



**WEST MIDLANDS
FIRE AND RESCUE
AUTHORITY**

Monday, 17 February 2020 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>	N Barlow P Miller
<u>Sandwell</u>	J Edwards M Singh Gill
<u>Solihull</u>	P Hogarth MBE
<u>Walsall</u>	S J Cooper A Young
<u>Wolverhampton</u>	G Brackenridge J Dehar
<u>Police & Crime Commissioner Representative</u>	Gurinder Singh Josan CBE
<u>Co-opted Members</u>	Professor S Brake S Middleton
<u>Independent Member</u>	Mr M Ager
<u>Observers</u>	Maurice Carter, UNISON
	Kevin Rowsell, Fire Officer's Association
	Steve Price-Hunt, Fire Brigades Union

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, 17 February 2020 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 **Declarations of interests in contracts or other matters**
- 3 **Chair's announcements**
- 4 **Chief Fire Officer's Announcements**
- 5 **Minutes of the Fire and Rescue Authority 18 November 2019** 7 - 28
- 6 **Portfolio Management (3PT)** 29 - 36
- 7 **Budget and Precept 2020-2021** 37 - 92
- 8 **Proposed Vehicle Replacement Programme 2020-21 to 2022-23** 93 -
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14	<u>Phase 1 Report of the Public Inquiry into the fire at Grenfell Tower on 14 June 2017</u>	223 - 234
15	<u>Notes of the Joint Consultative Panel held on 4 November 2019</u>	235 - 242
16	<u>Notes of the Policy Planning Forum held on 4 November 2019</u>	243 - 252
17	<u>Minutes of the Collaboration and Transformation Committee held on 11 November 2019</u>	253 - 258
18	<u>Minutes of the Scrutiny Committee held on 11 November 2019</u>	259 - 272
19	<u>Minutes of the Audit and Risk Committee held on 11 November 2019</u>	273 - 284
20	<u>Notes of the Joint Consultative Panel held on 3rd February 2020</u>	285 - 286
21	<u>Exclusion of the public and press</u> <i>Chair to move:- "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)

22 Planned Procurement Exercise for 2020 21

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

Agenda prepared by Julie Connor

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

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West Midlands Fire and Rescue Authority

Item 5

18 November 2019 at 1100 hours at
Fire Service Headquarters, Vauxhall Road, Birmingham B7 4HW

Present: Councillor Brackenridge (Chair)
Councillor Iqbal (Vice Chair)
Councillors Barrie, Barlow, Cooper, Dehar, Edwards, Gill,
Hogarth, Jenkins, Miller, Miks, Spence, Young and Walsh
Mr Gurinder Singh Josan (Representative of PCC)
Mr M Ager, Independent Member

83/19 Apologies for Absence

Apologies were received from the Chief Fire Officer

84/19 Declarations of Interest

The Chair and Councillor J Edwards declared a non-pecuniary interest in item 92.

85/19 Chairs Announcements

The Chair informed the Authority that there was an opportunity to visit Fire Control following the meeting.

The Fire Safety Event was taking place on Tuesday 19 November and all members were encouraged to attend.

The Carol Service would be taking place on Sunday 8 December at St Martins in the Bull Ring at 1630 hours and all were invited.

Section 41 members were invited to attend the Passing Out Parade on Thursday 19 December 2019 at 1730 hours.

A photographer would be in attendance to take up to date photos of the Authority.

86/19 **Chief Fire Officer's Announcements**

The Deputy Chief Fire Officer made the announcements on behalf of the Chief Fire Officer. The Service acknowledged receipt of the Grenfell Report and would be working closely with the National Fire Chiefs Council.

The Chief Fire Officer wished to record his thanks to all staff supporting the work in South Yorkshire who had done a great job.

Staff who had attended at the exercise at Birmingham Airport were thanked for their excellent work.

The Chief Fire Officer also wished to thank Watch Manager Julie Cooper, who was the first female firefighter to retire in the West Midlands.

The Chair also stated that Julie Cooper was an outstanding firefighter and was proof that it is right for women join the Fire Service. The Authority were grateful for her service.

87/19 **Minutes of the Fire Authority meeting held on 30 September 2019**

Resolved that the minutes of the Fire Authority meeting held on 30 September 2019 be confirmed as a correct record.

88/19 **Portfolio Management (3PT)**

The Authority noted the strategic summary on the progress of delivery of value through 'Our Plan'. The continual representation of value release and investment in the three programmes would enable progression to be tracked.

The Authority had been provided with a report at their meeting on 30 September setting out the strategic overview of the approach to managing workstreams through Portfolio management.

The Cultural Review Project is seeking to achieve:

- A workforce that has the capability, behaviours, judgement and knowledge and reflects the diversity of the communities of the West Midlands.
- Drive public sector reform, innovation and change and that demonstrates to partners the ability to transform, deliver enhanced services and reduce dependency.

The cultural review report had been distributed to all staff on 7 October 2019. Six follow up sessions had been arranged with RealWorld HR to enable stakeholders to fully understand the content of the report. A wider stakeholder group meeting had also taken place and further meetings would be held in November 2019.

HS2

During the development phase of HS2, there will be impacts on headquarters. The Project Executive has regular meetings with the developers to continually monitor the impact upon staff.

People Programme

Attendance Management

There had been an increase in sickness across the organisation. The impact of this had seen the increase in the ridership factor for staffing (operational staff) at 15.3 and Fire Control 26.3.

The main reasons for absence had been attributed to:

- Mental Health
- Joint Problems
- Gastrointestinal
- Muscular Skeletal: Back
- Colds and Flu

And these five reasons describe 52% of duty days lost to sickness.

Further work is being undertaken to understand better the reasons for the absence when recorded as mental health. A task and finish group had been established with key stakeholders. A video and information had been produced to ensure that HRMS data is completed. Four development sessions had been presented to the middle managers and support staff. The next step being middle managers delivering the development sessions to supervisory managers with People Support Services by the 30 November 2019.

Vehicle Replacement Programme

The Authority noted that there was a £1.4m underspend within the Vehicle Replacement Project. This was due to the delayed introduction of:

- 5 Pump Rescue Ladders (PRL) due to issues with suppliers
- 1 Command Support Vehicle (CSV) due to technical specification
- 1 Detection, Identification and Monitoring (DIM) support vehicle awaiting government funding clarification.

Emergency Services Mobile Communications Programme

The Authority received an update on the ESMCP, a national system to replace Airwave when the contracts expire. There had been a series of issues and delays and it was anticipated that the national project would be delivered at best by December 2022 and would be over budget by £3.1 billion.

Fire and Rescue Services are working together regionally to develop implementation plans which are coordinated with blue light partners.

The key matters and critical dependencies of the project were brought to the attention of the Authority, most significantly:

- Current West Midlands ESMCP Deployment is 2022. This coincides with the Commonwealth Games and both WMFS and West Midlands Police have raised concern.
- Unsure if current Mobile Data Terminals will be able to work with an ESMCP Modem or whether new devices will be required across all WMFS frontline appliances.
- Currently there are no plans for ESMCP to embrace the West Midlands 5G testbed.

Whilst Airwave remains available, officers are satisfied that the risk is being managed and have maintained the risk is medium.

High Rise Incident Assurance (Culture/People/Process)

Following the Grenfell tragedy in 2017, the organisation had been proactively reviewing intelligence and its preparedness for incidents in high rise buildings.

The three programmes have been working cohesively and monitoring progress through an assurance plan. Key areas of activity are:

Policy Revisions – constantly reviewed and aligned to National Operation Guidance

Site Specific Risk Information (SSRI) System – a record of all high rise buildings and any pertinent information.

Incident Commander Competence – Standardised Assessments have been introduced to ensure all core competencies are consistently assessed and recorded.

Annual Competency Risk Assessment which reviews the frequently of existing operational activities and any new activities being considered.

Training Materials and support - there have been a number of enhancements to training and support materials.

Research and Development – A number of new pieces of equipment were being considered for inclusion on frontline appliances.

In response to a Member's enquiry the Strategic Enabler for People Support Services confirmed that the Authority had a Well Being strategy in place to address the mental health issues. A large focus was being placed on attendance management and being able to raise awareness of mental health. A number of Mental Health First Aiders were being trained on stations and in the various functions to provide staff with peers who they can talk to. The Employers Network and Birmingham Hospital Saturday Fund also provided a support mechanism for staff.

Officers were also looking into the reasons for Workplace Stress and working arrangements to help to stop this developing. Workplace impact assessments are being used by managers and further training is being provided to support managers.

Regular meetings take place where Managers can make some adjustment to support individuals to keep staff at work rather than not able to come to work because of the impact of work-related issues.

It was confirmed that the Service used to provide vouchers for flu jabs, but there was a low uptake and these are no longer provided but the Service does raise awareness and promotes the access to flu jabs for individuals.

In response to a Member's enquiry, it was confirmed that Managers receive support from the Occupational Health Team, to enable them to support their staff. There are Mental Health First Aiders and Business Partners who are able to signpost managers and individuals if further development or support is needed.

The Chair was pleased to see that mental health was getting the recognition it deserves. He had met and talked with members of the Occupational Health Team and stated that the service they provided was very good but there was always room for improvement.

It was noted that Health and Safety and Wellbeing formed part of the Cultural Review and was being discussed at the current round of Stakeholder meetings. Area Manager Ben Brook was thanked for his work on the Cultural Review Stakeholder process and it was confirmed that over 100 people had attended the events so far.

Members of the Authority were welcome to attend any of the events and this area had been raised in both the report from HM Inspectorate and Realworld HR.

189/19 **Governance of the Authority 2019-20**

The Authority received a report on the proposed amendments to the Constitution in respect of the additions to the Terms of Reference of the Consultation and Transformation Committee following its first meeting as set out below:

- The role of the committee in championing digital transformation across the Service as a core consideration for collaboration;
- The role of the committee in enabling the Service to improve and evolve new and existing areas of collaboration through providing clear strategic direction, aligned to the Authority's strategy, Our Plan
- Member involvement in supporting collaborative relationships through links within respective local authorities

It was noted that any remaining references to the Executive Committee would be removed from the Constitution.

It was proposed that Four Observer positions for Recognised Trade Unions be made available on the Authority, enabling an open and transparent approach to joint working through being able to discuss issues raised at Fire Authority meetings.

To enable Trade Unions to ensure this approach is balanced with their responsibilities through the Trade Union and Labour Relations (Consolidation) Act 1992 ('the Act'), observer status ensures Trade Unions can contribute to the discussion but do not form part of the decision making structure or process of the Fire Authority.

One place for the following Trade Unions would be provided:

- Fire Brigades Union
- Unison
- Fire Officers Association
- Fire Leaders Association

The proposed Terms of Reference for an 'observer' position were set out as an Appendix and had been formed based on the Authority's constitution, an understanding of the current organisational policy and an understanding of how 'observer' and/or Trade Union representation works in other public sector services, where this exists.

Upon approval of the Terms of Reference, a Memorandum of Understanding (MOU) would be agreed between the Fire Authority and each Trade Union and once this had been agreed the position of an observer would be constituted.

One Member stated that she was pleased to receive the paper and felt that a lot of organisations should be taking the same route.

It was felt that this showed the Authority to be a progressive organisation that was both inclusive and listened to its employees.

The Chair agreed with the comments made.

The Service had been updating its Standing Orders and changing them into Policies. Some of the Standing Orders formed part of the Constitution and now needed to be updated when the new

Policies were published. This would be an ongoing activity and all new Policies were published on MESH. The Clerk would amend the Constitution accordingly.

RESOLVED THAT:

1. the proposed amendments to the Constitution as set out in the report in relation to the Collaboration and Transformation Committee Terms of Reference and the removal of any reference to the Executive Committee be approved.
2. the proposal of four observer positions on the Fire Authority for each recognised Trade Union aligned to the proposed Terms of Reference set out in Appendix 1 to the report and that these positions are constituted on the agreement of a Memorandum of Understanding be approved.
3. the Authority noted that the Clerk would develop a memorandum of Understanding aligned to the Terms of Reference set out in the report between the Authority and Trade Unions and that this would be agreed between the Chair, Vice Chair and Trade Unions.
4. the Clerk, in consultation with the Chair and Vice Chair, be authorised to make and publish any necessary consequential amendments to constitutional documents, in the light of amendments made to organisational policy documents.

90/19 Statement of Assurance 2018-19

The Authority received the Statement of Assurance 2018-19. The Authority are legally obliged to produce and review the Statement on an annual basis under the Fire and Rescue National Framework.

The Guidance on statement of assurance for Fire and Rescue Authorities in England issued by the Government in May 2013 remained currently and stipulates that the Statement of Assurance should include the following three key areas as part of any Statement of Assurance:

- Financial
- Governance
- Operational

The guidance also states that Fire and Rescue Authorities may wish to include a section of any potential improvements that have been identified across their accounting, governance or operational responsibilities to communities.

The following are all part of the West Midlands Fire and Rescue Authority's assurance process:

- Financial
- Governance
- Operational
- Future improvements

The Assurance Report Forward will be agreed with the Chief and Chair as the place holder wording was for administration and display purposes only.

Resolved that the Statement of Assurance 2018/19 be approved.

91/19 **Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services Inspection (HMICFRS) and Cultural Review Outcomes**

The Authority noted an overview of the outcomes of both the HMICFRS Inspection and Cultural Review key findings.

In July 2017, HMICFRS extended its remit to include Inspections of England's Fire and Rescue Services. Inspections focus on the service provided to the public and they assess how well Fire and Rescue Services prevent, protect against and respond to fire and other emergencies and how well they look after the people who work for the service.

Fire and Rescue Services are given graded judgments at each inspection. These are:

- Outstanding;
- Good;
- Requires improvement, and
- Inadequate

The Inspection Process for the Service began in December 2018 with an on-site 'discovery' week where the inspection team reviewed information prior to the actual on-site inspection process which commenced on 28 January 2019 and spanned 2 weeks concluding on 8 February 2019.

In May 2019 RealWorld HR were asked to complete an independent cultural review of West Midlands Fire Service and for this to be completed by the end of September 2019.

The purpose of the review was:

- To undertake an independent root and branch review of the organisation including the Fire Authority, the Service, personnel and Trade Unions to assess the culture and relationships and the impact they have on the successful operation of the Service, along with the health and wellbeing of employees within the existing culture.
- To identify areas of good practice and further considerations that can be made to support effective and functional relations between all parties in the future.
- To identify future culture challenges within West Midlands Fire Service to ensure that best possible position to deliver for the communities of the West Midlands.

The review commenced on 10 June and was completed on 30 September 2019 with the issuing of the report review from Realworld HR to the Chief Fire Officer as the Commissioner of the Review.

The report had been communicated to all key stakeholders prior to the presentation of the report and its process to stakeholders by RWHR.

Inspection and Review Outcomes

HMICFRS judged that West Midlands Fire Service:

- Is 'good' at effectively keeping people safe and secure from fire and other risks;
- Is 'good' at efficiently keeping people safe and secure from fire and other risks; and
- Is 'good' at looking after its people

Within the effectiveness pillar, the Service was rated as 'outstanding' for its response to fire and other emergencies. There Service is the only one from 44 other Fire and Rescue Services to achieve this level of recognition for its response service in this first year of inspection.

Within the 'people' pillar there were 2 x requires improved aligned to the question areas of:

- How well does the FRS promote its values and culture?
- How well does the FRS develop leadership and capability?

