Vice Chair)
Councillors Aston, Barlow, Barrie, Brackenridge, Craddock,
Dehar, Hogarth, Miks, Spence, and Young
Mr Ager
- Officers:** West Midlands Fire Service
Chief Fire Officer (P Loach)
Assistant Chief Fire Officer (G Taylor)
A Afsar, H Begum, B Brook, S Burton, J Campbell, J Connor, J
Danbury, M Hamilton-Russell, P Fellows, M Pym, N Spencer, S
Timmington, S Warnes
- Clerk and Monitoring Officer**
K Gowreesunker (Clerk)
S Sahota (Monitoring Officer)
M Griffiths (Treasurer)
- Apologies:** Councillors Jenkins, Tranter and Walsh
The Police and Crime Commissioner
Sarah Middleton and Professor Simon Brake
- Observers:** Nil

19/18 Chair and CFO Announcements

Cllr John Edwards, Chair of WMFRA, welcomed all attendees to the Policy Planning Forum.

The Reward and Recognition event would be taking place on Thursday 29 November at West Bromwich Football Club. Section 41 Members were reminded to send another Member on their behalf if they could not attend.

Phil Loach, Chief Fire Officer, advised Members that crews from Highgate Fire Station and Technical Rescue had been presented with the Emergency Services Award at the Pride of Britain Awards for their response to a road traffic collision in which a driver was fully impaled on a metal railing.

The Service prided itself on operational excellence; the Technical Rescue Unit had achieved second place in the United Kingdom Rescue Organisation

OFFICIAL – WMFS PUBLIC

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(UKRO) challenge, and the Service had received four out of the five awards at the annual Breathing Apparatus competition.

20/18 Governance Update

Karen Gowreesunker, Clerk to the Authority, provided a Governance update.

An overview of key milestones between October 2018 and April 2019 was provided. These included the timelines reflecting the parliamentary process and ministerial approval.

The Order had been submitted to the Home Office who were currently waiting for confirmation of the date on which the Order would be laid in Parliament. It was anticipated that the Parliamentary process would continue until February.

Work was being carried out examining the current Fire Authority and the West Midlands Combined Authority (WMCA), to identify any possible gaps between the two organisations and to ensure elements such as fire safety were captured.

The Governance and Transformation Committee had begun to consider proposals for the role of the Mayoral Fire Committee.

A joint WMFS / WMCA project team were overseeing the arrangements to implement the transfer.

Next steps to be taken in December included the Governance and Transformation Committee putting forward recommendations for the Mayoral Fire Committee role, finalisation of the constitutional review, and engagement with the Mayor for approval of proposals. The Fire Authority would be updated on progress. It was anticipated that WMCA approval of constitutional arrangements for WMFS would be undertaken in January.

In answer to Members questions, the following points were raised:

- A beneficial aspect of the WMCA was the possibility to access different funding streams. However, this was an area that would require further development.
- Levels of funding for the Service for 2020 and beyond was an unknown. There was an opportunity to make a case regarding the financial pressures the Service faced. Discussions would be held with the Mayor and the WMCA to ensure understanding of budgetary issues and the rationale.
- Objections could be made to the proposed Order / transfer during the Parliamentary process. None were necessarily envisaged or anticipated at the current time.
- All Members of Parliament representing the West Midlands would be written to, explaining the rationale behind the proposed transfer and change in governance, once the Order is laid.

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21/18 Revising the Strategy 2018 - 2022

Phil Loach, Chief Fire Officer, introduced a presentation on revising the strategy 2018 to 2022.

The revised strategy to support the Service's Integrated Risk Management Plan (IRMP) continued to be developed, with further work being carried out on the options (as detailed at the meeting of the Fire Authority held on 17 September, and at the Policy Planning Forum held on 8 October). It was noted that the options were crossing over, with the potential for the revised strategy to consist of a combination of the options.

Protection based services across Fire and Rescue Services were stretched following the Grenfell Tower incident, and the cuts to funding. Investment was required for protection.

During the course of the current Comprehensive Spending Review period, changes had been made to functions, in particular Corporate Communications, Information Communication and Technology (ICT), Organisational Intelligence and Innovation, and Organisational Learning and People Development. Investment was now required in these areas, tying in with the Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) regime and the subsequent areas for focus. In terms of Corporate Communications, telling the Service's story was becoming more of a burden on a small team. The digital delivery of services was a key aspect of ICT, and there was a need to ensure the Service could capitalise on technological developments such as the imminent roll out of 5G. Additionally, the Service was being sought after as a partner in other areas of legislation, not just within the remit of the Regulatory Reform Order (RRO), to include areas such as housing and safeguarding. As a result, overheads in the learning and development for protection Officers was increasing. There was an anticipated gap in the Service's Efficiency Plan of £3M. Additionally, the amount could effectively rise to £3.6M reflecting the £0.6M investment in support services such as protection. It was expected that the amount could rise above £4M as proposals were developed in readiness for the Fire Authority meeting in February 2019.

Gary Taylor, Assistant Chief Fire Officer, delivered the presentation on revisiting the strategy 2018 to 2022.

The requirement for the Service to develop an IRMP was laid out in the Fire and Rescue National Framework for England. Risk management crossed over the areas of response, prevention and protection. The Service Delivery Model was complicated and changes to it could lead to effects elsewhere.

The Service Delivery Model comprised 41 pump rescue ladder (PRL) appliances. 36 PRLs were designated as the '1st appliance' at a station, three PRLs were designated as '2nd' appliances at three stations (the busiest three stations in the West Midlands), two PRLs formed part of the technical rescue

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capacity (the latter excluded from the options due to the funding methods and specialist capability). There were 19 Brigade Response Vehicles (BRV) which were a tried and tested approach to supporting category one incidents, attending category two, three and four incidents and therefore protecting the PRLs, and supporting larger incidents.

In terms of performance, the median response times during the quarter were:

- Category one – 4 minutes 38 seconds (target: 5 minutes)
- Category two – 5 minutes 30 seconds (target: 7 minutes)
- Category three – 4 minutes 55 seconds (target: 10 minutes)
- Category four – 6 minutes 30 seconds (target: 20 minutes)

This reflected that the Service was over performing against the performance indicators.

- In-year savings

In year budget pressures had been addressed by reducing the number of riders on the 2nd PRLs and removing BRVs from the fleet. The approach taken was on target financially, with a limited impact on response times, and a limited reduction in the number of Safe and Well visits delivered.

- The Options

An overview of each option was provided which included examples of the various scenarios / configurations of each option, and the impacts of each option if realised (on response times, prevention activities, etc).

Option one – Staff / Resource Availability:

Reduction / removal of Voluntary Additional Shifts (VAS) within the current Service Delivery Model accommodated through a reduction in appliance availability.

Option two – Resource Configuration:

Reduction / removal of VAS within the current Service Delivery Model accommodated by reconfiguring the number on each appliance to expand the concept of a 'blended fleet'.

Option three – Shift Arrangements (Risk Based Crewing):

Shift changes to maximise effectiveness and efficiency, and to mitigate the impact of the chosen option to remove / reduce VAS.

Option four – On Call Duty System:

Three options to be considered:

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- The introduction of a purely 'On Call' workforce as part of the overall Service Delivery Model.
- Using current Wholetime Firefighters employed by the Service to also provide an 'On Call' capability as part of the overall Service Delivery Model.
- Take the option not to pursue an 'On Call' option due to the detrimental impact on the risk based 5 minute attendance standard.

Option five – Management Review:

A blended approach to be taken which will consider:

- Service Delivery (based on outcome of options presented to the Fire Authority)
- Annual review of the Strategic Enabling Team
- Flexi Duty System review
- Department assessment and restructure (potential for investment)

Staff consultation:

The Service wanted all staff to be involved, to understand, and to consider options and put forward ideas. All managers had been tasked with advising staff about the proposals and to gain ideas and feedback.

The project team met with the representative bodies in accordance with the Joint Consultative Framework.

Feedback from staff had indicated that staff thought the proposals were undesirable but understood the rationale for them. Staff had raised concerns regarding the impact of the proposals on a daily basis, impact upon competence, and around the removal of riders.

The representative bodies understood the position in which the Service was in and were not resistant to co-operating.

Consultation with staff and the representative bodies at this stage of option formation would continue until 6 December. The Service would provide an update regarding engagement with staff and the representative bodies.

In answer to Members' questions, the following points were raised:

- The response time to category four incidents were just two minutes longer than the response time to category one incidents, and reflected significant over performance. It was confirmed that the dynamic cover tool was used to mobilise resources accordingly.
- An evidence based approach to mobilising included the attendance of a second appliance to ensure safe systems of working for crews (minimum of eight firefighters). Fire Control used dynamic mobilising so that eight firefighters could be mobilised to an incident via a

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combination of two PRLs, or a PRL and a BRV. The focus was on the people, not necessarily the vehicles. Mobilisation was also based on what information Fire Control knew of the incident at the time of mobilisation, such as profiling and the newly introduced 999eye capability.

- BRVs attended the lower category incident types which protected the PRLs, enabling them to be available to attend category one incidents. The BRVs also delivered prevention activities in a more cost effective manner due to the smaller crew size.
- The number of options would be narrowed down as they were developed, with recommendations of the Chief Fire Officer to be submitted to the Fire Authority at the meeting in February 2019. It was noted that allowing the Chief Fire Officer to manage the options flexibly was vital.
- The potential reduction in the number of Safe and Well visits delivered could possibly be rectified via different ways of working. However, quality was more important than quantity and there was a risk of having to do more tasks with less resources. The Service continued to work proactively in the health agenda with partners including the WMCA and Local Authorities. The Service did have a business development strategy which was progressive and had helped position the Service within the WMCA. The Service believed that this could still continue. Nationally, discussions continued regarding the widening of role maps and this could lead to opportunities locally.

In answer to Members' questions regarding option one, the following points were raised:

- The location / removal of a 2nd PRL could be moved on a daily basis. There could be instances where a 2nd PRL could be replaced with a BRV. Additionally consideration could be given to dual crewing, i.e. a 2nd PRL operating as a BRV.
- All scenarios / configurations were achievable via the reduction in VAS, and not via a reduction in firefighters.
- Established safe systems of work and mobilisation protocols would remain the same, backed up by the dynamic risk assessment principle. The Service was confident that health and safety and legal compliance would be maintained.
- In answer to a question asking how often the 2nd PRLs were mobilised, analysis of Highgate Fire Station indicated that 31% of mobilisations of the 2nd PRL were simultaneous with the mobilisation of the 1st PRL, either attending the same incident, or attending a lower category incident. The 2nd PRL based at Coventry Fire Station provided resilience as Coventry was quite remote in terms of the Service Delivery Model. The 2nd PRLs were located at Fire Stations with the highest risk levels.

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In answer to Members' questions regarding option two, the following points were raised:

- The option would have impact upon systems of work and mobilisation protocols to ensure the required number of firefighters were in attendance e.g. eight firefighters at a category one incident.
- A blended fleet would represent a scalable approach. The BRVs enhanced the Service Delivery Model. Additionally, Business Support Officers attended incidents on their own, protecting other resources to attend real emergencies.
- Risk assessments were already in place for these proposals. The approach suggested was already in operation in other Fire and Rescue Services.

In answer to Members' question regarding option three, the following points were raised:

- Self-rostering had been adopted by other Fire and Rescue Services as well as other models. Different Services may have bespoke models reflecting their particular requirements / circumstances.

The Chief Fire Officer concluded the meeting, with the following observations:

- It was noted that when all appliances were available, approximately 60% of the West Midlands was covered within the 5 minute response standard. Planning allowed the 5 minutes response standard to be maintained within the high risk areas. The Community Safety Strategy was an interactive tool that displayed this information for members of the public, businesses and partner agencies.
- No proposal would be put forward where a safety assessment had not been carried out. However, this did not mean that the representative bodies would accept a proposal.
- Five riders on a PRL was the accepted gold standard. The Fire Brigades Union was hardening their position regarding four riders on a PRL and do not support the approach. This was an area that would need to be addressed.
- The Service had thousands of deployments which supported the ability to reduce the number of riders.
- The Service had experienced a £38M reduction in funding and still responded to incidents faster than ever. Prevention activities were targeted better than they had been previously. Protection services were stretched. To sustain the Service going forward, there was a need to reframe the Service's position. The Service could not dwell on what it did ten years ago.

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At the end of the meeting, the Chief Fire Officer provided a verbal update on developments regarding the national deficit within the Firefighters Pension Scheme and Employer Contributions. Further updates would be provided as developments progressed.

The meeting closed at 12:31 hours.

<p>Contact Officer: Stephen Timmington Strategic Hub West Midlands Fire Service 0121 380 6680</p>

5 November 2018

at Fire Service Headquarters, Vauxhall Road, Birmingham

Present: Councillor Brackenridge (Chair)

Councillor Barlow, Edwards, Iqbal and Miks

Employees Side:

Steve Price-Hunt – Fire Brigades Union (FBU)

Sasha Hitchins – FBU

Officers:

Wendy Browning-Sampson, People Support Services

Sarah Warnes, Strategic Enabler People

11/18 Apologies

Karen Gowreesunker, Clerk to the Authority

Helen Sherlock

12/18 Declarations of Interest

None.

13/18 Notes of the JCP held on the 17 September 2018

The notes were received as an accurate record.

Steve Price-Hunt raised the issue of a Nomination for the position of Chair of the Cultural Review.

Sarah Warnes confirmed that discussions were continuing on the position. The snapshot had started and it would take two weeks to collate the themes and consideration was being given to appointing the best person to be the Independent Chair.

The Chair felt that it was taking too long and wanted the appointment to be sorted out as quickly as possible without further delay. The Chair was surprised that it had not been arranged.

Sarah Warnes proposed the Review should start in the New Year, allowing the elements of the snapshot of the review to be considered in developing the terms of reference and the future appointment of the Chair.

The Snapshot had commenced on 25 September 2018 and positive meetings had taken place. 200 Members of staff and a member of the Fire Authority would be contacted.

Steve Price-Hunt wanted the Independent Chair to be appointed as quickly as possible and had selected a University Professor in Human Resources and Industrial Relations who was independent to the Fire Brigades Union. The Professor had undertaken industrial reviews and had reviewed Fire Services.

References from Chief Fire Officers had been sought and the FBU wished to make an appointment by the end of the year.

It was confirmed that the Clerk had suggested Richard Bacon, who had Chaired the Governance review from Price, Waterhouse, Cooper plc as a possible name to be considered, and would look at another individual who was appropriately qualified.

Members were informed that a positive meeting had taken place two weeks previously where the snapshot, themes and the framework for appointing a joint chair had taken place.

Members discussed the amount of time taken to make an appointment, however, this needed agreement of both parties.

It was confirmed that the Service was not in a position to undertake the snapshot any earlier because of the background work to be undertaken and the process to go through. In reality this would take until 14 December 2018 but could not be achieved much earlier if it was to be done properly.

The Review would be looking at the culture of the whole organisation.

Members also discussed two qualified people undertaking the role as Joint Chairs.

It was hoped that within two weeks from the end of the snapshot, an appointment would be made and in place before the Christmas break.

The Chair confirmed that the Fire Brigades Union and Management should appoint a Chair.

The Members wanted staff to have confidence in the Review and did not want the Terms of Reference to be too limited.

All Members accepted.

Steve Price-Hunt stated that the Cultural Review was signed off as part of the Trade Dispute.

Sarah Warnes explained that a number of meetings had taken place in the 6 weeks since the signing of the collective agreement and they had worked well to get the latest position. The snapshot will help with the Terms of Reference and it was felt that the timeframe should be agreed between management and the FBU. Two weeks would not be sufficient to frame the Terms of Reference and to achieve an understanding of the organisation and did not believe that this would be getting the best out of the Cultural Review.

The Chair considered 6 weeks too long time to send out the questionnaire and wanted Management and Unions to agree a Chair, or two people if appropriate, and move forward as the special JCP had been held in July 2018 which was too long in his experience.

Councillor Edwards stated that the Review could not be started until the end of the Trade Dispute which was on 21 September and the JCP's role was to overview the process and not to carry the process out.