Other areas for improvement were set out in the Appendix to the report.

The Cultural Review outcomes do not provide specific recommendations aligned to each theme of the review.

The Executive Summary of the report and areas of considerations are reference through the report.

Both the Inspection and review outcomes have been communicated to staff, including the release of both reports.

RWHR were re-engaging with key stakeholders to enable consistency in the interpretation and understanding of the report over a four week period commencing 4 November 2019. It is intended that this will ensure the most effective delivery of the Authority's Strategy developing actions to areas for improvement for both the HMICFRS Inspection process (people) and Cultural Review.

It was intended that areas for improvement will be managed through the Service's Portfolio Management process and as such will be embedded into 3PT Projects.

Two dates had been identified in December and January to progress with the Stakeholder Groups and the dates would be issued imminently.

In response to a question from the PCC representative, it was confirmed that the Action Plan to address the Inspection Outcomes would be reviewed by the SET and will be managed through 3PT projects. The People outcomes will be reported through the Authority in form of reports and be managed through 3PT.

The Chair confirmed that the issue of 207 members of staff on temporary promotions had been addressed and the Improvement Plan would be owned by the whole organisation.

92/19 **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 £1.1m. Appendix A showed the current position of the Revenue Budget with an overall favourable variance of £0.192m. The Treasurer referred members to the Corporate Budgets and, in particular, the most significant variances related to the Service Delivery Response budget, where there was an adverse variance of £427,000 against the annual saving target of £3.8m (mainly due to the ridership factor being higher than the target level), which was off-set mainly by salary related savings within People Support Services, Operations and Corporate Service support. There had also been additional Section 31 Grant funding notified to the Authority following the February 2019 budget setting meeting.

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.

Appendix C

The Authority's approved capital programme for 2019/20 was £8.956m. The Scheme Analysis was shown at Appendix C of the report and indicated that the expenditure to the end of October 2019 was £2.9m.

The main forecast variance within the capital programme related to:

- The Vehicle Replacement Programme - delayed purchase of the command support vehicle pending the outcome of a review, delays in the Detection, Identification and Monitoring (DIM) vehicle awaiting the decision of government funding and slippage of 5 PRLs to 2020/21.
- Aston Fire Station, where there has been a delay to the completion of refurbishment phase of the current station which had slipped to 2020/21

- Coventry Fire House refurbishment requires to be retendered and has therefore slipped into 2020/21
- Replacement of windows and doors at Dudley, Handsworth and Sheldon Fire Stations have been rephased to 2020/21

The Earmarked reserves would be matched to the forecast changes in expenditure.

In response to a question from the PCC representative, the Treasurer confirmed that there may be a potential impact of a 3 to 4 month delay in the PRL's but it was recognised that the Transport Engineering Workshops (TEW) ensure that all vehicles are highly maintained and TEW officers were also involved in the procurement of vehicles and were keen to ensure the procurement was managed correctly and the specification was fit for purpose. It was also felt prudent to await government funding of the DIM vehicle.

One Member asked to be kept updated on the progress. The Treasurer confirmed that there would be a specific focus on the Vehicle Replacement Programme at the Authority meeting scheduled for February 2020.

Aston Fire Station delay – The first phase was now complete with the fire safety building being demolished and the new operational building complete. The slippage related to the conversion of the original listed fire station for use as a Birmingham City library and heritage centre.

Coventry Fire Station Training Facility – the potential Warwickshire and West Midlands joint training collaboration had not gone ahead. The funding envelope for the WMFS only facility had not proved sufficient at the tender stage and officers would be reviewing the specification and undertaking a further tender process.

93/19 Minutes of the Audit and Risk Committee held on 2 September 2019

The minutes of the Audit and Risk Committee held on 2 September 2019 were received.

The Chair of the Audit and Risk Committee thanked Mike Griffiths, Julie Connor and Kal Shoker and Internal and External Auditors for their work on this Committee.

94/19 **Minutes of the Scrutiny Committee held on 3 September 2019**

The minutes of the Scrutiny Committee held on 3 September 2019 were received

95/19 **Notes of the Policy Planning Forum held on 17 September 2019**

The notes of the Policy Planning Forum held on the 17 September 2019 were received.

96/19 **Minutes of the Scrutiny Committee held on 26 September 2019**

The minutes of the Scrutiny Committee held on 26 September 2019 were received.

97/19 **Notes of the Joint Consultative Panel held on 30 September 2019**

The notes of the Joint Consultative Panel held on 30 September 2019 were received.

98/19 **Minutes of the Collaboration and Transformation Committee held on 7 October 2019**

The minutes of the Collaboration and Transformation Committee held on 7 October 2019 were received.

99/19 **Notes of the Policy Planning Forum held on 7 October 2019**

The notes of the Policy Planning Forum held on 7 October 2019 were received.

100/19 **Minutes of the Scrutiny Committee held on 7 October 2019**

The minutes of the Scrutiny Committee held on 7 October 2019 were received.

101/19 **Minutes of the Scrutiny Committee held on 7 October 2019**

The minutes of the Scrutiny Committee held on 7 October 2019 were received.

102/19 Minutes of the Scrutiny Committee held on 4 November

2019

The Leader of the Opposition Group thanked the Chair for allowing him to speak on behalf of the Conservative Members and stated that on most occasions the Opposition Group supported the Authority and had taken politics out of decision making.

However, he felt that the vote and final decision of the Scrutiny Committee, was a grave error of judgment.

The minutes stated:

That the Committee would not recommend option one 'a contingent workforce' and option two 'an external provider' but

The Scrutiny Committee proposed an additional recommendation:

"We recommend the Fire Authority does not accept option one, or option two in the report 'Business Continuity Arrangements. We recommend that the Fire Authority continues to utilise existing arrangements for business continuity during industrial action though the use of volunteers drawn from existing staff numbers.'

The Opposition Group were in support of the officers who had given evidence at the meeting and believed that management views should be noted and recommendations followed.

One Member felt that the Chief Fire Officer's recommendation would resemble an insurance policy for drastic situations, similar to household insurance. Members did not want to spend resources unnecessarily but if the Service were not able to support the community during times of Industrial Action, he felt this would be disastrous for the Fire Authority.

One Member stated if there was a disaster, he felt sure firefighters would help to safeguard the West Midlands.

The Leader of the Opposition Group also stated that the use of external resources had been accepted in London and used on a number of occasions. He wished to ask for a vote to the amendment to the Scrutiny Committee recommendation and to accept Recommendation 2 of the Chief Fire Officer's Report.

This was to ensure that we had sufficient firefighters if there was a strike.

The Chair thanked the Leader of the Opposition Group for his comments and respected the different view-point. The item would be discussed further in private session.

The minutes were received.

103/19 **Exclusion of the Public and Press**

The public and press were 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.

104/19 **Business Continuity Arrangements**

The Authority received a report outlining the legal and statutory duties of the Fire and Rescue Authority in relation to provision of business continuity and responding to incidents. The report highlighted the current business continuity arrangements and detailed additional arrangements that would enhance the resilience of the Service.

The Members of the Authority also received a briefing note from the Scrutiny Committee.

The Scrutiny Committee had reviewed the options over three additional meetings of the Committee throughout October and November. The Scrutiny Committee reviewed the options to be submitted the Authority, the options were:

- The provision of a contingent workforce
- The provision of an external provider – this option was the recommendation of the Chief Fire Officer

The Authority received details of the Fire Authority's statutory responsibilities under Fire and Rescue Services Act 2004 and the Civil Contingencies Act 2004, alongside the Fire and Rescue National Framework, in respect of effective Business Continuity Arrangements and how the risks are recognised and managed through the West Midlands Fire Service Corporate Risk Register.

In line with the National Framework, every Fire and Rescue Authority must assess risks with regard to Community Risk Registers (CRR) produced by Local Resilience Forums. The CRR is a public localised version of the National Security Risk Assessment (NSRA) which is not in the public domain.

A range of scenarios are outlined in the NSRA that directly link to the availability of the loss of staff:

Pandemic Influenza

Severe Weather Events

Industrial Action

Currently, West Midlands Fire Service officers cannot provide assurance to the Authority that they can meet the level of resilience detailed in Home Office expectations and the additional requirements that are required and recommended:

1. That the Fire Authority support the recommended option of engaging an external provider to enhance business continuity and resilience arrangements to enable The Fire Authority to meet expected resilience levels and
2. approve the funding to implement the required business continuity option.

In answer to an enquiry from the PCC representative, the Monitoring Officer confirmed that the requirement for 30% is an expectation by the Home Office and is not a legal requirement.

The Clerk to the Fire Authority recommended that the Authority fully considered the Business Continuity arrangements as identified and highlighted the Authority's legal responsibility that Business Continuity can be provided.

The Monitoring Officer echoed the evidence-based advice from officers to the Fire Authority and expressed his concerns about the potential organisational risk in the event of Home Office intervention and hoped that this would be borne in mind when making a final decision.

The Chair of the Scrutiny Committee outlined the details of the work undertaken by the Scrutiny Committee over the course of the previous three meetings in scrutinising the details and had

considered the evidence and consequences provided by officers, Union Representatives, representatives from Securitas, other Fire and Rescue Services, and the Health and Safety legal advisor.

The Scrutiny Committee recommended that the Fire Authority did not accept:

Option one 'a contingency workforce'

or

Option two 'an external provider,' in the report 'Business Continuity Arrangements'.

The Scrutiny Committee recommended that the Fire Authority continues to use existing arrangements for business continuity during industrial action through the use of volunteers drawn from existing staff members.

The recommendation was seconded by the Vice Chair of Scrutiny Committee, who thanked everyone who had taken part and stated that the pre-Scrutiny process had been robust and taken seriously and had taken a long time to consider. The Labour Group respected the proposals and understood the reasons why they were put forward but had not been convinced by the evidence.

Members discussed the issue again in respect of the second recommendation.

The Leader of the Opposition Group wished to move an amendment to support the resolution to support Option 2.

One Member wished to point out a confusion about who was the principal interest. He respected the views of the workforce but felt that the Authority's principal and legal responsibility was to the community and suggested that the responsibility to the workforce was overriding this.

Another Member had attended the pre-Scrutiny meetings as a substitute and had found it interesting. Key pieces of evidence had been provided from a variety of sources.

However, he felt that the conversation was theoretical as no strike action had taken place at the time (Summer 2019). The appliance availability information was interesting, had been noted but stated that previously the dispute had been local and personal to West Midlands and was not empirical. No strike action had been taken at the time.

He stated that the full document, minutes of the Committee and figures provided the particular piece of evidence.

The Member noted the fluctuation in fleet availability had dropped from 99% to 93% and this was fundamental in 'peace time' and expected fluctuations to occur all the time dispute or not but was comforted that the figures given to the Home Office were satisfactory and as there has been no further response from the Home Office, stated that this was a key piece of evidence in reaching his conclusion.

The Member supported the Scrutiny Committee recommendation based on evidence given to the Review.

Karen Gowreesunker, Clerk to the Fire Authority, asked Members to consider fully the Business Continuity arrangements and Scrutiny Committees recommendation and the legal responsibility that business continuity can be provided.

The Leader of the Opposition Group stated that the recommendation by the Chief Fire Officer would act as an insurance policy to safeguard the residents of the West Midlands from fire and disaster.

The Chair thanked Members for a full and robust debate

The Clerk reminded the Members of the Authority who were eligible to vote.

Councillor Brackenridge
Councillor Cooper
Councillor Dehar
Councillor Gill

Councillor Iqbal
Councillor Miller
Councillor Miks
Councillor Walsh

The Leader of the Opposition requested that the Clerk to the Authority clarify the position regarding Members who had attended the first pre-Scrutiny Committee but were unable to vote.

All members who took part in the review were not able to vote. Those eligible were requested to vote on the Amendment proposed by the Leader of the Opposition Group to accept Option 2 'an external provider' in the report 'Business Continuity Arrangements'.

For (2)
Councillor Cooper
Councillor Miller

Against (6)
Councillor Brackenridge
Councillor Dehar
Councillor Gill
Councillor Iqbal
Councillor Miks
Councillor Walsh

The amendment failed as follows:

(2) for and (6) against

Councillor Spence, Chair of the Scrutiny Committee, proposed:

"We recommend that the Fire Authority does not accept option one, or option two in the report 'Business Continuity Arrangements'. We recommend that the Fire Authority continues to utilise existing arrangements for business continuity during industrial action through the use of volunteers drawn from existing staff numbers."

For: 6

Councillor Brackenridge

Councillor Dehar

Councillor Gill

Councillor Iqbal

Councillor Miks

Councillor Walsh

Against: (2)

Councillor Miller

Councillor Cooper

This was a named Vote and would be recorded in the minutes of the meeting. The recommendation was carried.

Resolved that: the Fire Authority continues to use existing arrangements for business continuity during industrial action through the use of volunteers drawn from existing staff members.

It was confirmed that Cllr Barlow had attended the first meeting on 4 November 2019 and this would be recorded in the minutes of the Scrutiny Committee held on this date.

105/19 **Fire Safety Prosecution 1**

The Authority noted the action taken by the Chief Fire Officer, in consultation with the Chair and Vice Chair, on the instigation of legal proceedings for the failure to comply with the Regulatory Reform (Fire Safety) Order 2005.

106/19 **Fire Safety Prosecution 2**

The Authority noted the action taken by the Chief Fire Officer, in consultation with the Chair and Vice Chair, on the instigation of legal proceedings for the failure to comply with the Regulatory Reform (Fire Safety) Order 2005.

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WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 6

17 FEBRUARY 2020

1. PORTFOLIO MANAGEMENT (3PT)

Report of the Chief Fire Officer

RECOMMENDED

THAT the contents of the report be noted.

2. PURPOSE OF REPORT

- 2.1 This report provides a Strategic summary on the progress of delivery of value through 'Our Plan' based on the continual assessment of Investment and Value release within the three Programmes of People, Process and Culture enabling progression of the Portfolio to be tracked.
- 2.2 To inform Members of the approach taken under Portfolio Management and the resulting outcomes of the work streams within current Projects and Programmes, which support the effective leadership of the Service in continual improvement.
- 2.3 This report will lead into the subsequent Fire Authority reports that support the delivery of the Strategy in one or more of the Programmes.

3. BACKGROUND

Following on from our Peer review and from the evidence collated it was clear that staff understood and believed in the vision of WMFS, but that work was delivered through conversations and relationships. Following a gap analysis, it was recognised there was a need to understand organisational investment and value through evaluation and scrutiny by creating a non-bureaucratic and streamlined process in a controlled environment that avoids duplication.

It has also been evidenced across the fire sector through a range of reports that a focus needs to be placed upon evaluation and understanding the benefit of the work we undertake to the communities we serve. This is being looked at by the sector in areas of work such as the economic cost of fire through the Community Risk Programme.

The 3PT mechanism was created in 2017, it forms an auditable process to demonstrate the effective work individuals are undertaking to capture the investment and value delivered through each area of work with the ethos being 20% process and 80% leadership.

4. DELIVERABLES

The Brigade Managers are accountable to the Chief Fire Officer, through the programme aims to deliver the Strategy of the WMFS. The Portfolio is led by the CFO to enable the delivery of the Authority's Strategic priorities, aligned to the IRMP.

The CFO is ultimately accountable for the Programmes and will challenge the delivery and value release to ensure the aims and objectives are being achieved. The Programmes are accountable for Projects.

The deliverables (aims and objectives) of the three Programmes are shown below, supported by the Programme achievements, constraints, active risks and issues.