Both parties were requested to use their best endeavours to move as quickly as possible, in harmony and properly.

Members were aware of the pressures on staff and managers and the amount of work being undertaken in the organisation.

Councillor Miks had listened to both sides and suggested that short positive discussions should take place with those suggested to undertake the role of Chair to see how they would undertake the role.

Steve Price-Hunt stated that regular dialogue was taking place but not quickly enough and was concerned when the Review would be concluded if it did not start until the New Year.

Sarah Warnes confirmed that the organisation was working within realistic timeframes to achieve the best overall outcomes.

Members of JCP encouraged both parties as soon as is possible and practical to move on with the process.

The members requested that a report be presented at the next meeting of the JCP outlining the current position. If not resolved the Members of the JCP would wish to become involved in the process.

Wendy Browning- Sampson had agreed to provide information on the number of trained investigating officer and how many had been trained since April 2018.

There were:

59 Supervisory Managers and

6 Middle Managers

Effective Managers Training undertaken in May - June

Pre 46 people have undertaken

100 managers have been trained.

14/18 Dispute Resolution Report November 2018 Report

The Joint Consultative Panel noted the Dispute Resolution Report for the period 1 January 2018 and 30 June 2018. The report had been presented to the Scrutiny Committee. Information on debriefings will be included in the report that covers the next reporting period. The development of the report will include information from Trade Unions.

In the period 1 January 2018 to 30 June 2018, there were

5 Grievances

1 was Accepted

2 were Rejected

2 were outstanding during this reporting period would be reported in the next reporting period.

3 cases related to Bullying and Harassment – Management Enquiry

2 cases related to Terms and Conditions of Employment

There were most grievances from the 31 – 35 age group, all male.

All staff were supported throughout the process and appeals.

Disciplinary

There were 14 cases under the Discipline Regulations

11 cases investigated under Gross Misconduct

3 cases investigated under Misconduct

Cases align to the ACAS code of practice and the severity of action and whether there is a potential for dismissal means that they need to be raised under Gross Misconduct.

The Chair stated that this had been discussed at the last meeting and the legal precedent had been considered and how the ACAS Code would be looked at during an Employment Tribunal.

Steve Price-Hunt stated it was pleasing to hear that Managers were receiving training, but felt that there were high levels of disciplinary action. Relationships had irrevocably broken down and there had been two dismissals and one reinstated on appeal out of the 14 cases.

6 had received Final Written Warnings

1 had resulted in a 6 month written warning

There were a high number of Gross Misconducts with Low outcomes.

The Chair said that the Panel understood the legal position and Helen Sherlock as previously discussed the ACAS Code of Practice.

Wendy Browning Sampson stated that of the 11 cases, one case related to eight 8 individuals which required 8 Investigations into inappropriate discussions. Officers needed to be clear on the appropriate standards required.

The Chair agreed that any cases of Bullying and Harassment would not be accepted and formal processes should be followed. Over a period of time there had been a lot of gross misconduct cases and further discussions and education was required.

Steve Price-Hunt stated that of 30 Gross Misconduct cases, there had been 3 or 4 dismissals. 18 had led to no case to answer out of 39 disciplinary cases and anxiety had led to staff not being in the workplace

Sarah Warnes confirmed that the Standing Orders were clear and areas for consideration for Gross Misconduct were considered carefully by commissioning officers and conversations took place and the impacts considered.

The cases were not just a breakdown of relationships and it would be significant if every Gross Misconduct case led to dismissal. Hearings are balanced and areas of mitigations are listened to and in some cases result in there not being a dismissal.

Wendy Browning Sampson confirmed that the ACAS Code of Conduct is included in the Policy and is word for word picked up in Green and Grey book.

The Chair requested that the Panel look at the process at a future meeting to understand the cases.

Wendy Browning-Samson stated that of the two dismissals, one had been overturned and had received a final written warning instead.

13 male employees and 1 female had been involved and this was representative of the workforce. There were no concerns in the other protected characteristics.

Two Employee's had been dismissed and 1 decision was overturned at the Appeal.

There had been three Employment Tribunal Claims.

1 was a Collective Claim (85 employees) now withdrawn – due to Trade Dispute.

2 related to Grievances.

The data information gathering process had been updated, and the Panel were provided with historic data relating to disciplinary and grievances from September 2012 to October 2018.

15/18 Training

Member's received a Briefing on Employee Relations. It was agreed to provide information in bite sized chunks. Officers had been working with the Trade Unions on The Employee Relations Framework was out to consultation and further information would be brought to a future meeting of the Joint Consultative Panel.

Helen Sherlock would provide further training on discipline and grievance process rather than just the strategy.

The presentation covered the Core Values:

CV1 Community

CV2 Diversity

CV3 Improvement

CV4 People

Code of Conduct

Disciplinary

Grievance

ACAS

It was confirmed that the policy is in line with ACAS and also relates to Grey Book staff.

The Chair enquired about the Employee Relations Framework (ERF). It was confirmed that the Framework had gone through a consultation process and there would be no impact on the grievance procedures.

The ERF sets out how the Trade Unions and Management work together.

The Framework had been produced jointly with all of the Trade Unions involved and Steve Price-Hunt thanked Wendy Browning-Sampson and Julie Felton for their hard work on a good policy.

The Fire Brigades Union were happy to jointly present the ERF to the Panel at the next meeting. This was echoed by the representative of Unison.

The meeting finished at 1349 hours.

Julie Connor

Strategic Hub, 0121 380 6906

Julie.Connor@wmfs.net

Minutes of the Audit and Risk Committee
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12 November 2018
at Fire Service Headquarters, Vauxhall Road,
Birmingham B7 4HW

Present: Councillors Miks, Jenkins, Craddock, Dehar
and Mr Ager (Independent)

Apology: Councillor Iqbal, P Farrow, M Griffiths,
K Shoker

49/18 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

50/18 **Minutes of the Audit and Risk Committee held on
4 September 2018**

The Independent Member requested a change to Minute 44/18 and requested that the third paragraph on page 8 be amended. The minutes were amended to this effect and changes made to copies on CMIS.

Resolved that the minutes of the meeting held on 4 September 2018 be approved as a correct record.

51/18 **Treasury Management Mid Year Review 2018/19**

The Authority approved its Treasury Management strategy as part of the Budget setting report in February this year.

The Authority is required to produce a mid-year review report of its Treasury Management activities and request that Members approve its updated prudential and treasury indicators for 2018/19.

The key Treasury Management indicators to note are:

1. Capital Expenditure

The Authority approved a £13.3m capital programme for the current financial year at its meeting in February. This has since been updated to reflect the outturn position and financing decisions for 2017/18. The forecast outturn as at 30th September for 2018/19 is £13.8m. The increase, which has been reported at the Authority meetings, is mainly due to slippage from the previous financial year.

No borrowing has been undertaken to finance any capital expenditure during the first half of the current financial year.

2. The Authority's Debt

The Authority's total external debt as at 31st March 2018 was £37.4m of which £34.2m is in respect of borrowing undertaken with PWLB and the balance £3.2m is in respect of the Authority's share of the Ex West Midlands County Council debt.

The estimated average rate of interest payable on this debt for the current financial year is 5.4%.

3. The Authority's Investment

As at 30th September 2018 the Authority's investments (i.e. its bank balance) was £65m, this is invested with Sandwell MBC as part of the pooling of bank accounts arrangement we have with them.

Interest is received on the Authority's average cash balance and is based on the average rate of return achieved by Sandwell MBC.

For the first six months this was 0.60% which compares favourably to the benchmark, which is the average 7 day LIBID rate of 0.45%

Further to a Member's enquiry, it was confirmed that the slippage shown on page 22 of the report was the difference between the revised estimated and the forecast outturn.

It was noted that the interest rate of 5.4% was high and a Member enquired if there was scope for paying off debts from the £65m in reserves and wondered how actively officers were pursuing better interest rates.

Officers confirmed that the interest rates had been agreed previously and any renegotiation of loans would incur severe penalties.

The Audit and Risk Committee requested a schedule of debts and loans and interest rates being paid for the next Audit and Risk Committee meeting.