4.1 Tall Buildings

The Tall Building Action Plan continues to be delivered cohesively across all three of the Programmes, progress is monitored centrally to ensure this strategic priority maintains focus. Progress is reported monthly into the Portfolio Board to deliver priority activities in a timely manner. To enable us to achieve these we have reprioritised our activities and increased resources for the remainder of the financial year.

The Tall Building Action Plan satisfies all the recommendations from the Grenfell Phase One report and assurance is provided to Home Office via the NFCC and reflected in the WMFS Corporate Risk Register. WMFS is developing a revised Tall Buildings Policy in

liaison with the NFCC and influencing the national approach through engagement with the National Operational Guidance Programme.

4.2 Staffing

Staffing is managed and evaluated within the 'People' Programme as part of the 'Workforce Planning Project'. Overall the staffing arrangements and model continue to work effectively and efficiently in the delivery of the Service Delivery Model. The staffing arrangements are based on reduced establishment levels supplemented with the use of Voluntary Additional Shifts (VAS).

One current issue reported within this project relates to the 'ridership factor'. The ridership factor accounts for the number of days people are unavailable for operational duties outside of allocated annual leave and includes absence related to sickness and restricted duties.

Predominantly due to greater than anticipated levels of sickness absence the ridership factor is currently 15.2 against the target of 13.5.

4.3 Attendance Management

A focused approach to supporting individuals to maintain attendance has been taking place since September. A component of this approach has been the delivery of attendance management development sessions led by middle managers with the support of the business partners.

The sessions covered several key areas and were introduced following feedback from staff alongside evidence of inconsistent understanding and application of the Attendance Management Policy. The aims of the sessions were:

- make a positive contribution to the health and wellbeing of our staff;
- take a proactive approach to attendance management while implementing the policy with sensitivity;
- understand responsibilities;
- improve attendance management to support the delivery of an effective and efficient Service.

Positively, the feedback from those who attended the sessions

demonstrates that these were of real value and have increased managers' confidence when managing attendance, as well as developing staff's understanding of the process.

4.4 Time off in Lieu (TOIL)

Further to a review of the organisational approach to enabling TOIL, a series of recommendations have been made. There is ongoing consultation through the Joint Consultative Committee (JCC) to consider feedback from staff and representative bodies on the recommendations with a commitment to work together through the next stages.

4.6 Developing the Strategy

The National Framework sets out an expectation that the Integrated Risk Management Plan (IRMP) will be consulted upon every three years, or, when there is a proposed change which will impact on the services received by communities.

The IRMP as an assessment of fire related risk across the West Midlands was scheduled to be consulted upon in late 2019 to support the determination of the Authority's strategic priorities 2020-21.

The consultation process was paused as a direct result of the announcement of the General Election in December 2019.

Due to this and several other contributory factors, the IRMP consultation will commence after the May 2020 election period.

The Strategic Priorities and Outcomes for the Service over 2020-21 have continued to be reviewed by the Strategic Enabling Team and Authority and a separate report identifies the recommended Priority and Outcome statements.

The IRMP consultation later this year will support a review of strategic priorities mid-year if necessary and will be timely enough to support a review of strategic priorities for February 2021.

4.7 Cultural Review

The cultural review was undertaken by an independent external company, Real World HR. The report has been received and shared across all stakeholders and the organisation.

A short period was taken to ensure all stakeholders fully understood the findings within the report with continued support from Real World HR delivering 6 workshops across the organisation.

A Joint Cultural Implementation Plan (JCIP) is being developed and will be agreed by all stakeholders. A Stakeholder and Steering Group has been established. The Steering Group will be made up of a diverse group of people. The first meeting of the Steering Group took place on the 23rd January 2020. The actions will be delivered through the 3PT environment and progress reported back to the Steering Group.

The Service will determine a reporting process which will provide all three stakeholders (Authority, CFO and Representative Bodies) with an overview of progress against the Joint Cultural Implementation Plan on a periodic basis.

4.8 Safe and Well – Value release

We are experiencing a steady reduction in the average points per visit. This may be an indication that we may not be accessing the most vulnerable members of our communities.

Partnership referrals currently stand at 38% against our target of 40%. This is an 8% increase this year following a data cleanse at the end of the last financial year.

The predicted impact of the flexible approach to managing fleet availability has been realised through a reduction in the number of overall safe and well visits.

We have identified an increase in the conditions that trigger a serious incident review, for example increased fire fatalities, and significant injuries. The main causes for the incidents are smoking, cooking and deliberately setting fire to cause self-harm.

4.9 Tymly – Value Release and Feedback from Crews

Tymly 2 was released on 7th November 2019. This is the first major release since Tymly was released in August 2018. Feedback from crews has been positive in relation to look, feel, functionality and user experience.

This recent release has resulted in improvements in the recording of partner referrals and is evidenced by a 75% referral rate in Black Country South (N.B this relates to one quarter's information).

Another significant function in Tymly 2 is the notifications text and email to householders and partners. This keeps people up to date with appointments, making sure they are available for our crews at the agreed time and date. The same notification system also works for internal referrals when escalating up to complex needs officers, fire safety tutors, fire safety officers and the deaf team.

The access restrictions within the Tymly 2 system are assisting us in becoming compliant with EUGDPR.

4.10 Digital – Controlled use of Digital Resources – improved scheduling and decision making

A new process has been bedded in that prioritises Digital requirements and schedules the Digital activity from across the 3PT Portfolio. Regular reports now plot progress against the agreed plan and provide rationale for any deviation.

This provides a good organisational viewpoint of the critical Digital resource where demand regularly outstrips capacity. This schedule of Digital work has been added to the 3PT dashboard so that it can be openly viewed by staff outside of the Digital Teams.

This new and improved process has also allowed for quicker decision making with the vast majority of decision making now taking place by staff in their day to day work where they would previously need to wait for Senior Management authorisation.

This enhancement has also resulted in greatly improved early engagement for Digital resource scheduling for the next financial year.

This new way of working has been underpinned by the team restructure that has seen Business Analysts introduced to map business needs to technical requirements and the uplift in modern skill sets of our staff for roles that have previously been provided through external companies and contract staff.

4.11 Distributed Training Model

The distributed training model continues to make use of local assets and resources and provides opportunities for WMFS firefighters to undertake training at locations throughout the service area. This localised approach supports the ethos of personal accountability in relation to workforce competence and operational excellence in the delivery of effective, safe and assertive firefighters.

As crews undertake most of their training whilst remaining available for response to emergency calls, the distributed training model is a key component in supporting the service delivery model.

January to March 2020 will see teams from Organisation Learning and People Development delivering continuous professional development sessions for station-based assessors. This supports command delivery in having the right number of suitably qualified people in the right place at the right time to ensure excellence in the delivery and assessment of competence in core emergency response activities.

From April 2020 onwards, Organisational Learning and People Development will be making use of available and emerging technology to provide further support to the workforce in training and assessment of emergency response activities. There is also proposed significant investment of Coventry hot fire training facility to ensure it is fit for the needs of a modern ambitious Fire Service.

This continued focus on providing high quality training facilities and ongoing development of staff will ensure we are delivering excellent services to the communities we serve and will help us maintain and improve on our HMICFRS outstanding rating for responding to fires and other emergencies.

4.12 Funding, Budget Preparation and Monitoring

The Authority’s Provisional 2020/21 Finance Settlement was announced on 20th December 2019 and indicated that Core Funding in 2020/21 would be at the same level as 2019/20 with a CPI increase. This funding update is reflected in the “Budget and Precept 2020/2021 and Budget Forecast 2021/2022 to 2022/2023” report later on the same agenda.

5. 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 will not lead to a policy change.

Areas of policy changes that are identified in Project(s) are subject to an Equality Impact Assessment.

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

There are no direct financial implications arising from this report.

8. ENVIRONMENTAL IMPLICATIONS

There are no environmental implications arising from this report.

BACKGROUND PAPERS

Authority Report 30 September 2019
Authority Report 18 November 2019

PHIL LOACH
CHIEF FIRE OFFICER

WEST MIDLANDS FIRE AND RESCUE AUTHORITY ITEM 7

17 FEBRUARY 2020

1. BUDGET AND PRECEPT 2020/2021 AND BUDGET FORECAST 2021/2022 TO 2022/2023

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 2020/2021 of £100.147 million which includes a Council Tax requirement of £44.485 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 1.99%.

1.1.2 The Authority's capital programme for 2020/2021 to 2022/2023 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 2020/2021 to 2022/2023, 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 2020–2023 Plan.

- 3.2 On 20 December 2019, the Secretary of State for Ministry of Housing, Communities and Local Government (MHCLG) announced the provisional settlement for 2020/21 at £52.896m, a Consumer Price Index increase of approximately 1.6% (£0.848m) compared to the core funding allocation in 2019/20. The Government also proposed a Council Tax referendum threshold of 2% for Fire and Rescue Authorities.
- 3.3 Fire Authority Members received a budget presentation which highlighted the key points for consideration at the Policy Planning Forum on 13 January 2020. The Fire Authority's budget position was subsequently presented at the District Leaders meeting on 17 January 2020. The District Leaders were supportive of the Fire Service and specifically indicated they would support more flexibility in the Council Tax Referendum limits which applied to the Fire Service so that Council Tax for Band D properties could be increased by £5 rather than the current 2% limit.
- 3.4 On 6 February 2020, MHCLG confirmed the Authority's 2020/21 total core funding.
- 3.5 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.
- 3.6 As part of the budget report approved by the Authority on 18 February 2019, a forecast was made regarding the next three financial years (2020/21 to 2022/23). At the time of setting the budget and the forecast for future years, there was no clarity regarding provisional Government funding from 2020/21 onwards. As a consequence, a year on year core funding reduction of 2% was assumed in the forecasts for 2020/21 onwards.
- 3.7 The settlement for 2020/21 has indicated Core Funding at the same level as 2019/20, increased by the Consumer Price Index of approximately 1.6%. Compared to the core funding assumptions original made in the budget report referred to above, this results in core funding being circa £2 million higher than anticipated.

- 3.8 The funding settlement is a one year only arrangement. Whilst there have been indications that some public sector services may continue to receive growth when the anticipated Comprehensive Spending Review process is clarified (circa October/November 2020), potentially for a three or four year funding settlement period, some Services, including the Fire Service, may still face ongoing core funding reductions.
- 3.9 In addition, there are ongoing budget uncertainties, particularly Firefighter pension related issues, that have significant funding implications but at this stage still remain unclear in terms of ongoing cost and whether those costs will need to be found by Fire and Rescue Authorities and/or by Government funding.
- 3.10 Therefore, whilst the position in 2020/21 is more favourable than predicted in the February 2019 budget report (circa £2 million), a high level of caution still needs to be applied to future financial years as the funding position remains volatile for the Fire sector. Consequently, it is proposed to avoid introducing any additional ongoing expenditure commitments within the 2020/2021 budget and to defer the anticipated use of £0.750 million general balances in 2020/2021.
- 3.11 Consequently, it is proposed that the circa £2 million improved funding position in 2020/21 is utilised as follows:
- Reduce the scale of savings required from the ongoing flexible appliance availability process from a target saving of £3.8 million to £2.8 million. This arrangement was introduced part way through 2018/19 and specifically was highlighted as a requirement when setting the 2019/20 budget with a required saving from this arrangement of £3.8 million. At that stage, the ongoing use and required saving level of £3.8 million was built into the medium term financial forecast.
 - It had been indicated in the February 2019 budget report that in order to set a balanced budget in 2020/2021, the use of £0.750 million General Balances would be required. This use of General Balances can now be deferred.
 - Invest £0.250 million in digital services to enhance future operational capability

3.12 Details of the proposed 2020/21 budget are set out in Appendix A, together with revisions to the current year's budget (the 2020/21 budget is replicated for information in the management reporting 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 was 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.
- 3.18 In September 2019, the Secretary of State for MHCLG announced that the implementation of changes to local government funding including business rates retention had been postponed. Authorities were notified that in order to provide certainty and stability for 2020/21, there would be a delay to the introduction of the scheme until 2021/22, a year later than planned.

Fair Funding Review

- 3.19 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 2021/22.
- 3.20 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.
- 3.21 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
- 3.22 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.

- 3.23 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.
- 3.24 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.
- 3.25 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 'Our Plan'

- 3.26 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.
- 3.27 The Authority consulted the public in 2017 and plans to carry out a consultation in 2020. This provides 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 a five-minute risk based attendance standard for the most serious emergencies.
- 3.28 'Our Plan' sets the Authority's strategic direction for the next three years and defines those outcomes, priorities and strategic objectives, for the first year, which are to be provided with the available resources in 2020/21 and forecasted reductions in future years.

Firefighters' Pension Scheme – Employers' Contributions

- 3.29 HM Treasury announced changes to the discount rate for unfunded public sector pensions on 6 September 2018. This, combined with the earlier 2016 Budget announcement, resulted in a reduction to the discount rate from 3% to 2.4%, and had the effect of increasing the employer contributions (to include ill-health costs) from an average 17.6% to 30.2% from April 2019.
- 3.30 The Government Actuary's Department has estimated that the additional cost to the Fire sector would be around £125m 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 meant that the Fire sector paid approx. £10m of the additional costs in 2019/20, with the remaining £115m being provided via a grant under s31 Local Government Act 2003.
- 3.31 For this Authority the increase in the 2019/20 Employer's Pension contributions was estimated to be £6.2m. A s31 government grant of £5.7m was allocated in 2019/20. The Home Office had not indicated what the funding arrangements would be after 2019/20. In a letter dated 6 February 2020, the Home Office provided an update on the issue confirming that s31 government grant would be paid at the same level in 2020/21 but gave no commitment for future years. The budget forecasts from 2020/21 reflect a continuation of the current s31 grant arrangement. However, a reduction or complete removal of the s31 arrangement would create an ongoing budget pressure of circa £6m.

Firefighters Pension Scheme – Court of Appeal judgement

- 3.32 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.
- 3.33 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.
- 3.34 The judgement remits it to the employment tribunal to consider remedy. The Government had submitted an application for permission to appeal to the Supreme Court, the Court of Appeal's judgment that transitional provisions introduced to the Firefighters' Pension Scheme constituted unlawful age discrimination, however this was denied.
- 3.35 This means that the remedy hearing at the Employment Tribunal can now take place. However, what this means for pension scheme members and their benefits is not likely to be understood 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 2020/21 and medium-term budget requirements, pension budgets have been calculated based on the current regulations.

4. **PRECEPT 2020/2021**

- 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 719,757.23 (713,120.04 in 2019/20).
- 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 2020/21 would be £61.81, an increase of 1.99% (£1.21) per annum.

5. **FUNDING OF EXPENDITURE 2020/2021**

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

	£000
Core Funding	52,896
Section 31 Grant	2,300
Share of Collection Fund Surplus/(Deficit)	466
Council Tax	44,485
Net Revenue Budget	100,147

In addition to external funding, it is estimated that the Authority will generate income of £3.243m (£3.079m in 2019/20) (Appendix D). The 2020/21 budget does not assume the use of any general balances.

6. **GENERAL BALANCES STRATEGY**

- 6.1 Based on the current forecast of net expenditure in 2020/2021, the Authority's General Balances at 1 April 2020 would be approximately £6 million. At this level, the amount of General Balances would equate to 6% of the Authority's 2020/2021 Net Revenue Budget. The actual level of General Balances at 1 April 2020 will not be determined until the completion of the Authority's 2019/2020 closedown of accounts process.