The Chair confirmed that she had met with the Chair of the West Midlands Combined Authority Audit Risk and Assurance Committee and would be looking for the best returns on investments.

52/18 Audit and Risk Committee Update

The Auditor stated that his progress report was shorter on this occasion as the Financial Statements Audit had yet to commence and they were still in the planning stages, but were in discussion with management and these would continue until Christmas 2018.

An initial risk assessment to determine the Auditors Approach to Value for Money would be made in January 2019 and will be reported in the Audit Plan. The Auditor will report on his work in the Audit Findings Report and will give a Value for Money Conclusion by the deadline in July 2019.

After Christmas, the finance team would be invited to the Chief Accountants' Workshops.

The key focus for 2019 would be the move to the West Midlands Combined Authority.

The Annual audit fee letter for 2018/19 had been completed in April 2018.

The Auditor provided a Sector Update and links to detailed reports/briefings were provided.

The Auditor shared information on creating and operating a successful fire trading company and a link to the latest study report.

The DCFO confirmed that the Authority had set up the Business Safety Co Ltd., four years previously but this company was now dormant. The Authority were generating income through a variety of means including ICT services, Technical Engineering Workshops and training

The Auditor had discussed the key marks of success and the DCFO agreed to talk to the Treasurer about this.

One Member expressed his disappointment that the business development plan was not going forward as he felt the reputational aspects of the Fire Service would be huge and that there was a raft of things that the Service Badge could be used on to provide potential opportunities.

The DCFO confirmed that this had been looked at several times but stated that the Service found it difficult and gave an example of the problems experienced recently in obtaining £2,000 in sponsorship for the Rewards and Recognition evening.

Whilst accepting the opportunities to use the Fire Service Brand, the Service could not compete. The service had previously tried to provide Fire safety training for Marks and Spencer but could not provide the resources to deliver against a National contract

There is a lot of competition in the field of Fire Engineering and there is also the challenge of the Authority being the enforcing body for the Regulatory Reform Order which could cause a conflict of interests when trying to bring prosecutions.

The Chair stated that Councils were in a different position in respect of Building Regulations and the Occupied Housing Act.

The Home Office were keen for fire trading companies, but did not provide any assistance in this area.

The Chair was concerned to see the comment from the NFCC on the latest Home Office Workforce and prevention statistics and the 23% reduction in the number of whole time firefighters over the last ten years.

The Authority had recently noted that it had 20% less support staff and 40% reduction in fire safety officers, however, there had been spate fire conditions in the Summer and more fire safety work required following the Grenfell Tower incident.

The DCFO stated that the challenge is providing evidence to central government to show the risks associated with the reduction in staff.

Members felt that The Mayor should be made aware of the decreasing number of firefighters.

In answer to a Member's enquiry, the DCFO stated that verbal attacks had taken place on fire crews as reported to the Scrutiny Committee, however, during the recent Bonfire Season, West Midlands had not experienced the same level of attacks that had been seen elsewhere in the UK.

It was confirmed that one body cam per crew was available but the wearing of body cams was voluntary. Cameras were also on appliances. This evidence could be used in prosecutions, however, it was noted that members of the public also shared evidence of incidents filmed on mobile phones.

The Auditor drew Members attention to the CIPFA consultation on its plans to provide an authoritative Financial Resilience Index.

Grant Thornton had developed a Vibrant Economy app that sought to marry up the financial and non-financial statistics but was focused mainly on Councils.

53/18 **Internal Audit Progress Report**

The Committee noted an update report from the Internal Auditor on the progress and any issues arising from internal audit work undertaken so far in the current year.

The Internal Auditor outlined the process used to provide information to inform and feed into the overall opinion in the Internal Audit Annual Report at the year end.

The Internal Auditor identifies the Audit Universe which is developed from the risk register. The key financial systems are looked at and discussions are held with Directors and the Treasurer.

An Audit Plan is approved by the Audit and Risk Committee each year, who are responsible for covering risk for the Authority and ensure that risk is mitigated.

The Internal Auditor undertakes work throughout the year and progress is reported three times a year in the form of a progress report from the Internal Auditor.

Where appropriate each report that is issued by the Internal Auditor throughout the year is given an overall opinion based on the following criteria:

Limited
Satisfactory
Substantial

Each recommendation is categorised in line with the following:

Fundamental
Significant
Merits Attention

A summary of the work completed as at 30 September was provided. Two Audits had been completed in Procurement and Performance Management. Both had a substantial level of assurance.

Two areas of Accounts Receivable and Accounts payable were in progress. An update would be brought to the next meeting of the Committee.

The Internal Auditor also provides advice and guidance to the authority, CIPFA Audit Committee updates, reviews the Terms of Reference of the Audit and Risk Committee each March. The Internal Audit Plan for 2018/19 was presented to the Committee in March 2018, The Internal Audit Annual Report 2017/18 was presented to the Committee in June 2018 for comment and approval. The Internal Auditor assists the Chair of the Audit and Risk Committee in the preparation of the Annual Report.

The Internal Auditors continues to lead on the Cabinet Office's National Fraud Initiative and the Annual Fraud Survey and provide the main point of contact for the Authority for any investigational into potential fraudulent activity.

The Internal Auditor has a target of achieving an average score of 4 = good from the Service Quality questionnaire.

The Independent Member stated that he sat on two local authority Audit Committees and noted that the Audit and Risk Committee had only had occasion when it had received a limited score following an audit.

It was confirmed that ANA represents Audit Needs Assessment and the Internal Auditor agreed to amend the reports in future replacing dashes with zeros.

54/18 CIPFA Audit Committee Update

The Committee noted Issue 26 of CIPFA's Audit Committee update. The updates had been developed to support public sector audit committee members and provide a practical resource of those who support audit Committees.

Issue 26, September 2018, included CIPFA's Position Statement on Audit Committees in Local Authorities and Police, a briefing on topical issue and Audit Committee Training.

The Committee requested earlier sight of the updates to enable possible attendance on training courses. The Internal Auditor agreed to forward the Updates to the Clerk for early circulation.

Members were also encouraged to register as non-members of CIPFA.

55/18 Audit and Risk Workplan 2018/19

The Committee noted its Work Programme. It was noted that the meetings in June and July would fall under the West Midlands Combined Authority.

56/18 Topical, legal and regulatory issues

It was noted that the Governance and Transformation Committee were still working on the proposed structure for the WMCA and this would become clearer in January 2019. The Committee felt the Audit process should be clear, but agreed that this would be dependent on the Order and approval by the Mayor.

57/18 Training

The Committee received two presentations. One gave an overview of an effective and Audit and Risk Committee and also a presentation on Fraud Awareness. Both presentations were to be circulated to Members of the Committee following the meeting.

The meeting finished at 1122 hours.

Julie Connor
Strategic Hub
0121 380 6906
Julie.Connor@wmfs.net

Minutes of the Governance and Transformation Committee

**12 November 2018 at 1130 hours at Fire Service Headquarters,
Vauxhall Road, Birmingham B7 4HW**

Present: Councillor Aston (Chair).
Councillors Barrie, Brackenridge, Edwards, Miks and
Young (Vice Chair).

Apologies: Councillors Hogarth and Walsh.
Professor Brake.

Observer:
Jodie Townsend, Governance Consultant, West
Midlands Combined Authority (WMCA).

3/18 Declarations of Interest in contracts or other matters

There were no declarations of interest.

**4/18 Developing the Role of the Mayoral Fire Committee
(MFC)**

Karen Gowreesunker, Clerk to the Authority and Strategic
Enabler of the Strategic Hub, provided an overview of the
report:

The report was submitted to the Committee to prepare
Members for a workshop environment wherein Members
would receive a broad overview of the implementation plan
to support contextual understanding. This understanding
would provide a platform from which Members would
continue to consider the development of the proposed role of
the MFC.

Members noted the proposed approach to developing proposals for the role and scope of the MFC within the Mayoral WMCA.

5/18 Exclusion of the public and press

Resolved that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the Authority or a Minister of the Crown and employees of, or officer holders under, the Authority.