- 6.2 When the Medium-Term Financial Plan was approved by the Authority on 18 February 2019, due to the estimated scale of Government funding reductions in future years and increased budget pressures, the further use of General Balances was anticipated in 2020/21.
- 6.3 As part of considering the Authority's 2020/21 budget, following notification of the core funding settlement, the overall funding does not require the use of General Balances to support the Net Revenue Budget requirement. This would therefore result in the Authority's available General Balances remaining at approximately £6 million by the end of 2020/2021 (6% of the Authority's 2020/2021 Net Revenue Budget).
- 6.4 The funding settlement for 2020/21 is a one year only arrangement. 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 Additional potential budget pressures, e.g. anticipated increases in firefighter pension employer rates, potential 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 £6m million by the end of 2021/22, which is considered appropriate given the issues highlighted.

7. **CAPITAL PROGRAMME**

7.1 At the Authority meeting on 18 February 2019, 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
2020/2021	6.564
2021/2022	5.759
2022/2023	2.802

The full list of projects is shown on Appendix E.

7.3 A forecast of resources covering the period 2020/21 to 2022/2023 is shown below:

7.4 The table below compares the expenditure on those projects within the capital programme which are committed against a forecast of projected resources for the period 2020/21 to 2022/2023.

	2020/21 £m	2021/22 £m	2022/23 £m
Capital Receipts	-	-	0.551
Capital Grants	-	-	-
Revenue Funding	6.564	5.759	2.251
Total Capital Resources	6.564	5.759	2.802
<u>Less: Commitments</u>	6.564	5.759	2.802
Funding Surplus/(Deficit)	-	-	-

7.5 At the time of announcing the funding settlement for 2020/21, 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 2020/21 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 2021/2022 TO 2022/2023 BUDGET

- 9.1 In preparing the draft revenue budget for 2020/2021, an expenditure forecast for 2021/2022 to 2022/2023 has also been undertaken by “rolling forward” the 2020/21 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 The funding settlement for 2020/21 is a one year only arrangement and in the Secretary of State for MHCLG settlement announcement there was no indication of further funding levels beyond 2020/21. In planning for the 2021/22 budget, a reduction of 2% has been assumed to the overall core funding and a further 1% in 2022/23. 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 to core funding to 2020/21 and estimated reduction of 2% in 2021/22 and 1% in 2022/23 (with a Band D Council Tax increase of 1.99% in 2020/21 and 2% in 2021/22 and 2022/23)

	2020/21 £m	2021/22 £m	2022/23 £m
Net Budget Requirement	100.147	100.694	101.801
Core Funding	52.896	51.838	51.320
Section 31 Grant	2.300	2.300	2.300
Council Tax	44.485	46.056	47.681
Council Tax Surplus	0.466	0.500	0.500
Available Resources	100.147	100.694	101.801
Annual Surplus/(Deficit)	-	-	-

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 2018/19 was £6.9m, after utilisation to help fund the 2019/20 budget, the level of available General Balances is forecast to be approximately £6m, 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, the uncertainties around pension related issues, 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 2018/2019 closedown exercise. A review of these reserves will be undertaken as part of the Authority's 2019/2020 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 2019. 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 2020 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 and 2022/23 shows a balanced budget. 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

Policy Planning Forum 13 January 2020

District Leaders' Meeting 17 January 2020

The Plan 2020–2023

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

PHIL LOACH
CHIEF FIRE OFFICER

MIKE GRIFFITHS
TREASURER

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

SUMMARY OF 2019/2020 AND 2020/2021 BUDGET

	Original Budget 2019/20	Revised Budget 2019/20	Original Budget 2020/21
	£000s	£000s	£000s
<u>Expenditure</u>			
Employees	*89,797	*90,779	*92,113
Premises	5,763	5,824	5,849
Transport	1,470	1,412	1,458
Supplies & Services	7,452	8,337	8,314
Capital Financing	10,318	9,024	9,396
Appropriations to Reserves	100	100	100
Total Expenditure	114,900	115,476	117,230
<u>Income</u>			
Government Grants	*(49,478)	*(50,936)	*(52,310)
Non-Domestic Rates	(9,688)	(10,108)	(9,846)
Income from Services	(3,079)	(3,392)	(3,243)
Collection Fund (Surplus) / Deficit	(500)	(491)	(466)
Appropriations from Reserves	(8,940)	(7,334)	(6,880)
Total Income	(71,685)	(72,261)	(72,745)
COUNCIL TAX REQUIREMENT	43,215	43,215	44,485
Collection Fund Surplus / (Deficit)	500	491	466
Core Funding (Formula Grant)	42,360	42,360	43,050
Core Funding (NNDR)	9,688	10,108	9,846
Section 31 Grant	1,015	1,957	2,300
NET REVENUE BUDGET	96,778	98,131	100,147

* 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 1.99%

- 1.1 THAT it be noted that the constituent District Councils have formally set their Council Tax bases for the year 2020/2021 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	254,654.00
Coventry	83,905.50
Dudley	93,074.22
Sandwell	74,280.91
Solihull	77,566.00
Walsall	71,549.80
Wolverhampton	64,726.80
	<u>719,757.23</u>

- 1.2 THAT the following amounts be now calculated by the Authority for the year 2020/2021 in accordance with Sections 40 to 48 of the Local Government Finance Act 1992:

1.2.1 £117,230,000 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 £72,744,887 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 £44,485,113 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 £61.81 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	41.203813	41.20
	B	48.071115	48.07
	C	54.938417	54.93
	D	61.805719	61.81
	E	75.540324	75.54
	F	89.274928	89.27
	G	103.009532	103.01
	H	123.611439	123.61

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	15,739,074
Coventry City Council	5,185,840
Dudley MBC	5,752,519
Sandwell MBC	4,590,985
Solihull MBC	4,794,022
Walsall MBC	4,422,187
Wolverhampton City Council	<u>4,000,486</u>
Total	<u>44,485,113</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 2019/2020 AND 2020/2021 BUDGET****SERVICE ANALYSIS**

	Original 2019/20 £'000	Revised 2019/20 £'000	Original 2020/21 £'000
<u>Devolved Budgets</u>			
Brigade Managers	766	914	846
Communication & Marketing	700	803	673
Portfolio	520	455	438
Corporate Management	597	669	324
People Support Services	547	540	549
Strategy & Organisational Intelligence	796	823	848
Finance & Resources	5,377	5,366	5,475
Digital	4,789	5,104	4,774
Service Delivery	760	824	716
Command Delivery, Fire Control & Workforce Planning	4,824	4,705	4,980
Prevention	6,777	7,099	6,842
Protection & Organisational Assurance	5,856	6,053	6,024
<u>Corporate Budgets</u>			
People Support Services	2,594	2,396	2,437
Finance & Resources	15,628	15,734	17,222
Digital	138	138	146
Command Delivery, Fire Control & Workforce Planning	44,455	45,012	46,241
Prevention	53	53	53
Protection & Organisational Assurance	61	-8	35
Other Income & Expenditure	1,540	1,451	1,524
NET REVENUE BUDGET	96,778	98,131	100,147

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

SERVICE INCOME BUDGETS 2019/20 AND 2020/21

	Original Budget 2019/20	Revised Budget 2019/20	Original Budget 2020/21
	£000s	£000s	£000s
Fees and Charges:			
- Fire Control & Contact Centre	991	1,028	1,038
- NFCC	350	373	381
- Training	314	294	280
- Child Care Vouchers	240	172	172
- ICT	111	111	111
- External Contracts	57	63	63
- Mutual Assistance	35	161	161
- Room Hire	54	85	64
- Transport Engineering Workshops	75	80	80
- Other	247	298	249
Sales	104	96	94
Rents - Property	125	117	131
Interest	300	400	300
Partnerships	47	97	97
Other Income	29	17	22
TOTAL SERVICE INCOME	3,079	3,392	3,243

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

CAPITAL PROGRAMME 2020/2021 TO 2022/2023

Scheme	Project Year In 2020/21	2020/21 £000s	2021/22 £000s	2022/23 £000s
<i>Committed Schemes:</i>				
Vehicle Replacement Programme (VRP)	On-going	4,154	2,772	2,403
Aston Fire Station	5 of 5	412	-	-
Drill Towers / Training Facilities	2 of 2	525	-	-
Boiler Replacement Programme	On-going	245	-	-
Rewires	On-going	110	192	129
Windows & Door Replacements	On-going	531	175	105
Roof Replacement	On-going	87	300	165
BA Set Replacement	0 of 1	-	1,000	-
Enterprise Resource Management (ERP)	2 of 3	500	1,320	-
TOTAL COMMITMENTS		6,564	5,759	2,802
<i>Projected Resources Available:</i>				
Prudential Borrowing		-	-	-
Capital Receipts		-	-	551
Capital Grants		-	-	-
Earmarked Reserves/DRF		6,564	5,729	2,251
TOTAL PROJECTED RESOURCES		6,564	5,729	2,802
FUNDING SURPLUS/(DEFICIT)		-	-	-

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

TREASURY MANAGEMENT STRATEGY 2020/2021

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 2020/21, 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 2020/21

The strategy for 2020/21 covers two main areas:

Capital Issues

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

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

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 2020/21 – 2022/23

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 2020/21 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.

2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£40m	£39m	£38m	£37m

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:

2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£44m	£43m	£42m	£40m

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														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major

assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the Prime Minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Investment and borrowing rates

Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that the Authority will do any further longer term borrowing for the next three years.

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 2020/21 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:

	2020/21	2021/22	2022/23
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 2020/21			
	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 2020/21			
	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.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local Authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing this report but the Authority's advisors will keep us informed.

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 & Poor's (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. On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

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:

- 2019/20 0.75%
- 2020/21 0.75%
- 2021/22 1.00%
- 2022/23 1.25%
- 2023/24 1.50%
- 2024/25 1.75%
- Later years 2.25%

The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture. The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside. In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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	2020/21	2021/22	2022/23
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.

Interest Rate Forecast 2020 – 2023

Bank Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.75%	0.75%	-	-	-	1.00%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.34%	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.20%	3.20%
Capital Economics	2.34%	2.40%	2.50%	2.50%	2.60%	-	-	-	2.80%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.55%	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%
Capital Economics	2.55%	2.60%	2.70%	2.80%	2.80%	-	-	-	3.10%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	3.07%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%
Capital Economics	3.07%	3.00%	3.10%	3.20%	3.20%	-	-	-	3.40%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.90%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%
Capital Economics	2.90%	3.00%	3.10%	3.20%	3.20%	-	-	-	3.50%	-	-	-	-	-

**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>	<p>30%</p>
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>	<p>20%</p>
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>	<p>20%</p>
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>	<p>3 years and £30m</p>

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 2018/19 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

2018/19 £000 Actual	2019/20 £000 Estimate	2020/21 £000 Estimate	2021/22 £000 Estimate	2022/23 £000 Estimate
8,809	6,215	6,564	5,759	2,802

2. Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2018/19 are:

2018/19 % Actual	2019/20 % Estimate	2020/21 % Estimate	2021/22 % Estimate	2022/23 % Estimate
2.40	2.55	2.50	2.45	2.33

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 2019 are:

31/03/19 £000 Actual	31/03/20 £000 Estimate	31/03/21 £000 Estimate	31/03/22 £000 Estimate	31/03/23 £000 Estimate
37,143	36,259	35,322	34,326	33,269

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 2018/19, 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.

2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
45,000	44,000	43,000	42,000	40,000

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.

2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
41,000	40,000	39,000	38,000	37,000

10. The Authority's actual borrowing at 31 March 2019 was £36m. 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 2019/2020 (see paragraph 7 above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

NET EXPENDITURE BUDGET FORECAST 2021/2022 TO 2022/2023

	Budget 2021/22	Budget 2022/23
Subjective Heading	£000s	£000s
Employees	92,900	94,400
Premises	6,000	6,200
Transport	1,500	1,600
Supplies & Services	8,100	8,100
Capital Financing	8,500	4,900
Income	(10,400)	(10,200)
Appropriations	(5,900)	(3,200)
NET EXPENDITURE	100,700	101,800
Available Funding	100,700	101,800
Surplus/(Deficit)	-	-

Note

Budget forecast for 2021/22 and 2022/23 assume:

- A Council Tax increase of 2% in 2021/22 and 2022/23.
- Inflation assumptions as shown on Appendix H2.
- 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 20	2.0
	July 21	2.0
	July 22	2.0
- Non-Uniformed Staff		
	April 20	2.0
	April 21	2.0
	April 22	2.0
General Prices:		
	April 20	2.0
	April 21	2.0
	April 22	2.0
Pensions Increase Order:		
	April 20	1.7
	April 21	2.0
	April 22	2.0
Residential Rents:		
	April 20	2.4
	April 21	2.0
	April 22	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	£720k	(£540k part year)
Employers Firefighters Pension Contribution	£440k	
Interest payable	£322k	
Non-uniformed pay award	£155k	
General inflation	£80k	
Energy costs	£12k	
Fuel	£6k	

Income

Core Funding	£529k
Council Tax	£445k
Interest receivable	£340k

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

SCENARIO ANALYSIS

2019/20 was the final year of the four-year settlement. In the Secretary of State for MHCLG provisional settlement announcement in December 2019 for 2020/21, there was no indication of further funding levels beyond 2020/21. In planning for 2021/22 onwards, a reduction of 2% has been assumed in 2021/22 and a further 1% in 2022/23 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	52,896,000	+1.6%	+848,000
2021/22	51,838,000	-2.0%	-1,058,000
2022/23	51,320,000	-1.0%	-518,000

Further 1% Core Funding Reduction in 2021/22 and 2022/23

Financial Year	£ Core Funding	% Reduction	£ Reduction
2020/21	52,896,000		
2021/22	51,309,000	-3.0%	-1,587,000
2022/23	50,283,000	-2.0%	-1,026,000

Further 2% Core Funding Reduction in 2021/22 and 2022/23

Financial Year	£ Core Funding	% Reduction	£ Reduction
2020/21	52,896,000		
2021/22	50,780,000	-4.0%	-2,116,000
2022/23	49,257,000	-3.0%	-1,523,000

Should the core funding reductions in 2021/22 and 2022/23 be 1% lower than currently indicated, the table below shows the impact of the reductions.

Financial Year	£ Core Funding	% Reduction	£ Reduction
2020/21	52,896,000		
2021/22	52,367,000	-1.0%	-529,000
2022/23	52,367,000	0%	0

APPENDIX J**WEST MIDLANDS FIRE AND RESCUE AUTHORITY****RESERVES STRATEGY**

	31/03/19 £000s	31/03/20 £000s	31/03/21 £000s	31/03/22 £000s	31/03/23 £000s	31/03/24 £000s
Capital						
Forecast Capital Program Shortfall	12,129	11,275	6,629	2,190	0	0
Fire Station Improvements/Investments	4,018	542	0	0	0	0
Occupational Health Relocation	200	100	0	0	0	0
Insurance						
Insurance Reserve	7,188	7,188	7,188	7,188	7,188	7,188
Digital						
Enterprise Resource Planning (ERP)	2,025	1,827	1,320	0	0	0
ESMCP-Local Transition	1,650	1,100	650	300	0	0
Firelink Grant	341	0	0	0	0	0
Enabling Future Technology (EFT)	302	37	0	0	0	0
Other IT Equipment & System Upgrades	291	85	0	0	0	0
Incident Reporting System (IRS)	200	200	0	0	0	0
Office 365	180	100	0	0	0	0
Transformation	149	0	0	0	0	0
Staffing	78	0	0	0	0	0
Management of Information	30	0	0	0	0	0
Vision 4	14	0	0	0	0	0
Finance & Resources						
Property Maintenance	1,056	944	911	850	805	585
Other	706	0	0	0	0	0
Procurement of Operational Equip	97	0	0	0	0	0
Loss of Use Recovery	77	47	0	0	0	0
Prevention						
Community Partnerships	338	91	0	0	0	0
Staff Training & Development	156	0	0	0	0	0
Training Equipment/Facilities	122	0	0	0	0	0
Community Safety	88	88	0	0	0	0
Education Materials/Facilities	57	11	0	0	0	0
Youth Services	12	6	0	0	0	0
Health & Wellbeing	6	0	0	0	0	0
Portfolio						
Project Management/Support	175	95	0	0	0	0
New Risks	60	24	0	0	0	0
Communications & Marketing						
Community Engagement	37	0	0	0	0	0

Comms/Media Events	31	4	0	0	0	0
Strategy & Organisational Intel.						
Organisational Intel.	63	0	0	0	0	0
Command Delivery, Fire Control & WP						
Tech Rescue	774	402	0	0	0	0
Command Delivery	314	217	0	0	0	0
Protection & Organisational Assurance						
Legal Services	146	0	0	0	0	0
Occupational Health	120	24	12	0	0	0
Project Management/Support	97	42	0	0	0	0
Fire Safety	43	0	0	0	0	0
Trauma Care Training	10	0	0	0	0	0
Total Earmarked Reserves	33,380	24,449	16,710	10,528	7,993	7,773

General Reserve	6,914	5,964	5,964	5,964	5,214	5,214
% Net Revenue Budget	7.1%	6.0%	5.9%	5.9%	5.1%	5.1%

Total Reserves	40,294	30,413	22,674	16,492	13,207	12,987
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Further information on the Reserves Strategy can be found at:

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

WEST MIDLANDS FIRE SERVICE AND RESCUE AUTHORITY

17 FEBRUARY 2020

1. PROPOSED VEHICLE REPLACEMENT PROGRAMME 2020/21 to 2022/23

Report of the Chief Fire Officer

RECOMMENDED

- 1.1 THAT the Authority note the proposed Brigade Vehicle Replacement Programme (VRP) for the financial years 2020/21 to 2022/23, the detail of which is set out in the main body of the report. Appendices 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 2020/21.
- 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 2020/21 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 2020/21:

Vehicle	Replacement (Years)
Pump Rescue Ladders	13
Brigade Response Vehicle	10
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) and BSV 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	10

3.3 Operational Fire Appliances (PRLs/BRVs/BSVs)

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, PRLs have a proposed replacement life of 13 years (10 years frontline, 3 years reserve fleet), BRVs have a proposed replacement life of 10 years and BSVs 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 6 PRLs and 1 BSV in 2020/21, 6 PRLs 2021/22 and 6 PRLs and 3 BRVs in 2022/23.

3.5 Aerial Appliances

Currently the aerial appliance fleet stands at a total of 5, 4 frontline and 1 reserve, none of which require replacement within the next 3 years

3.6 Ancillary Vehicles

The ancillary fleet of vehicles currently stands at 111 vehicles (99 Cars/Vans/Motorbike, 6 Prime Movers, 1 Bobcat, 1 Coach, 1 Recovery Vehicle, 2 Lorries, 1 Detection Identification Monitoring vehicle) and 21 specialised trailers.

3.7 Following a full review of the ancillary vehicles, the replacement period for cars and vans has now been extended from 7 to 8 years.

3.8 The introduction of 'all electric' ancillary vehicles will be evaluated during 2020 for suitability prior to the planned purchases in 2020/21.

3.9 In Following the UK's exit from the European Union, all imported goods may become subject to Import duties that could impact on the estimated replacement costs reflected in this report

3.10 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
2020/21	3,396
2021/22	2,772
2022/23	2,403

7.2 Funding provision will be required in the 3 Year Capital programme to meet this expenditure as part of the Authority's budget setting process.

BACKGROUND PAPERS

Proposed Vehicle Replacement Programme 2019/20 to 2021/22
Authority Report 18th February 2019.

The contact name for this report is DCFO Wayne Brown.

P LOACH
CHIEF FIRE OFFICER

APPENDIX 1

<u>2020/2021</u>		<u>Estimated Replacement Value</u>
		£'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	25
Car 133	Pool	25
MPV 207	Fire Research Investigation	25
Van 177	Erdington	17
Van 178	Brierley Hill	17
Van 182	Aston	17
Van 183	Dudley	17
Van 190	Fallings Park	17
Van 191	Foleshill	17
Van 210	West Bromwich	17
Van 211	Northfield	17
Van 255	Highgate	17
Van 214	Wolverhampton	17
Van 217	Tettenhall	17
Van 218	Smethwick	17
<u>Previous years slippage</u>		
PMB/G 258	Wednesbury Technical Rescue Unit	80
D-WSU 343	Water Support Unit	50
TRL 230	Road Show Trailer	40
TLR 356	Community Safety Trailer	20
TLR 357	Community Safety Trailer	20
TLR 358	Community Safety Trailer	20
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
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		3,396

APPENDIX 2

<u>2021/2022</u>	<u>Estimated Replacement Value</u>	<u>£'000</u>
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/Car128	Pool Car	23
EST/Car129	Driver Training	23
Van 180	EMS	17
TRL 253	Toilet Trailer	15
TRL 355	Toilet Trailer	15
Estimated Total		2,772

APPENDIX 3

2022/2023

Estimated Replacement Value
£'000

PRLs	6 x £288K	1,728
BRVs	3 x £120K	360
DSV 259	DIM @CDC	55
PMB 204	D1 Training Facility	55
PMB 206	Driver Training	55
PMB/G 252	CDC	50
Est/Car 140	Pool Car	40
TLR 359	Response	20
TLR 360	TEW	20
TLR 364	D1 Training Facility	20
Estimated Total		2,403

WEST MIDLANDS FIRE AND RESCUE AUTHORITY ^{Item 9}

17 FEBRUARY 2020

1. **2020/2021 PROPERTY ASSET MANAGEMENT PLAN**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approve the 2020/2021 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 2020/2021 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 £0.736m would be incurred on planned maintenance of building related assets in 2020/2021.

BACKGROUND PAPERS

Report to the Fire Authority – 18 February 2019

The contact name for this report is DCFO Wayne Brown, telephone number 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

2020/2021 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 2020/2021.

The property related Capital and Revenue Programmes may be subject to change for several 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 and provision of alternative staff and visitor car parking arrangements.

Residential and non-operational buildings

Further investigations will be made into potential disposal opportunities of a block of six flats located on the Kings Norton Fire Station site and a block of terraced houses located at the Perry Barr Fire Station site. The houses at Perry Barr have planning approval to alter their external layout.

Longer term plans regarding other non-operational buildings such as those located at the Erdington, Kings Norton and Bloxwich Fire Station sites require further consideration for their use, such as possible scenario or cold training venues.

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 Grade II listed building. Work has taken place with Architects and Heritage England to develop a sympathetic redevelopment of the site.

The redevelopment consists of a new build Fire Station linked to the old Grade II listed Station building. The refurbishment of the Grade II listed building will provide accommodation for Birmingham City Council's (Aston) Library services and WMFS heritage Museum. It is anticipated that both facilities will provide local communities and distance visitors with great learning environments.

The new build Fire Station is now 'live' and completion of the whole scheme is expected by May 2020.

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 2020/2021 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 IMD 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

It is proposed to redevelop the training facility, increasing the number of burn rooms to enhance the 'hot' fire training experience.

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 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

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 in carbon emissions across all buildings and operations, 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 of sites only.

8. **Community Facilities**

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

The two key property requirements to be considered to ensure the Authority can deliver community fire safety in an effective, targeted manner relate to the provision of appropriate facilities for Fire

Cadets (and other youth related activities) and the provision of facilities to meet the more general needs of the community and community groups

Work continues by the Community Safety Section to assess the current level of property provision to meet the requirements highlighted above. The strategic aim would be to have a provision on all community Fire Stations, but this is not possible due to the layout of existing stations. When designing new or refurbishing stations the provision of community facilities form part of the brief.

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, e.g. general practitioners, in order to meet the widest range of local need.

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 2020/2021 and beyond. WMFS are fully engaged with the West Midlands Police Service (WMPS) and four pilot sites are now occupied by Police neighbourhood services.

During 2020/2021 we will continue to identify further opportunities 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 the City of Wolverhampton who will be moving their Youth Offending Team into the stand-alone building at the Wolverhampton fire station site during 2020.

Furthermore, whilst much work has been done already regarding efficient space utilisation at HQ and Safeside, 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 who will be transferred from their current Highgate Fire Station site to Safeside during 2020.

10. **Specific Actions**

During the current 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 2020/2021 financial year.

- Continue working on partnership arrangements with the West Midlands Police.
- Continued work at Aston on the refurbishment of the Grade II listed building.
- Evaluate space optimisation within West Midlands Fire Service Headquarters, facilitating a move towards a more mobile and flexible working environment.
- Relocation of Occupational Health services from Highgate to Safeside.
- Provide new lecture facility at Highgate Station.
- Refurbishment of Coventry Fire House.
- Provide a new Security office in the reception area of HQ.

- Undertake all planned maintenance work during 2020/2021 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).
- Progress planning for Kings Norton Fire Station site Flats to alter access and dispose.
- Progress potential disposal of terraced houses at the rear of Perry Barr Station.
- Boiler replacements will be undertaken over the next financial year at Oldbury, Smethwick, Tettenhall, and Woodgate Valley Fire Stations. This will further the Authority's efforts in reducing its overall carbon emissions.
- Work closely with energy providers in our continued effort to reduce our carbon footprint and reduce utility costs.
- New appliance bay doors at Fallings Park and Sheldon Fire Stations.
- Rewires at Bickenhill, Billesley and Sheldon Fire Stations.
- Continued replacement of energy efficient lighting at Brierley Hill, Foleshill, Hay Mills and Perry Barr Fire Stations.
- Refurbishment of ablutions at Bickenhill, Bilston, Brierley Hill, Handsworth, Highgate, Ladywood and Walsall.
- Replacement of windows and doors at Dudley, Handsworth, Sheldon, Bilston, Kings Norton, Northfield, Oldbury Fire Stations.
- Fire alarm upgrades at Canley Fire Station.
- Install automated gates at Woodgate Valley Fire Station.

- 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 relating to premises/sites in conjunction with the Emergency Response Planning Team to ensure resilience for the Authority, together with the consideration of enhanced specialist technical rescue response capabilities relating to non-fire emergencies (e.g. flooding, Commonwealth Games arrangements etc.).
- Refine the initial assessment of enhancements required to premises to provide electric vehicle charging facilities, subject to the evaluation of introducing 'all electric' ancillary vehicles contained in the Vehicle Replacement Programme report.
- Continued involvement with HS2 to mitigate the impact of the HS2 railway works to the HQ and Safeside site.

WMFRA Age Profile of Buildings

Building	Construction/ Acquisition Date
Old Aston Fire Station Annex ⁹	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
Aston Fire Station	2019

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
9	Aston Annex Refurbishment	2020

APPENDIX 2

ESTIMATED PLANNED MAINTENANCE REQUIREMENT

Site	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Command Development Centre	£2,300	£1,500	£8,500	£14,450	£7,750
Aldridge	£2,800	£22,400	£25,200	£20,750	£27,000
Aston Station	£1,700	£2,200	£1,700	£2,200	£4,000
Aston Annex	£300	£300	£300	£300	£500
Bickenhill Station	£58,500	£54,800	£4,000	£43,400	£20,700
Bickenhill USAR	£300	£5,300	£9,300	£8,300	£10,500
Billesley	£7,100	£26,600	£49,100	£1,600	£32,300
Bilston	£72,150	£8,200	£4,800	£16,850	£7,300
Binley	£2,150	£30,800	£33,250	£42,900	£2,550
Bloxwich	£4,850	£11,900	£22,950	£32,000	£2,350
Bournbrook	£2,850	£1,400	£11,950	£24,500	£9,750
Brierley Hill	£28,100	£11,600	£9,150	£1,150	£21,350
Canley	£22,300	£33,650	£32,300	£11,750	£38,000
Coventry	£3,300	£3,300	£3,300	£3,300	£3,500
Dudley	£1,700	£1,700	£24,700	£36,700	£21,900
Erdington	£6,300	£25,300	£14,300	£17,300	£42,000
Fallings Park	£34,550	£16,100	£13,000	£27,200	£3,400
Foleshill	£17,100	£59,600	£32,800	£41,650	£48,000
Handsworth	£33,800	£33,850	£20,900	£13,950	£34,000
Hay Mills Station	£32,800	£45,800	£14,800	£42,500	£1,500
Hay Mills Annex	£16,300	£37,300	£26,800	£11,800	£1,500
Haden Cross	£7,600	£1,900	£13,100	£1,900	£1,150
Headquarters	£14,800	£4,850	£17,100	£97,950	£57,500
Highgate Station	£38,500	£22,250	£4,500	£2,300	£55,850
Highgate Annex	£300	£15,300	£13,300	£8,300	£500
Kings Norton	£43,600	£17,650	£24,700	£25,250	£2,500
Ladywood	£8,900	£2,800	£27,900	£1,400	£1,100
Northfield	£4,250	£38,900	£16,350	£2,100	£5,650
Oldbury Station	£3,800	£7,600	£41,450	£15,800	£1,750
Oldbury Annex	£21,800	£2,200	£18,300	£27,300	£500
Oldbury Fire House	£45,650	£44,000	£47,050	£45,600	£51,150
Perry Barr	£26,050	£2,550	£2,600	£21,550	£32,950
Sheldon	£42,100	£33,650	£15,200	£23,250	£14,100

Site	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Smethwick	£82,900	£55,050	£11,200	£3,350	£3,700
Solihull Station	£4,300	£32,800	£18,800	£15,300	£61,500
Solihull Annex	£300	£1,300	£300	£1,300	£10,000
Stourbridge	£5,700	£7,700	£25,250	£47,300	£2,500
Sutton	£6,800	£31,300	£20,300	£22,800	£10,000
Tettenhall	£22,100	£2,100	£16,100	£37,100	£64,250
Tipton	£4,900	£45,500	£16,900	£17,600	£8,200
Walsall	£65,800	£14,850	£22,850	£2,900	£10,250
Ward End	£18,500	£12,850	£39,500	£4,950	£34,000
Wednesbury	£7,800	£55,350	£3,900	£2,950	£28,000
West Bromwich	£2,650	£18,050	£13,150	£21,200	£19,200
Willenhall	£2,100	£34,150	£12,200	£17,250	£42,250
Wolverhampton Station	£15,100	£7,600	£41,700	£24,700	£2,750
Wolverhampton Annex	£1,500	£1,500	£11,500	£4,500	£1,800
Woodgate Valley	£56,300	£9,300	£62,300	£21,300	£24,000
Workshops	£24,550	£1,600	£21,650	£21,700	£22,000
Perry Barr-Residential	£1,600	£1,650	£1,650	£1,700	£1,750
Kings Norton-Residential	£0	£0	£0	£0	£0
Bloxwich-Residential	£700	£700	£700	£700	£1,000
Erdington-Residential	£300	£300	£300	£300	£500
Harborne-Residential	£0	£0	£0	£0	£0
Total Spend	£932,500	£960,900	£944,900	£956,150	£912,200

Boilers	£245,000	£0	£0	£83,500	£100,000
Rewires	£109,500	£192,000	£129,000	£236,000	£267,000
Roof	£87,000	£300,000	£165,000	£50,000	£835,000
Windows & Doors	£294,000	£175,000	£105,000	£150,000	£140,000
Other (Above)	£932,500	£960,900	£944,900	£956,150	£912,200
TOTAL FORECAST SPEND	£1,668,000	£1,627,900	£1,343,900	£1,475,650	£2,254,200
TOTAL BUDGET AVAILABLE	£1,668,000	£1,627,900	£1,343,900	£1,475,650	£1,485,150
Provisional Surplus(+)/Deficit(-)	£0	£0	£0	£0	-£769,050

2019/2020 Key Activities

During 2019/2020 significant Estates related works were successfully carried out across the property portfolio. Below is a list of some key achievements.