6/18 Committee Workshop

In accordance with minute 4/18 and as detailed within the report 'Developing the Role of the Mayoral Fire Committee (MFC)', the Committee convened in a workshop environment and:

- Received a broad overview of the implementation plan to support contextual understanding
- Reviewed the key themes from the Governance and Transformation Committee meeting held on 8 October 2018
- Noted the areas which were out of scope of the Committee
- Reviewed areas where there was clarity on what the Committee could and could not do
- Considered the analysis of the governance requirements through committee structures in order to discuss the gaps and proposed way forward, having regard to the locally agreed governance principles, the principles which underpin them and the proposed remit of the MFC.

It was resolved that as a result of the outcomes of the workshop, the options identified would be developed further and submitted to the next meeting of the Committee (10 December 2018) for consideration and approval.

The meeting finished at 13:33pm.

<p>Contact Officer: Stephen Timmington Strategic Hub West Midlands Fire Service 0121 380 6680</p>

Minutes of the Scrutiny Committee

14 November 2018 at 10:00 a.m.
at Fire Service Headquarters, Vauxhall Road, Birmingham
B7 4HW

Present: Councillor Tranter (Chair).
Councillors Barlow, Barrie, Brackenridge, and
Spence.

Apologies: Councillors Jenkins and Young
S Middleton

Observer: Nil

30/18 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

31/18 **Minutes of the Scrutiny Committee held on 10 October 2018**

Resolved that the minutes of the meeting held on the 10 October 2018 be approved as a correct record.

32/18 **Analysis of Progress of Quarterly Performance Against The Plan Quarter Two 2018/19**

Gary Taylor, Assistant Chief Fire Officer provided an overview of the report:

PI 1 The risk based attendance standard: performance was below target and below the lower tolerance (rated blue) with a quarterly figure of 4 minutes 43 seconds.

Attendance times for category two, three and four incident types remained well within the respective targets:

- Category 2 incident types: 5 minutes 22 seconds (target is under 7 minutes)
- Category 3 incident types: 4 minutes 55 seconds (target is under 10 minutes)
- Category 4 incident types: 6 minutes 53 seconds (target is under 20 minutes)

The Service was over performing against the performance indicator, particularly in relation to category two, three and four incident types. This was relevant to the revised strategy options.

PI 2 The number of accidental dwelling fires: there had been 831 incidents year to date, close to the upper tolerance level. However, the number of incidents had reduced since October, and the Service was generally bucking the national trend of an increase in the number of accidental dwelling fires.

PI 3 Injuries from accidental fires in dwellings (taken to hospital for treatment): there had been 18 injuries compared to a target of 30, and therefore performance was below target and the lower tolerance level (rated blue).

PI 4 The number of deaths from accidental dwelling fires: there had been three fatalities experienced year to date, which was the lowest amount for a number of years (it was acknowledged that one fatality, was one too many). Serious incident reviews were being undertaken to identify underlying causes for such incidents.

PI 5 The percentage of Safe and Well visits referred by our partners: performance was below target and below the lower tolerance level (rated red). Referrals had dipped over the last six months. There was a need to understand the underlying causes and findings would be reported back to the Committee.

PI 6 The number of Safe and Well points achieved by the Service: 167,381 Safe and Well points had been achieved, above the target and the upper tolerance level (rated blue).

The number of points reflected the quality of the Safe and Well visits.

PI 7 The number of people killed or seriously injured (KSI) in road traffic collisions: delays with the data continued. The number of incidents had started to plateau and decline, however the Service was not aware of the full picture. The Service was tying in with the West Midlands Combined Authority Road Safety Strategy and focussing on black spots and where drivers came from.

PI 8 The number of deliberate fires in dwellings: there had been 127 incidents experienced year to date, above target and above the upper tolerance level (rated red). It was the highest number of incidents since quarter two 2013/14. Although it was a significant spike, no trends had been identified. The reasons for the increase was being explored.

PI 9 The number of deliberate fires in non-domestic premises: performance was below the target and below the lower tolerance level (rated blue). This classification of premises included care homes so a life risk could be present. It was noted that if arson / deliberate fire setting was an issue (as highlighted in PI 8), there would be an expectation to observe similar increases within this area as well.

PI 10 The number of deliberate vehicle fires: performance was below target and within the tolerance levels. There had previously been an issue with these types of incidents, however work with the Local Authorities was having an effect (such as target hardening hot spots).

PI 11 The number of deliberate rubbish fires: performance was below the target and below the lower tolerance level.

PI 12 The number of deliberate fires in derelict buildings: performance was below the target and below the lower tolerance level.

It was noted that both deliberate rubbish fires and deliberate fires in derelict buildings had been proactively managed via the arson plan and continued to be monitored. The decrease in the number of deliberate fires in derelict buildings reflected

the work the Service had carried out with Local Authorities with the support of the Fire Authority.

PI 13 The number of accidental fires in non-domestic premises: performance was above target but within the tolerance levels (rated green). A reduction in the number of incidents had been observed.

PI 14 The number of false alarm calls due to fire alarm equipment in dwellings and non-domestic premises: performance was above target and above the upper tolerance level. Such incidents were often a waste of resources or very small fires. It was noted that the tolerance levels may need to be reassessed, particularly as a result of an increase in the number of alarms and an increasing consciousness of infrastructure by premises owners / managers.

Helen Sherlock, Senior Business Partner, People Support Services provided an overview of the people related performance indicators:

PI 15 The percentage of employees that have disclosed their disabled status: performance remained relatively constant with a disclosure rate of 93.9%. Performance was with the tolerance levels (rated green).

PI 16 The number of female uniformed staff: performance was just one below target and within the tolerance levels (rated green).

PI 17 The percentage of all staff from Black Minority Ethnic (BME) communities: performance was just 0.1% below the target and within the tolerance levels (rated green).

PI 18 The average number of working days / shifts lost due to sickness – all staff: performance was above the target and the upper tolerance level (rated red). The recording of sickness data had improved since the previous quarter. A concentrated piece of work was being carried out by the Business Partners to support managers and address this area of concern.

PI 19 The average number of working days / shifts lost due to sickness – uniformed and Fire Control staff: performance was above the target but within the tolerance levels (rated green). The recording of sickness data had improved compared to the previous quarter.

Work was ongoing with the ICT department to generate an automated email to notify managers of sickness alerts.

It was noted that it was important to record sickness data to allow trends and patterns to be identified.

PI 20 The average number of working days / shifts lost due to sickness – non-uniformed staff: performance was above the target and the upper tolerance level (rated red). A 31.6% increase had been observed compared to the same period during 2017/18. Business Partners had been tasked with identifying and understanding the increase in sickness.

PI 21 The total number of injuries: performance was above the target and above the upper tolerance level (rated red). Work was being carried out to explore the reasons in more detail and to identify solutions to enable the performance indicator to be brought back to within the target / tolerance levels. It was noted that the Service encouraged staff to report injuries and near hits and that there was a good health and safety culture across the organisation.

PI 22 The total number of RIDDOR injuries: performance was slightly below target and within the tolerance levels (rated green).

In answer to Members questions, the following points were raised:

- A partnership referral could be defined as any referral from a charity, health organisation, hospital, etc.
- Referral pathways were set up and would be monitored. The Service realised that partnership referrals comprised referrals related to the most vulnerable people.
- Councillors could assist with increasing the number of partnership referrals. The success of the work with

Councillors regarding derelict buildings showed what could be achieved. Officers would like to examine the underlying causes that have led to the decrease in partnership referrals in more detail and then to identify ways in which Councillors could assist.

- All Members were encouraged to attend the Command area briefings.
- In reference to PI 14 The number of false alarms due to fire alarm equipment in dwellings and non-domestic premises, it was noted that hospitals were allowed an agreed amount of alarms due to the complexities of such buildings. In general, such incidents were call challenged by Fire Control (such as asking people to check premises, etc), and attended by Business Support Officers, protecting the Pump Rescue Ladder (PRL) appliances.
- ACFO Gary Taylor agreed to provide a breakdown and profile of call challenge to Members.
- Mental health was the top cause of sickness for uniformed and Fire Control staff. The Service did not know if mental health was necessarily work related as there could be a complex range of reasons, and sometimes there could be a cross over between work and home related issues. The Service was working with Occupational Health to understand this area in more detail.
- The Wellbeing Strategy had been developed and the Service had committed resources to mental health first aiders, as well as the Blue Light Programme. It was noted that this was an issue not confined simply in terms of sickness, but also support for those who remained at work.
- It was important to educate staff so that they were aware of the reasons why sickness recording was important, why the Service had to monitor sickness (duty of care), and that it allowed the Service to tailor support for individuals.
- In relation to PI 21 The total number of injuries: it had been noted that 5 near hit reports had been raised regarding Breathing Apparatus communications. Further information was requested around this.

Resolved that the Committee noted:

- the status of the Service's key performance indicators in the second quarter of 2018/2019
- the progress made in delivering the three strategic priorities contained in The Plan 2018-2021
- the update on the performance information system.

It was agreed that:

- a breakdown and profile of call challenge would be provided to Members
- in relation to PI 21 The total number of injuries, further information regarding breathing apparatus communications would be provided to Members.

33/18 Scrutiny of Positive Action and Firefighter Recruitment

Tristan Dugdale-Pointon, Business Partner, Diversity, Inclusion, Cohesion, and Equality (DICE) team, provided an overview of the report:

In support of the Service's vision in having a workforce that was reflective of the working population, the Service had set the following ambitions:

- 2017/18:
 - 20% of new starters will be women
 - 35% of new starters will be from Black Minority Ethnic (BME) backgrounds
- 2018/19:
 - 40% of new starters will be women
 - 35% of new starters will be from BME backgrounds
- 2019/20:
 - 50% of new starters will be women
 - 35% of new starters will be from BME backgrounds

- 2020/21 onwards:
 - 60% of new starters will be women
 - 35% of new starters will be from BME backgrounds

Outcomes of the review had observed the change in approach by the Service to firefighter recruitment, from a campaign based approach, to one that was continual and sustained. This meant that the Service's positive action now drove its recruitment activity.

The Service had developed and implemented a suite of pre-recruitment activities that were available to prospective and current candidates. The activities were aimed to remove some of the traditional barriers experienced by under-represented groups.

Additionally, there were pre-recruitment 'light' activities targeted to those under-represented groups in preparation for assessment. These included fitness sessions, interview skills input, confidence building and team work activities.

The approach to the assessment of firefighters had evolved, with a focus on the measurement of behaviours, attitude and a candidate's ability to interact with a diverse group of people. The assessment days included behavioural based interviews, role play exercises and group discussions. Additionally, staff who were part of the interview panels had been trained in unconscious bias.

Since April 2018, the Service had employed 54 new entrant firefighters, 25 of whom were women (representing 46%), and 15 people from BME backgrounds (representing 28%). This represented a significant increase compared to previous recruitment activity.

Resolved that the Committee noted the progress made in relation to the review of positive action and firefighter recruitment.

Resolved that the Committee approved the completion of the review.

Members welcomed the progress that had been made and thanked all who had been involved.

34/18 **Diversity Inclusion Cohesion Equality Update**

Tristan Dugdale-Pointon, Business Partner, Diversity, Inclusion, Cohesion, and Equality (DICE) team, provided an overview of the report:

The Service had been engaging with the Home Office and in particular the Fire Reform Unit since mid-2017. As a result, the Service had been highlighted for best practice in the launch of the Fitness Guide which formed part of the national awareness campaign.

The Service was actively engaging with a number of Fire and Rescue Services, sharing its approach and best practice with regard to attraction and selection activities.

Work continued on updating Diversity Inclusion Cohesion Equality (DICE) policies. The Dignity at Work policy had been updated in line with feedback from Stonewall to ensure it was fully Lesbian, Gay, Bisexual and Transgender (LGBT) inclusive. Additionally, the Transgender policy had been published.

The Equality Impact Assessment (EIA) process was being modernised to allow greater analysis around EIAs and accountability. The introduction of the revised EIA system would be supported by the delivery of workshops and an e-learning package.

The Service joined the NHS Partners' Programme in July 2018 which brings organisations together to share best practice around diversity and inclusion. The Service was the only non-NHS organisation on the programme.

The DICE team had developed an unconscious bias workshop which had been delivered to over 100 employees from a variety of stations and departments.

The four stakeholder groups; Affinity, the Asian Fire Service Association (AFSA), Fire Out and Inspire continued to gather momentum and terms of reference and deliverable objectives were under development.

The Service hosted the AFSA spring conference in May 2018. The best practice and progress in the recruitment of a diverse workforce by the Service was highlighted with the DICE team presenting one of the key breakout sessions.

The Service was continually examining ways to overcome barriers for individuals wishing to join and continued to monitor progress in areas such as issues faced by the Sikh community.

The Service had been involved a number of events held across the county including Birmingham Pride in May, and the Windrush Public Services Community Day held at Tally Ho in June.

Stations across the Service continued to carry out a range of activities such as Ward End Fire Station hosting dyslexia support groups, Highgate Fire Station attending Eid celebrations in June, and members of the deaf signing team supporting the sign2sing project in local schools.

Declaration rates of staff remained high with 93% of all employees having declared their disability status (3.8% of whom had declared that they had a disability).

83% of all employees had declared their sexual orientation although 17% had declared 'prefer not to say'.

In terms of internal progression, 40% of all uniformed posts were Crew Commander or above, 27% of female uniformed staff held a position of Crew Commander or above, compared to 41% of male uniformed staff.

58% of all non-uniformed posts were above at grade eight or above. 44% of female non-uniformed staff were in positions above a grade eight, compared to 74% of male non-uniformed staff.

The Service was developing an internal positive action plan.

Members applauded the work undertaken by the Service.

Resolved that the Members noted the progress made by the Service in relation to DICE during the last 6 months.

35/18 Operational Assessment Improvement Register

Karen Gowreesunker, Clerk to the Authority and Strategic Enabler, Strategic Hub, provided an overview of the report:

Of the 36 areas for consideration (38 including sub-areas 14a, b and c) within the Improvement Register and noted by the Committee at its March 2018 meeting:

- Five areas for consideration had been completed in addition to the 18 areas for consideration already classed as completed, having required no further action prior to the October 2017 meeting of the Committee.
- Seven areas for consideration had been addressed since the Committee meeting in March and had been classed as completed, requiring no further action for the purposes of the Improvement Register.
- 30 areas for consideration had now been classed as completed.
- Work was ongoing against eight areas for consideration. Progress made in those areas was as expected and on target.

The next update of the Improvement Register was scheduled to be submitted to the Committee at its March 2019 meeting.

36/18 Scrutiny Committee Work Programme 2018-19

It was noted that the Work Programme had been amended to reflect the change in submission of the Operational Assessment Improvement Register (as noted at the October 2018 meeting of the Committee).

The Committee noted the Work Programme for 2018/19.

The meeting finished at 11:29am.

Contact Officer: Stephen Timmington
Strategic Hub
West Midlands Fire Service
0121 380 6680

NOTES OF THE POLICY PLANNING FORUM

**10 December 2018 at 1200 hours
at Fire Service Headquarters, Vauxhall Road, Birmingham**

Present: Members of the Authority
Councillor Edwards (Chair)
Councillor Afzal (Vice Chair)
Councillors Aston, Barlow, Brackenridge
Craddock, Jenkins, Miks, Spence, Tranter
Mr Ager

Officers: West Midlands Fire Service
Chief Fire Officer (P Loach)
Deputy Chief Fire Officer (P Hales)
A Afsar, H Begum, B Brook, S Burton,
P Fellows, M Hamilton Russell
M Hudson, M Pym, S Timmington
S Vincent, S Warnes

Clerk and Monitoring Officer
K Gowreesunker (Clerk)
Satinder Sahota (Monitoring Officer)
M Griffiths (Treasurer)

Apologies: Councillors Barrie, Dehar, Hogarth, Walsh, Young
Co-optees Simon Brake, Sarah Middleton

Observers: Nil

22/18 Chair's Announcements

The Chair wished the Members of the Authority a Merry Christmas and Happy New Year as this would be the final meeting of the year.

The Purpose of the Forum was to provide the Authority with an update on the work of the three Governance and Transformation Committee meetings that have taken place regarding the Mayoral Fire Committee.