- Aston new build station completed and operational.
- Completion of an enhanced meeting/conferencing facility within HQ.
- Established four pilot locations for collaborative working with neighbourhood Policing teams (Billesley, Haden Cross, Kings Norton & Northfield).
- Re-roof Sutton and Hay Mills Fire Stations.
- Window and external door replacements at Erdington and Handsworth Fire Stations.
- Boiler replacement at Handsworth Fire Station, furthering the Authority's efforts in reducing overall carbon emissions.
- Refurbishment of ablutions at eleven sites.
- Automated gates installed at Fallings Park, Wednesbury and West Bromwich Fire Stations.
- Replaced UPS batteries at Safeside.
- New appliance bay doors fitted at Ward End Fire Station.
- Fire alarm upgrades at Binley, Foleshill and Solihull Fire Stations.
- 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 and Safeside.
- Continued upgrading of lighting to energy efficient LED systems at Binley, Canley, Solihull Annexe, Fallings Park, Brierley Hill Fire Stations and HQ.
- Agreed Heads of Terms with City of Wolverhampton to occupy the former Fire Safety building at the Wolverhampton Fire Station site.

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

17 FEBRUARY 2020

1. **PROCUREMENT PROCEDURES POLICY**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approve the revised Procurement Procedures Policy attached as Appendix 1.

2. **PURPOSE OF REPORT**

This report is submitted to Members to seek approval to amend Policy 1/8 Procurement Procedures.

3. **BACKGROUND**

3.1 The Policy has been reviewed as part of the three-year review process. The main changes are:

- Remove references to the Procurement Manual (throughout document) compliance with data protection legislation (6.1).
- Quotations above £25,000 to be processed by Corporate Procurement supported by Service Support Administration (6.4).
- Requirement for 3 quotations limit increased from £3,000 to £5,000 (6.4)
- Approval limit of Corporate Procurement Manager increased from £50,000 to £100,000 (6.4 and throughout document)
- Standing Order 01/06 incorporated within this document.
- Retention of documents (throughout document).
- Approval levels amended from various levels (£2,500 to £10,000) to £25,000 for all Budget Holders (6.4 and throughout document).
- Compliance with Off Payment Working Regulations (6.5 & 6.6).
- Include section on managing contracts (6.9.6).

Ref. AU/2020/Feb/20801201

- Include use of e-tendering system for contracts above £10,000 (6.14).
- This provision for Facilities Management to award contacts for emergency building works, value increased from £5,000 to £7,500 (6.14).
- Include new section on disposals (6.17).
- Standing Order 01/21 Overseas Aid incorporated (6.18).

Any proposed approval level increases are within existing Officer delegation limits.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment was carried out.

5. **LEGAL IMPLICATIONS**

The review of this Policy complies with the Public Contract Regulations 2015 in which Fire and Rescue Authorities are defined as Contracting Authorities.

6. **FINANCIAL IMPLICATIONS**

There are no financial implications as a result of the course of action recommended.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications as a result of the course of action recommended.

BACKGROUND PAPERS

Public Contract Regulations 2015.

The contact name for this report is DCFO Wayne Brown - Telephone Number - 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

Ref. AU/2020/Feb/20801201

WEST MIDLANDS FIRE SERVICE PROCUREMENT PROCEDURES

Item 10

1. **STRATEGY**

It is the strategy of West Midlands Fire and Rescue Authority (WMFRA) that all expenditure or income, incurred or received, in relation to any contract into which the Service enters, shall be processed in accordance with this policy and the Authority's Financial Regulations. The aim is to ensure a consistent value for money approach to procurement in all areas of activity, in a way that maintains public accountability and complies with all UK and EU Procurement Legislation and minimises the risk of any allegations of fraud or malpractice.

When letting a contract, its monetary value and strategic importance shall determine the appropriate course of action in accordance with the WMFRA Procurement Procedures. All procurements, no matter of value, must follow the EU Treaty principles of Equal Treatment, Non-discrimination, Mutual Recognition, Proportionality and Transparency.

All procedural matters set out in the Procurement policy shall be subject to audit by the Authority's internal and external auditors.

It is a mandatory Government requirement that all expenditure by the Authority in excess of £5,000 is published on the Authority's internet site and this can lead to the submission of Freedom of Information requests. It is therefore vital that suitable records of all expenditure are maintained for this as well as audit purposes.

The Procurement Policy must be complied with on all occasions.

The procurement of all ICT goods and services must be secured via ICT and must not be purchased directly.

2. **AIMS/PURPOSE**

The purpose of this policy is to provide the procedure and guidance for awarding contracts on behalf of the Authority.

3. **SCOPE**

This policy applies to capital and revenue expenditure. It shall also apply in respect of income, excluding income obtained from external funding, partnerships, sponsorship, or any special funding obtained as part of a bidding process.

These procedures will also apply to any tendering activity that is carried out by West Midlands Fire Service Business Safety Limited (currently dormant).

4. **DEFINITIONS**

'Asset': An item with a cash value

'Authority': West Midlands Fire and Rescue Authority (WMFRA)

'Budget Holder': The person or persons authorised to incur expenditure in accordance with the estimates that make up a budget.

'Central Purchasing Team': the team responsible for sourcing and converting non-catalogue requisitions into Purchase Orders (including supplier selection) plus resolving invoice issues.

'Contract': an agreement between two or more competent parties for the provision of goods, services or works. Some contracts are required to be in writing in order to be enforced.

'Contract manager': member of Corporate Procurement who will support with the award and management of contracts.

'Contract management': The management of contracts and suppliers to mitigate risk and ensure ongoing value for money for the organisation.

'Contract value': the total sum for the whole period of the contract excluding VAT.

'Corporate Procurement': The central procurement section charged with providing strategic direction and advice to secure value for money on all procurement matters. The Corporate Procurement Manager is in charge of this section under the Strategic Enabler - Finance and Resources.

'E-Tending Portal': an e-Tendering System (or Electronic Tendering System) facilitates the complete tendering process from the advertising of the requirement through to the placing of the contract.

'EU Threshold': the contract value at which the EU Procurement Directives apply.

'Evaluation Criteria': clear details of what criteria will be used to evaluate the tender and how it will be scored.

'Financial Regulations': The financial regulations outlining employee responsibilities for financial matters and issued by the Strategic Enabler - Finance and Resources.

'Formal quotations': An offer to provide goods, services or works, with a value exceeding £25,000, in writing, using the Authority's quotation documentation, as provided by Corporate Procurement.

'Formal tenders': An offer to provide goods, services or works, with a value exceeding £100,000, in writing, using the documentation for the completion of tenders as provided by Corporate Procurement.

'Framework agreement': An arrangement set up by the Authority or a third party organisation for the procurement of specific goods, services or works on agreed terms with agreed supplier(s) that may be utilised by other organisations as specified in the contractual agreement.

'Lots': The parts into which a procurement of supplies, works or services might be divided.

'Most economically advantageous tender': Represents value for money when assessing both quality and cost. This should be used as the basis to assess more complex tenders that are high risk or above £25,000 in value.

'Service Support Administration': the section charged with the responsibility for dispatching, opening and registering formal quotations and tenders and notifying the successful supplier of the Authority's intention to award. This section is also responsible for the retention of all documentation relating to formal quotations and tenders.

'Social Value': a measure of outcomes and benefits from any activity that tackles social problems, improves people's lives, communities or the environment.

'Spending Officer': an employee of WMFS who has a requirement for goods, services or works to be purchased from a third party in order to support the activities of West Midlands Fire Service.

'Specification': a detailed description of the characteristics of a commodity or service required or desired.

'Supplier': a person, firm, company or organisation supplying, tendering or quoting for goods, services or works. May also be known as a contractor or service provider.

'Whole life costs': all costs associated with the acquisition, use, maintenance and disposal of the good(s) being purchased.

5. **RESPONSIBILITY**

Any employee of WMFS with a pecuniary or other interest in any contract let by the Authority must, whether or not they have been directly involved in the award of such a contract, submit a report to the Team Leader, Service Support Administration detailing the nature of their interest.

Service Support Administration will maintain a register of pecuniary interests for inspection by auditors and will verify annually that any declared interests are still current.

Employees should not let personal or private interests affect their judgement of the public interest. Members of the Authority and employees should treat these non-pecuniary interests on the same basis as the law requires them to treat pecuniary interests. Members' interests shall be registered by the Clerk to the Authority.

Employees should ensure that hospitality given or received in connection with their appropriate duties can always be justified in the public interest. Similarly, gifts should not be accepted, the only exception being items of a very minor complimentary or token nature which could in no way be construed as offering financial or other material inducement (see 0122 Anti-Fraud Corruption and Bribery Policy Anti-Fraud Corruption and Bribery Policy for further guidance).

It is the Budget Holders responsibility to ensure funding is available before any procurement exercise is undertaken.

6. **PROCEDURES**

6.1 Letting contracts

The letting of all contracts shall comply with any UK legislation and/or any overriding requirement of the European Union.

Financial provision must exist within the approved budgets; if it does not, a report should be submitted to the Strategic Enabler - Finance and Resources for them to consider the issue.

Spending Officers shall ensure that a purchase order is raised for the provision of all goods, services or works.

Spending Officers must determine whether there is an existing contract already in place for the goods, services or works to be purchased. This information can be obtained from the contracts database by contacting Corporate Procurement.

Spending Officers must ensure they protect the interests of the Authority and it may be appropriate to enter into a legally binding contract irrespective of the level of expenditure. Clarification can be sought from the Corporate Procurement Manager before signing any contract.

In obtaining quotations and tenders, Spending Officers must ensure that (where possible) the appropriate levels of quality and social value are specified and when considering quotations and tenders, that outcomes are evaluated on a comparable basis.

In respect of income, this Procurement Policy and values shall apply, for example, for the disposal of assets.

When any employee either of the Authority or of a service provider may be affected by any transfer arrangement, Spending Officers must ensure that the Transfer of Undertaking (Protection of Employment) (TUPE) issues are considered and obtain advice from People Support Services and Corporate Procurement before proceeding with inviting quotations or tenders.

Where any personal data is shared as part of a contract, applicable data protection legislation (including General Data Protection Regulation (GDPR) and Data Protection Act 2018) makes it mandatory for data controllers to include specific provisions relating to data protection in their contracts. Corporate Procurement or Data Management should be contacted for details.

6.2 Use of other public sector contracts or Framework agreements

Where it is considered advantageous to make use of the contracts or Framework agreements awarded by other Public Sector Organisations, for example, Crown Commercial Services (CCS), or other Fire Authorities, the Spending Officer must ensure that they offer value for money.

A contract may be awarded to another Contracting Authority (e.g. Local Authority, Fire and Rescue Service) where the contract establishes or implements a co-operation between the participating contracting authorities, with the aim of ensuring that the public services they have to perform are provided with a view to achieving objectives they have in common and the implementation of that co-operation is governed solely by considerations relating to the public interest.

Advice should be sought from the Corporate Procurement Manager before using any such contracts or Framework agreements.

6.3 Monetary limits

All reference to monetary limits included in this policy shall be deemed to exclude value added tax applicable to the contract, levied by the Government, for the time being in force.

For the purpose of applying the monetary limits throughout this Procurement Policy, the appropriate estimated value shall be the contract value. Values (or estimated values) used in the operation of this policy will normally be the total value of the goods and services supplied.

However, where a series of purchases are made for the same or similar purpose, then the value will be the aggregated value (or estimated value) of the purchases made within any single contract or period of 12 consecutive months or financial year and should take into account, where possible, the changes in quantity or value which would occur in the course of the 12 months following the initial contract.

The aggregate contract value must also take into account both capital and revenue expenditure during the life of the contract, for example, the purchase of a software package may also include ongoing annual support and training. All of these costs must be aggregated to arrive at the total contract value where it is to be included in the same quotation or tender exercise.

In the case of innovation partnerships, the value to be taken into consideration shall be the maximum estimated value of the research and development activities to take place during all stages of the envisaged partnership as well as for the supplies, services or works to be developed and procured at the end of the envisaged partnership.

Requirements must not be artificially divided to make two or more orders of a lower value to avoid the requirement to obtain quotations or tenders.

In the event that the contract value exceeds the EU threshold the contract should be awarded in lots where appropriate. A lot can be a specific geographical area or subject category e.g. goods and training. Where the contract value exceeds the EU threshold and is not divided into lots an audit trail of the reasons must be submitted to the Strategic Enabler - Finance and Resources. Corporate Procurement should also be contacted for advice in this instance.

6.4 Contract value guidance

The procurement process adopted is dependent on the value of the purchase. Please refer to the table below to determine the process to be adopted and refer to the appropriate section within this order to obtain guidance.

If an existing contract or framework agreement is not in place, the appropriate procedure shall be followed as detailed in the table below:

Value of purchase (contract value)	Procurement process	Approval Required	Procedure
Under £5,000	Obtain three quotations if appropriate.	If lowest quote, accept. If you wish to accept other than the lowest quote, the reasons and justification must be recorded and retained by Spending Officer. Approval by Budget Holder	Section 6.5
£5,000 - £24,999	Three written quotations. Where the estimated contract value exceeds £10,000 quotations must be invited by using the e-tendering system	As above	Section 6.6
£25,000 up to £99,999	Formal quotations from at least three suppliers processed through Corporate Procurement. Prior to tender exercise commencing authorisation is required from the budget holder to confirm funding is available	Spending Officer must submit written report to the Corporate Procurement Manager. A copy of the report and approval must be saved with the contract documentation	Section 6.7
£100,000 – E U Threshold	Formal tenders from at least three suppliers processed through Corporate Procurement	Spending Officer must submit written report to the Strategic Enabler - Finance and Resources to obtain approval prior to acceptance or in his or her absence refer to a Brigade Manager. Such approval will be subject to: a) The contract being awarded to the supplier submitting the most economically advantageous tender b) The value of the contract being within identified funding provisions If either of the above criteria are not met, a report must be submitted to the Fire Authority for consideration prior to the award of the contract.	Section 6.8
Goods or services in excess of £189,330* Works or construction in excess of £4,733,252*	Formal tender (in accordance with EU Legislation).	As, £100,000 to the EU threshold, above	Section 6.8

The Strategic Enabler - Finance and Resources shall review all monetary limits (with the exception of the EU Thresholds) shown in this policy annually and any resulting amendments shall be reported to the Authority.