23/18 Chief's Announcements

The Chief Fire Officer announced that Saty Nar, Fire Safety Officer, had won The Excellence in Fire & Emergency Award for the Most Influential BAME individual hosted by Fire Times Magazine.

24/18 Future Governance Update

The Clerk confirmed that the Governance and Transformation Committee had met prior to the Policy Planning Forum (PPF). This was the third meeting of the Committee where they had been developing proposals for Mayoral Fire Committee (MFC) and new governance arrangements.

The Clerk gave an update on the Order. As outlined at the previous PPF the Order was due to be laid before Parliament on the 28 November 2018. However, this had been delayed due to a backlog in third stage legal checks due to Brexit.

The Home Office expected the Order to be laid within the next 21 days and it would then progress through the process. The timelines would then be revised slightly and the Clerk was waiting to hear from the Home Office for confirmation of the date.

The Authority are planning to put the Constitution details before the Combined Authority in February for approval.

Following on from the November Workshop at the Governance and Transformation Committee, more details were required to form the proposals and had earlier on the 10 December confirmed that they were content with the suggested proposals.

The Forum were made aware of the Proposed Structure but this may change.

The key elements to the Mayoral Fire Committee relating to the Governance review, scheme and Order were:

Mayoral Fire Committee (MFC) – Section 41 Leader Leadership Principle

The G&T Committee proposed a leadership approach (aligned to Section 41) be maintained.

Revised draft proposal for approval:

MFC maintains the 'leadership principle' for local authorities, aligned to the principle of the section 41 member role as set out the Local Government Act 1985.

This role for the MFC will provide Local Authorities and communities with a link to ongoing fire delivery and will support the role of WMCA Overview and Scrutiny in understanding community impact of services provided.

Section 41 principle to be maintained as it was a critical link for representation of communities

Mayoral Fire Committee - Local, Regional and National Representation

This was included in the Public consultation.

Draft Proposal for Approval:

To provide local, regional and national representation for WMFS on behalf of the Mayor.

Mayoral Fire Committee – Policy Planning Forum

Draft Proposal for Approval

A 'Mayoral Fire Committee Briefing' to be included as a standard agenda item which provides:

- *Review of fire performance aligned to authority leadership role*
- *Feedback from members aligned to local authority 'leadership' role*
- *Areas of consultation with Mayor, subject to role delegated by the Mayor*

This will ensure that Members are briefed on progress and developments in the fire sector. These briefing sessions will enable discussion around developments and feed into local authorities and enable the MFC to be consulted as appropriate in relation to budget.

WMCA Audit Risk and Assurance Committee (WMCA ARAC)

The Governance and Transformation Committee suggested that the MFC could support the ARAC by the establishment of a sub-committee with co-opted members to focus specifically on fire with voting rights.

It was determined that a sub-committee is the WMCA ARAC preferred option, MFC members can be co-opted but the exact composition is still to be determined. However, voting rights cannot be provided to co-opted members of a committee as set out in the Local Government and Housing Act 1989, section 13.

The revised draft proposal for approval:

Members of the Mayoral Fire Committee to be co-opted onto the WMCA ARAC Sub Committee (composition to be determined):

- *To provide advice and knowledge*
- *Will not have voting rights*

The Chair of Governance and Transformation Committee, Councillor Aston was keen to ensure that the Fire Service was not lost in the huge agenda of the Combined Authority ARAC and was disappointed not having voting rights. He was however, happy with the compromise of the Sub Committee concentrating solely on Fire even without the voting rights being constrained by legislation.

WMCA Overview and Scrutiny Committee (WMCA O&S)

The Governance and Transformation Committee had proposed that the MFC could support the O&S function, through the composition of a sub-committee with co-opted members with voting rights to provide fire related advice and knowledge or a Task and Finish Group. It was considered important that scrutiny reviews take place so that community impacts feed directly into the WMCA.

It was determined that MFC members can be co-opted, although the exact composition of the sub-committee is to be determined. Voting rights cannot be provided to co-opted members of a committee, due to the requirements of the Local and Government and Housing Act 1989, section 13.

The revised draft proposal for approval:

Members of the Mayoral Fire Committee to be co-opted onto the WMCA O&S Sub Committee (Composition to be determined):

- *To provide advice and knowledge*
- *Will not have voting rights*

Firefighter Pensions Appeals – Mayoral Fire Committee

The G&T Committee in November proposed that Appeals be undertaken by MFC for an interim period. However, the MFC cannot perform the role as this role requires decision making powers and the governance review and Order determined that the MFC would not be a decision making committee.

Firefighter pension appeals will require decisions to be made.

The revised draft proposal for approval:

- *Establish a stand alone FF Pensions Appeals Panel to convene when required*
- *Panel to be composed of a membership from within the WMCA ARAC Sub Committee*

Appointment and Dismissal of Chief Fire Officer

The Order sets out that Appointment and Dismissal of the CFO is exclusively by the Mayor.

The Draft proposal for approval is that:

A member of MFC as a stakeholder on a 'panel' for appointment of CFO, should this be established.

Joint Consultative Panel (JCP)

The G&T Committee proposed in November that the role of the JCP to be undertaken by the MFC and JCP to be a standard agenda item for the MFC

The key considerations were:

- The JCP Terms of Reference currently state that the 'employer' forms membership – currently WMFRA, under new arrangements the employer will be the WMCA
- This proposal will be subject to agreement of all locally recognised representative bodies, as the JCP is a construct within the WMFS Employee Relations Framework
- If challenged by the representation bodies other options will need to be considered
- JCP is not a decision making committee

The G&T committee considered the Terms of Reference of the JCP and that this proposal would need agreement from the Mayor and Representative Bodies. This approach would need to be transparent and subject to the Employees Relation Framework.

The draft proposal for approval:

Role of the JCP to be undertaken by the MFC and JCP to be a standard agenda item for the MFC, subject to further review of the ERF aligned to the transfer and agreement of the representative bodies

Next Steps

In January 2019, Cllr Edwards, the Chair, and Cllr Aston, Chair of the G&T Committee are scheduled to meet the Mayor to discuss the proposals, to provide opinions and determine support for these proposals prior to submission to WMCA for approval.

The proposals will be reported to the WMCA Board for approval on 8 February.2019

The outcome will then be reported to WMFRA to note 18 February 2019.

Details regarding process and procedure and “how it will work” arrangements will be reported to WMCA Board in March 2019 and will form part of the discussions on the Constitution.

In response to a Member’s question regarding the transfer of the Joint Consultative Panel and how this had happened in other Authorities.

The Clerk stated that in Manchester the detail of their Order was different to the Authority as its process included the Employee Relations Framework and the Authority’s approach is not reflected in other areas.

The transfer to the WMCA was focused on governance only and all organisational policies will exist following transfer. Therefore, the Employee Relations Framework and the JCP as part of this will be maintained as the forum for discussing issues with Employer.

The Monitoring Officer confirmed that the ERF will go across to the WMCA at the point of transfer and it will require development to get to that stage and will require buy in from the Representative Bodies.

The CFO informed Members that in other areas where there was a Mayor’s Model, the Manchester Mayor disbanded the Mayoral Fire Committee and there was nothing comparable.

In London, it was felt that the role was undertaken by the Mayor Deputy Mayor JDCP. However, the Fire Commissioner is the Corporation Sole and undertakes all negotiations as the employer.

The Chair confirmed that Members would continue to be updated on the progress of the transfer of Governance to the WMCA. The date for transfer is 1 April 2019, however, this may slip and could slip further dependant on political landscape.

The Governance and Transformation Committee have assumed a 1 April 2019 and how it is catered for now and with the MFC going forward.

The Authority would seek continuity by establishing a shadow MFC, with the current membership remaining in place at MFC.

Following the Elections in May, 7 Local Authority’s will be requested to nominate or replace their Members on the MFC.

The Mayor then approves those nominations, however, the Mayor can reject any one of those nominations, which was considered unlikely, but if he did reject a nomination a second nomination from a Constituent Council must be accepted.

From 1 April 2019, until after local elections, a Shadow MFC based on the current Fire Authority would continue.

The meeting finished at 1237 hours.