*European Public Procurement Thresholds

For the procurement of goods and services the expenditure threshold value is €214,000 Euros or £189,330.

For construction the expenditure threshold value is €5,350,000 Euros or £4,733,252.

These limits are applicable for the period 1st January 2020 to 31st December 2021.

6.5 Contracts valued at under £5,000

This section shall apply to contracts for the provision of goods, services or works where the estimated contract value is below £5,000 and there is no existing contract in place. This is to be treated as a one-off non-recurring expenditure.

Due regard should be given to the desirability of securing competition in appropriate cases and, in so doing, Spending Officers must take steps to obtain the best value for money and be prepared to justify the method of selection of the supplier.

Where considered appropriate, a minimum of three verbal or written quotations must be recorded and documentation retained locally for one year to the end of the following financial year. In circumstances where three quotations have not been obtained, the reasons to justify the method of selection shall be recorded for audit purposes.

Examples of cases where it may not be considered appropriate to obtain 3 verbal or written quotations are as follows:

- security works;
- health and safety works;
- operational impact;
- specialist works;
- Contract valued under £1,000; and
- proprietary item(s).

Reference should also be made to the special exemptions detailed in section 6.14 of this policy.

Spending Officers must not disclose the contents and value of quotations between competing suppliers.

“Off-payroll working in the public sector” moves the responsibility for deciding if the off-payroll rules for engagements in the public sector transfer from an individual worker’s intermediary to the public authority, agency, or third party paying the intermediary.

The measure makes that public authority, agency, or third party responsible for deducting and paying the associated employment taxes and NICS to HM Revenue and Customs (HRMC).

6.6 Written quotations (contracts valued between £5,000 and £24,999)

This section shall apply to contracts for the provision of goods, services or works where the estimated contract value is between £5,000 and £24,999 and there is no existing contract or framework agreement in place.

Where practically possible quotations should be evaluated based on quality, social value and price.

Where the estimated cost exceeds the sum of £10,000 Spending Officers should obtain at least three written quotations. The Administration Team will arrange for the documents to be uploaded on the Authority's e-tendering system and for the quotations to be opened as soon as possible after the closing date.

Where the Spending Officer has endeavoured to obtain three quotations and fewer than three were received, the reasons why must be justified and approved by the Corporate Procurement Manager. In the event of only one quotation being received the Corporate Procurement Manager may request that additional bids are obtained.

However, if the Spending Officer wishes to accept an offer from one of the bidder(s) then the reasons and justification must be incorporated into a report to be submitted to the Corporate Procurement Manager.

If the Spending Officer wishes to accept other than the lowest quote a report must be submitted to the Corporate Procurement Manager to obtain approval prior to acceptance.

Spending Officers wishing to enter into a contract where there is deemed to be a 'special exemption' (as detailed in section 6.14 of this policy), must obtain prior approval from the Corporate Procurement Manager.

The Spending Officer must contact the Central Purchasing Team to place a Purchase Order.

All associated documentation is to be retained within the section of the Spending Officer for six years from the date the contract expires.

"Off-payroll working in the public sector" moves the responsibility for deciding if the off-payroll rules for engagements in the public sector apply from an individual worker's intermediary to the public authority, agency, or third party paying the intermediary. The measure makes that public authority, agency, or third party responsible for deducting and paying the associated employment taxes and NICS to HM Revenue and Customs (HRMC).

6.7 Formal quotations (contracts valued between £25,000 and £99,999)

In the case of contracts with an estimated value between £25,000 and £99,999, formal quotations must be processed via Corporate Procurement.

The involvement and approval of Corporate Procurement is required on all occasions for contracts with an estimated value that exceeds £25,000.

Spending Officers must submit the following information to Corporate Procurement:-

- The name and contact details of the Spending Officer

- a completed specification, including social value requirements;
- a note of any special conditions that will apply;
- evaluation criteria, e.g. minimum (pass/fail) criteria plus quality questions
- completion or delivery date
- a list of suppliers (minimum of three) from which quotations are to be invited;
- an estimate of the predicted contract value, and
- the proposed closing date for quotations (this should be a minimum of 2 weeks from the date the quotation is dispatched and the date must not fall on a weekend or public bank holiday).

The quotation request must be submitted to Corporate Procurement at least two weeks prior to the quotation despatch date the Authority's e-tendering system will be used for this purpose. Corporate Procurement upload the documents and arrange for quotations to be opened as soon as possible after the closing date. Late bids will be automatically rejected by the e-tendering system.

The quotations will be opened by the Team Leader, Service Support Administration or their nominated representative;

The quotations will then be forwarded to both Corporate Procurement and the appropriate Spending Officer to evaluate quality, social value and cost and to submit a report to the Corporate Procurement Manager detailing their recommendations and requesting approval to proceed.

Where the Spending Officer has endeavoured to obtain three quotations and where fewer than three were received, the reasons why must be justified and approved by the Corporate Procurement Manager. In the event of only one quotation being received the Corporate Procurement Manager may request that additional bids are obtained.

Where examination of a quote reveals:

- any manifest error or ambiguity (such as an obvious arithmetical error in the total cost) that can readily be clarified, the supplier shall be given the opportunity to clarify their quotation and confirm this in writing;
- an abnormally low quote, the Contract Manger shall ask the supplier to confirm the details of the costing or withdraw their offer;
- that the offer requires clarification, the Contract Manager shall contact the supplier to seek clarification; and
- an arithmetical error, subject to the prior approval of the Strategic Enabler - Finance and Resources or an officer designated by him or her, the necessary correction shall be notified to the supplier in writing who shall within seven days from receipt of such notice either confirm their quote in writing as corrected or withdraw it.

The Contract Manager, on behalf of the Spending Officer, will submit a recommendation to the Corporate Procurement Manager for approval to award. The Contract Manager will send successful and regret letters to the suppliers as appropriate.

Service Support Administration will retain a copy of all relevant documents, for audit purposes, for a period of six years from the date the contract expires. The

Spending Officer must then contact Corporate Procurement to place a Purchase Order.

6.8 Formal tenders (contracts valued in excess of £100,000)

For any contract for the provision of goods, services or works where the estimated contract value exceeds £100,000, a sourcing strategy shall be agreed between the Spending Officer and Corporate Procurement. Formal tenders must be processed via Corporate Procurement.

Prior to commencing a procurement process with a value in excess of £250,000 a report must be submitted to the Fire Authority detailing the rationale for the forthcoming tender exercise and must include the proposed route to market and funding provisions. Corporate Procurement is responsible for collating and submitting these reports.

6.8.1 EU Directives

The EU Procurement Directives set out the legal framework for public procurement. They apply when public authorities and utilities seek to acquire goods, services, civil engineering or building works. They set out procedures which must be followed before awarding a contract when its value exceeds the published thresholds. They are incorporated into UK law by the Public Contract Regulations 2015 and amendments.

It is necessary to advertise in the Official Journal of the European Union (OJEU) in the case of contracts to which the Regulations apply. To confirm whether a contract necessitates advertising, Spending Officers shall contact Corporate Procurement to seek advice prior to processing any tender.

Any contract for the provision of goods or services for which the estimated contract value exceeds the limits stated in 6.7 (formal tender in accordance with EU legislation) must be advertised in the OJEU irrespective of the method of letting the contract.

It should be noted that the contract value is the total estimated value over the whole of the contract life including any extension options and includes both capital and revenue expenditure that is to be included in the same tender exercise.

The OJEU threshold values are applicable to 'public contracts' and are revised every two years.

The Authority is also required to consider the provisions of the Public Services (Social Value) Act 2012 for any service contracts that are above the EU financial threshold. The main aim of this Act is to ensure that public bodies consider how the services that they are commissioning and procuring might improve the economic, social and environmental well-being of the area in which the services will operate.

All OJEU notices shall be placed by Corporate Procurement who will also provide advice in this regard.

General guidance regarding EU Procurement Rules and the requirements of the Social Value Act 2012 can be obtained from Corporate Procurement.

6.8.2 The tendering process

The sourcing strategy shall encompass the tendering process, which may be by:

- competitive tendering
- further competition or direct award under a framework agreement
- competitive dialogue
- E-auction

6.8.3 Public advertisement

A public advertisement is required for all contracts over £100,000 except when a Framework Agreement is being utilised.

Methods of advertisement may include:

- Official Journal of the European Union (OJEU) - mandatory when value exceeds EU Thresholds;
- Contracts Finder – mandatory for all contracts advertised
- Other specialist publications or trade journals.

All such advertisements will be placed via Corporate Procurement, who will advise on the content.

Advertisements must provide information regarding the nature of goods, services or works being tendered and the minimum capabilities required from a supplier e.g. technical capacity, financial stability, insurance cover, relevant contract experience, etc. The advertisement will also disclose the scoring criteria and the closing date.

All documentation shall be available to download from the Authority's e-tendering portal.

A Prior Information Notice (PIN), if required, can be published 12 months in advance of the procurement. The PIN shortens the timescales for the procurement exercise and means that no further advertising of the procurement needs to be carried out.

6.8.4 Invitation to tender

Short listing following public advertisement and pre-qualification exercise (Restricted Procedure):

The restricted procedure is not to be used for contracts under the EU Threshold.

If it is intended that after public advertisement a shortlist of suppliers will be compiled, then the procedure below must be followed:

- A minimum of 30 days' public notice should be given using one or more of the advertising methods mentioned in section 6.8.3 above. The wording of any advertisement must clearly indicate that a select list of potential suppliers will be compiled.
- All such advertisements will be placed by Corporate Procurement who will advise on the content.
- A selection questionnaire (SQ) will be produced by Corporate Procurement in conjunction with the appropriate Spending Officer and will be available

for all interested firms to download from the Authority's e-tendering portal on same day the EU notice is published.

The purpose of the SQ is to assess whether potential suppliers can meet minimum criteria in the following areas:

- economic and financial standing including insurance cover;
- technical ability and capacity;
- health and safety (where applicable);
- equality & diversity (where applicable);
- sustainability (where applicable);

All adverts and the contract notice shall indicate the objective and non-discriminatory criteria or rules that apply, the minimum number of suppliers to be invited to tender and, where applicable the maximum number. The minimum number of suppliers shall be no less than 5. Only suppliers that meet the minimum criteria can be invited to tender.

All tender documentation (e.g. Invitation to Tender (ITT), specifications, drawings, evaluation criteria etc) must be made available electronically from the date of publication of the OJEU notice (or Contracts Finder advert).

Completed questionnaires must be evaluated by the appropriate Spending Officer in conjunction with Corporate Procurement (and other stakeholders as appropriate) against the above mentioned and pre-determined criteria. Corporate Procurement or Service Support Administration, if advised by Corporate Procurement, will notify any applicants that are excluded with the reasons why.

Any appeal by an unsuccessful applicant or request for further details of the reason for exclusion must be handled by Corporate Procurement in conjunction with the Spending Officer.

If there are fewer than five persons who have expressed an interest or who meet the minimum pre-qualification criteria, then the written approval of the Strategic Enabler - Finance and Resources must be sought, prior to inviting tenders.

From April 2017 all Contracting Authorities must accept a European Single Procurement Document (ESPD) from a supplier as proof that the supplier meets the mandatory and discretionary criteria for the procurement.

6.8.5 Open procedure

If the contract value is below the EU threshold or it is not intended to shortlist following public advertisement, then the procedure below must be followed:

- A minimum of 30 days' public notice should be given using one or more of the advertising methods mentioned in section 6.8.3 above.
- All such advertisements will be placed by Corporate Procurement who will advise on the content.
- An invitation to tender (ITT) will be produced by Corporate Procurement in conjunction with the appropriate Spending Officer and will be available for all interested suppliers to download from the e-Tendering system.

- The ITT will include selection and award sections with detailed scoring criteria. All suppliers passing mandatory selection questions will go through to the award section.
- The timescales for conducting an open tender process for an EU tender exercise are prescribed within the EU Procurement Directives and Corporate Procurement must be contacted for advice in this instance.
- The process for the receipt of tenders will be handled by Service Support Administration via the e-tendering system.
- Completed tenders must be evaluated by the appropriate Spending Officer in conjunction with Corporate Procurement (and other stakeholders as appropriate) against the criteria detailed in the ITT.

6.8.6 Developing the invitation to tender (ITT)

All tender documentation must be developed in conjunction with Corporate Procurement and should include:

- a specification of the goods, services or works that describes the Authority's requirements in sufficient detail;
- the schedule of rates or pricing schedule;
- the terms and conditions of payment;
- the contract period or time within which the contract is to be performed (including any extension options);
- the basis (minimum criteria plus lowest whole life cost or most economically advantageous tender) on which the tenders will be evaluated;
- the evaluation criteria (mandatory and discretionary) against which the tenders will be evaluated (including weightings);
- the conditions of contract or specimen contractual agreement (advice should be sought from Corporate Procurement regarding suitable conditions of contract); and
- the statement that the Authority does not bind itself to accept the lowest or any tender and will not be responsible for any costs incurred by suppliers associated with the preparation of their tender.

Unless otherwise agreed, the formal advice of the Corporate Procurement Manager must be sought for the following types of tenders or contracts:

- where the total value exceeds £100,000;
- those involving leasing arrangements;
- where it proposed to use a supplier's own terms and conditions;
- those involving the purchase of ICT hardware and/or application software (Note: The strategic head of ICT should also be informed of these types of contracts).
- any tenders that may be let using an e-auction.

6.8.6.1 Developing specifications

The Authority may conduct market consultations prior to preparing the specification and should inform the market of their plans. Any decisions made from the engagement should not distort competition or result in a violation of

the principles of non-discrimination and transparency. A record of any market consultations must be kept with the tender records. Where a supplier or a third party related to a supplier has been involved in a pre-market consultation exercise, the Authority must ensure that it takes appropriate measures to ensure that competition is not distorted by the participation of that supplier in the procurement process.

Specifications should set out the characteristics and quantity of the goods, service or works to be purchased to enable the supplier to determine and understand that which is to be supplied. This information can be in the form of a description of the physical, functional or performance characteristics. It can include a description of any requirement for inspecting, testing or preparing a material, equipment, supplies, social value or service for delivery.

The Spending Officer must ascertain the relevant British, European or International Standards which are necessary to describe the required quality.

The Authority is permitted to request specific labels when procuring goods, services or works with the specific (relevant) social or environmental characteristics linked to the subject matter of the procurement as long as the label requested is objectively verifiable, established in an open and transparent manner and accessible to all interested parties e.g. Fairtrade.

To comply with the EU Directives the use of brand or trade names must be avoided where possible when describing products. Alternatively, the words 'or equivalent and approved' must also be included.

Specifications must not be written to discourage competition regardless of the contract value.

6.8.6.2 Developing the tender evaluation criteria

Under the EU Regulations, there is an obligation to state the criterion and sub-criterion on which the tenders will be evaluated in addition to the relative weighting given to each criterion. The criterion should be split into quality, social value and cost, with a minimum of 5% being allocated to social value. Although this is not a mandatory requirement for contracts that are valued below the EU Thresholds it is still considered best practice to follow this same procedure when developing the evaluation criteria.

Tender evaluation criteria and their relevant weightings should be determined and agreed prior to the invitation of tenders and must be published in either the tender advertisement or the tender documentation.

The criteria for awarding contracts shall be most economically advantageous tender (MEAT).