Julie Connor Strategic Hub 0121 380 6906 Julie.Connor@wmfs.net

Minutes of the Governance and Transformation Committee

**10 December 2018 at 09:30 a.m. at Fire Service Headquarters,
Vauxhall Road, Birmingham B7 4HW**

- Present:** Councillor Aston (Chair).
Councillors Barrie, Brackenridge, Edwards and Hogarth
- Apologies:** Councillors Walsh and Young (Vice Chair).
Professor Brake.
- Observer:** Tim Martin, Head of Governance, West Midlands Combined Authority (WMCA), and Jodie Townsend, Governance Consultant, WMCA.

7/18 Declarations of Interest in contracts or other matters

There were no declarations of interest.

8/18 Minutes of the Governance and Transformation Committee held on 12 November 2018

Resolved that the minutes of the meeting held on 12 November 2018 be approved as a correct record.

9/18 Scoping the Role of the Mayoral Fire Committee

Karen Gowreesunker, Clerk to the Authority and Strategic Enabler of the Strategic Hub, provided an overview of the report:

The report was submitted to the Committee to prepare Members for a second workshop environment wherein Members would receive the information requested as part of the outcomes of the first workshop held at the committee meeting on 12 November 2018.

Members noted the report and the proposed approach to developing proposals for the role and scope of the MFC within the Mayoral WMCA.

10/18 Exclusion of the public and press

Resolved that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the Authority or a Minister of the Crown and employees of, or officer holders under, the Authority.

11/18 Committee Workshop

In accordance with minute 9/18 and as detailed within the report 'Scoping the Role of the Mayoral Fire Committee', the Committee convened in a workshop environment and received:

- Revised governance key milestones
- An overview of the outcomes of the workshop held on 12 November 2018
- Research and information on the options identified as part of the outcomes of the previous workshop, further developing the options, enabling Members to progress proposals for the role of the MFC within the Mayoral WMCA governance arrangements

The meeting finished at 10:55 am.

<p>Contact Officer: Stephen Timmington Strategic Hub West Midlands Fire Service 0121 380 6680</p>

Minutes of the Audit and Risk Committee

14 January 2019
at Fire Service Headquarters, Vauxhall Road,
Birmingham B7 4HW

Present: Councillors Miks (Chair), Iqbal, Jenkins, Craddock,
Dehar and Mr Ager (Independent)

Apology: DCFO Phil Hales, Peter Farrow – Internal Auditor,
Richard Percival, Grant Thornton

1/19 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

2/19 **Minutes of the Audit and Risk Committee held on 12 November 2018**

The Minutes of the Audit and Risk Committee held on
12 November 2018 were received.

3/19 **Internal Audit Progress Report**

The Committee noted the Internal Audit Progress Report
and any issues arising from internal audit work undertaken
so far in the current year.

The Accounts Payable and Accounts Receivable Audits had
been completed and no issues of significance were
identified.

The Fixed Asset Accounting Audit and Payroll Audit had
started and would be completed before the year end.
Councillor Craddock stated that the outcome of the Audits
were an indication of the good quality of the accounts and
were a credit to the Treasurer and his team.

4/19 **Internal Audit Charter – Annual Review 2019**

The Committee reviewed the Internal Audit Charter and noted that there had been no changes made to the Internal Audit Charter since the last annual review in January 2018. The Internal Audit Charter was introduced in 2014 and was based on the national model for local government organisations.

The Treasurer confirmed that this also featured as part of the Auditor's Update and arrangements were in place to ensure that the organisation was well positioned to meet the legislation.

The Committee agreed that the Internal Audit Charter was fit for purpose.

5/19 **Audit Committee Update for West Midlands Fire and Rescue Authority**

The Committee noted the Audit and Risk Committee Update from the external Auditor (Grant Thornton).

The timetable of Audit Deliverables for 2018/19 was provided including planned dates and status.

The draft Audit Plan would be presented to the Audit and Risk Committee at their meeting scheduled for the 25 March 2019.

The External Auditors were due to be on site for the remainder of the week for testing and another interim visit was scheduled for week commencing 18 February 2019.

The Chair was interested in the findings of the report of HMICFRS's first independent inspection into Fire and Rescue Services for 12 years.

The Treasurer confirmed that the West Midlands Fire Service would be included in the second tranche and the Committee looked forward to receiving the results.

6/19 **Minutes of the Pensions Boards held on 27 September and 12 December 2018**

The Committee received the Minutes of the Pension Board meetings held on the 27 September and 12 December 2018. The minutes were for information and to provide assurance of recent changes and transparency going forwards.

The Independent Chair of the Pensions Board attended the meeting and informed the Committee that the Pension Board had been in place for four years. Mr Neil Chamberlain, Director of Commercial Services at West Midlands Police, stated that he had been the Independent Chair for 18 months. The Service had a reciprocal arrangement with the West Midlands Police in respect of their Pension Board.

The role of the Pension Board is to provide assurance to the Audit and Risk Committee, as the Scheme Manager, that the Pension Scheme is being properly administered.

The Board had recently amended its Terms of Reference and had increased the number of employee and employer representatives from 2 to 3 each and increased the number of meetings to take place on a quarterly basis rather than six monthly. This would enable the Pension Board to be more effective and resilient.

The increase in meetings would provide three meetings where standard items would be discussed and a fourth meeting where pension training would be provided. This would ensure that members of the Board are up to date with current developments.

Clair Alcock, LGA Pension Advisor, had attended the Pension Board held on the 12 December 2018 and Malcolm Eastwood, the Chair of the Strategic Advisory Board had confirmed his attendance at the Pension Board scheduled for the 4 March 2019.

The Chair of the Pension Board confirmed that there were now 3 Employer and 3 Employee Representatives together with the Chair.

It was noted that the Payroll and Pension Manager attended every meeting and provided an update. He had recently updated the Board on the number of members opting In and Out of the Scheme.

It was confirmed that pension membership drops outs were endemic in the Public Sector but new entrants to the Fire Service were provided with information about the benefits of the pension scheme and the importance of having a pension.

The Chair confirmed that Members of the Fire Brigades Union sit on the Pension Board and encourage members to remain within the Scheme.

The Committee noted that the Fire Brigades Union had been successful in their case in respect of the transitional regulations and the protections in place. The knock-on effects would need to be fully understood, however, the Treasurer confirmed that the Home Office and government were considering their position and whether to counter appeal the decision.

The implications were yet to be determined and through the Audit and Risk Committee, the Payroll Manager would provide information when available.

The Chair of the Pensions Board confirmed that the Service had met the deadline for the HMRC reconciliations.

The Treasurer confirmed that there were currently no financial implications for the Authority regarding pensions if the governance transfer to the West Midlands Combined Authority took place on the 1st April 2019.

It was confirmed that the Deputy Chief Fire Officer would be providing a briefing note to the Authority following the request made about the Pension Appeal heard by the Appointments, Standards and Appeals Committee. This issue had arisen during the approval of the Appointments, Standards and Appeals Committee minutes at the Authority meeting held on 19 November 2018.

The Chair of the Pension Board was currently conducting a Skills Audit and would be addressing the training needs of members of the Board. Any training would also be open to the Members of the Authority.

The Committee thanked the Chair of the Pension Board for his update.

7/19 **Audit and Risk Workplan**

The Committee noted its Workplan for 2018/19.

The Workplan would be amended to indicate that the Internal Audit Plan 2019/2020 would be discussed at the meeting scheduled for 25 March 2019.

The Committee would continue in its current format until any transfer of governance was confirmed.

8/19 **Update on Topical, Legal or Regulatory Issues**

The Treasurer informed the Committee that the Order to transfer governance from the West Midlands Fire and Rescue Authority to the West Midlands Combined Authority had been amended by the Home Office/parliamentary lawyers. The amended Order was not supported locally and so there was now a pause in the transfer arrangements. Lead Members had been informed of the decision.

The Home Office changes significantly compromised the Order and a further report would be submitted to the Fire Authority on 18 February 2019.

The Chair requested that the information sent to Lead Members be circulated to all Members of the Authority.

The meeting finished at 1311 hours.

Julie Connor Strategic Hub Julie.Connor@wmfs.net 0121 380 6906
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