Tender shall be evaluated on the basis of the price or cost, using a cost-effectiveness approach, such as life-cycle costing in accordance with regulation 68 of the Public Contract Regulations 2015, and criteria, such as qualitative, environmental and/or social aspects, linked to the subject-matter of the public contract in question.

Such criteria may comprise, for example -

- quality, including technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental and innovative characteristics and trading and its conditions;
- organisation, qualification and experience of staff assigned to performing the contract, where the quality of the staff assigned can have a significant impact on the level of performance of the contract; or
- after-sales service and technical assistance, delivery conditions such as delivery date, delivery process and delivery period or period of completion.
- Evaluation criteria must not include:
 - non-commercial considerations;
 - matters which discriminate against suppliers from the European Economic Area or signatories to the Government Procurement Agreement, for example, giving preference to local or UK based suppliers;
 - anything that contravenes the EU Treaty principles of equal treatment, non-discrimination, mutual recognition, proportionality and transparency;
 - criteria that has already been applied as part of the pre-qualification process

Once the tender documentation is complete the Spending Officer should forward it to Corporate Procurement, who will upload the tender documents on the e-tendering system.

6.8.7 Submission, opening and registration of formal tenders

Where the procurement falls above the EU Threshold then specific tendering time periods must be adhered to (refer to the guidance in the Procurement Manual and seek advice from Corporate Procurement).

For tenders below the EU Threshold, suppliers must be given an adequate period of time in which to prepare and submit a proper tender which is consistent with the complexity of the contract requirement.

Normally a minimum of 30 days must be allowed for the submission of tenders following despatch.

All communications in relation to tender correspondence must be issued, returned and opened via Service Support Administration on behalf of Corporate Procurement using the e-tendering portal.

Service Support Administration will ensure that all tenders are opened at the same time, as soon as possible after the closing date and time. Late bids will automatically be rejected by the e-tendering system.

The tenders will be opened by the Team Leader, Service Support Administration or their representative.

The tenders will then be forwarded to Corporate Procurement and the appropriate Spending Officer for evaluation.

Where the Spending Officer has endeavoured to obtain three tenders and where fewer than three were received (or five when using the Restricted process), the reasons why must be justified and approved by the Strategic Enabler - Finance and Resources. In the event of only one tender being received the Corporate

Procurement Manager may request that additional bids are obtained and that the tender exercise is repeated.

6.8.8 Tender evaluation

Tenders shall be evaluated to assess how requirements will be met and to ensure that consideration has been given to the cost, social value and quality of the solutions offered. Evaluations shall be carried out by the Spending Officer and Corporate Procurement following receipt of completed tenders.

Evaluations shall be carried out in an open and transparent manner ensuring that all tenders submitted are treated equally.

All completed tenders shall be evaluated against the assessment or award criteria as set out in the invitation to tender documentation.

Where the examination of a tender reveals:

- any manifest error or ambiguity (such as an obvious arithmetical error) that can readily be clarified, the supplier shall be given the opportunity to clarify their tender and confirm this in writing;
- that the offer requires clarification, Corporate Procurement shall contact the supplier to seek clarification via the e-tendering portal; and
- an arithmetical error, subject to the prior approval of the Strategic Enabler – Finance and Resources or an officer designated by him or her, the necessary correction shall be notified to the supplier in writing who shall within seven days from receipt of such notice either confirm their tender in writing as corrected or withdraw it.

6.8.9 Acceptance of quotations and tenders

The Spending Officer must submit a written report to the Strategic Enabler - Finance and Resources to obtain approval prior to acceptance or in his or her absence a Brigade Manager. Such approval will be subject to:

- a) The contract being awarded to the supplier submitting the most economically advantageous tender
- b) The value of the contract being within identified funding provisions

If either of the above criteria are not met, a report must be submitted to the Fire Authority meeting for consideration prior to the award of the contract.

A report would also be submitted to the Fire Authority prior to the award of a contract if such a requirement was indicated by Members following receipt of the pre tender report (see section 6.8).

As a minimum this report must include the following information:

- title or details of the contract;
- date tenders were opened;
- details of recommended supplier;
- period of contract (including any extension options);
- value of the contract;
- whether the award is within the approved budget;
- social value benefits
- any other relevant information, for example, savings or efficiency gains.

A retrospective twice yearly Summary Report must be submitted to the Fire Authority for information only for contract awards in excess of £250,000. This will be produced by Corporate Procurement in conjunction with the Spending Officer(s).

In respect of contracts in excess of the EU Threshold the 'mandatory standstill period' must not be undertaken prior to submitting a report to the Strategic Enabler - Finance and Resources or the Fire Authority.

Once approved, a copy of the report, approval and all tenders received must be retained for as follows:

- Unsuccessful tender submissions may be disposed of 12 months after contract award.
- Successful tenders should be retained for a period of six years after expiry of the contract unless the contract is under seal.
- Documents under seal should be retained for a period of 12 years after contract expiry.

6.9 Award of contracts and notification of suppliers

6.9.1 Award of contracts

Spending Officers may accept quotations where the total value is less than £25,000 provided they have been sought and evaluated in accordance with this policy and they have the appropriate authorisation of the Budget Holder. The Spending Officer must arrange for a purchase order to be raised via the Central Purchasing Team.

6.9.2 Where the contract value is over £25,000, Corporate Procurement are responsible for the notification of all suppliers simultaneously, of the intention to award the contract to the successful supplier.

Every contract in excess of £25,000 shall be in writing and must specify:

- the goods, services or works to be provided and the conditions to apply;
- the provisions for payment (for example, what is to be paid and when with a statement of discounts or other deductions);
- the time or times within which the contract is to be performed (contract period) including any extension provisions;
- the provisions for the Authority to terminate the contract;
- details of the social value agreed and the monitoring arrangements;
- the reference of the framework agreement where the contract is being placed under a framework agreement; and
- any other matters specific to the contract.

All Contracts must be accepted by issuing a purchase order containing the above information. Contracts in excess of £25,000 must also be awarded with signed terms and conditions.

All contract awards in excess of £25,000 must be reported on Contracts Finder by Corporate Procurement.

6.9.3 Award of contracts over £100,000

Spending Officers shall consult with Corporate Procurement following receipt of an approval to award, regarding any formal tenders (over £100,000). A minimum period of 6 weeks is required by Service Support Administration, Corporate Procurement and Sandwell Legal Services to prepare all the paperwork to send formal contracts to the successful supplier for signature. Where possible Spending Officers should build this timescale into the procurement process to ensure that contracts can be awarded prior to the required commencement date i.e. the date that the new contract begins.

Service Support Administration will retain a copy of all relevant documents for 6 or 12 years (see section 6.8.9) for audit purposes and will inform unsuccessful suppliers.

If it is determined that the contract for the goods, services or works is no longer required and therefore the procurement exercise needs to be terminated, the Spending Officer shall forward all associated documentation to Corporate Procurement with an explanation of why the exercise needs to be terminated. In the event that the procurement exercise is terminated Service Support Administration will notify the suppliers via the e-tendering system and retain the documentation on file for audit purposes for a period of 6 years.

For EU tenders, Corporate Procurement shall publish details of the successful suppliers in a Contract Award Notice placed in OJEU within 30 days of the contract award.

6.9.4 Notifying and debriefing of suppliers

Apart from the debriefing required or permitted by this policy, the confidentiality of quotations, tenders and the identity of suppliers must be preserved at all times and information about one supplier's response must not be given to another.

Where the total value of the contract exceeds the EU Threshold the debriefing process will be handled by Corporate Procurement in conjunction with the Spending Officer. This is a mandatory process which is governed by the EU Procurement Directives and is known as the 'mandatory standstill period'.

Notification of the acceptance of a tender shall be sent in writing to the successful supplier. Such notification will be issued by Corporate Procurement and clearly marked 'Subject to Contract' where a subsequent formal contract let by the Clerk to the Authority is required by this policy.

All rejection letters shall include the scores awarded and reasons for the score. Where the value of the contract exceeds the EU Threshold the rejection letter shall also include the relative characteristics/advantages of the winning supplier and shall comply with the EU Directive 'mandatory standstill period'.

In addition to the above if a supplier requests a debrief this will be carried out within 15 days from receipt of written request.

6.9.5 Signature of contracts (including purchase orders)

Contracts will be signed as follows:

Total value	Method of completion	Person responsible
Up to £24,999	Signature and Purchase Order	Budget Holder
£25,000-99,999	Signature on acceptance letter and purchase order	Corporate Procurement Manager
£100,000-249,999	Signature on contract and purchase order	Strategic Enabler - Finance and Resources or in his or her absence a Brigade Manager.
Above £250,000	Signature and common seal of the Authority	Clerk to the Authority

All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written consent of the Strategic Enabler - Finance and Resources or in his or her absence a Brigade Manager. An award letter is insufficient. Refer to section 6.14 for special exemptions.

6.9.6 Contract Management

Contract management arrangements should be considered upfront at the pre-tender stage and must be discussed with procurement. Contract management should be incorporated into the final contract.

Things to consider are:

- Type of communication required with the supplier e.g. e-mail, conference call, face to face meeting, Skype, etc
- Frequency of contact/meetings
- Location of meetings
- Who should attend the meetings from all parties
- What management information do you want the suppliers to provide and how often
- What Service Level Agreements (SLA's) are required and/or service credit arrangements if they aren't met

The prime responsibility is with the Spending Officer to manage the contract after award. The Procurement Section act as the facilitators for establishing contracts across the whole organisation on behalf of all Service areas/owners.

Once a contract has been awarded it is the Spending Officer's responsibility to ensure that the chosen supplier(s) provides the service that was expected and agreed following the quotation/tender process.

The Procurement Section should be involved in any discussions regarding commercial or contractual issues but it is expected that Spending Officers will be responsible for any day to day technical or operational issues.

6.10 Competitive Procedure with Negotiation or Competitive Dialogue Procedures

6.10.1 Using these procedures

A competitive procedure with negotiation or a competitive dialogue may be used in the following situations:-

- with regard to works, supplies or services fulfilling one or more of the following criteria:-
- the requirement cannot be met without adaptation of readily available solutions;
- the requirement includes design or innovative solutions;
- the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make-up or because of risks attaching to them;
- the technical specifications cannot be established with sufficient precision with reference to a standard, European Technical Assessment, common technical specification or technical reference;
- with regard to works, supplies or services where, in response to an open or a restricted procedure, only irregular or unacceptable tenders are submitted.

Advice from Corporate Procurement must be sought prior to the use of either of the above procedures.

6.10.2 Using Negotiation

Contracts under £100,000 may be awarded by negotiation when one or more of the criteria in section 6.10.1 applies. Spending Officers wishing to let a contract by way of negotiation must obtain the prior written approval of the Strategic Enabler - Finance and Resources or a Brigade Manager in his or her absence. Once approval is obtained, Corporate Procurement shall agree a negotiation strategy with the Spending Officer and support or conduct negotiations as appropriate.

The following procedures shall be adopted in all negotiations:

- an agreed record of the discussions held with prospective suppliers shall be kept;
- any agreement must be confirmed in writing by the prospective supplier;
- no information shall be given to a potential supplier as to any competitors' quotation or tender, particularly prices and discounts;
- all negotiations must be held in an open and fair manner;
- each supplier should be given the same opportunity to revise their offer;
- documentation must allow the Authority to reserve the right to award following the initial offer without the need for further negotiation;
- only officers designated by the Strategic Enabler - Finance and Resources or Corporate Procurement Manager shall be permitted to conduct negotiations; and
- a minimum of two officers must be present during all negotiations.

A report on the financial or other benefits resulting from any negotiations should be submitted to the Strategic Enabler - Finance and Resources, prior to the award of any contract.

6.11 Use of approved supplier lists

Approved lists of pre-qualified suppliers should be used where recurrent transactions of a similar type are likely but where such transactions need to be priced individually and cannot easily be aggregated and priced in a single tendering exercise. Approved lists cannot be used where the EU procedure applies.

Spending Officers with devolved procurement responsibilities may draw up in consultation with Corporate Procurement:

- approved lists of suppliers ready to perform contracts to supply goods, services or works of particular types including without limitation on the basis of agreed contract terms;
- minimum criteria to be accepted on the approved list e.g. health and safety policy, social value policy; and
- criteria for the selection of suppliers from the approved list.

No supplier may be entered onto an approved list until there has been an adequate investigation by representatives of Finance, Procurement and any other appropriate sections into the supplier's financial standing (where the contract exceeds £25,000) and their technical ability to perform the contract, unless such matters will be investigated each time quotes are invited from that list.

The list and short-listing criteria must be reviewed periodically.

Review means:

- the reassessment of the financial and technical ability and performance of those persons on the list, unless such matters will be investigated each time quotes are invited from that list; and
- the deletion of those persons no longer qualified, with a written record kept justifying the deletion.

All approved lists shall be maintained in an open, fair and transparent manner.

6.12 Use of framework agreements

A framework agreement is an arrangement set up by a third party organisation for the procurement of specific goods, services or works on agreed terms with agreed suppliers, that may be utilised by other organisations as specified in the contractual agreement. Examples of organisations with framework agreements include Crown Commercial Services (CCS), Yorkshire Purchasing Organisation (YPO), etc. Other Fire and Rescue Services and Public Sector bodies may also establish framework agreements. It is the responsibility of the Spending Officer and Corporate Procurement to ensure the framework agreement can be utilised.

Contracts based on framework agreements may be awarded in one of two ways as follows:

1. applying the specification and terms laid down in the framework agreement (where such specification and terms are sufficiently precise to cover the particular call-off) without reopening competition, that is, placing an order against a catalogue of goods and/or services.

2. where the specification and terms laid down in the framework agreement are not precise enough or sufficiently detailed for the particular call-off, by conducting a further competition exercise in accordance with the procedure detailed below. In any event the framework call-off conditions must always be followed.

6.12.1 Option 1 - Placing an order under a framework agreement

When placing an order against a framework agreement catalogue the purchase order essentially acts as the contract.

The Spending Officer will be expected to compare the pricing from the listed suppliers for the products or services required in order to justify best value.

The authorisation prior to placing the purchase order must therefore be as follows:

Total value of purchase order	Person responsible for authorisation
Up to £24,999	Budget Holder
£25,000 – £100,000	Corporate Procurement Manager or in his or her absence the Strategic Enabler - Finance and Resources
Over £100,000	Strategic Enabler - Finance and Resources or in his or her absence a Brigade Manager plus a retrospective report for contracts over £250,000 to the Fire Authority will be required.

6.12.2 Option 2 - Conducting a further competition exercise using a framework agreement

Where the value of the purchase exceeds £250,000 a preliminary report will need to be submitted to the Fire Authority as detailed in section 6.8

When conducting a further competition exercise the following requirements must be taken into account:

- always follow the framework agreement call-off conditions
- invite to tender all the suppliers listed within the framework agreement that are capable of meeting the particular need or requirement. This should be undertaken as per this policy and should allow a sufficient time limit for tenders to be submitted, taking into account factors such as the complexity of the contract and the required response. Ideally this should be a minimum period of 2 weeks;
- evaluating and awarding each contract to the supplier who has submitted the best tender (as per the guidance in this policy) on the basis of the award criteria set out within the framework agreement;
- acceptance of quotations or tenders must follow the guidance contained in this policy under section 6.8.9; and
- a letter of acceptance or signed order form must be sent to the successful supplier which must be signed as per the provisions of section 6.9.5

It should be noted that an OJEU advertisement or any other advertisement does not need to be placed when conducting a further competition exercise under a framework agreement.

The advice of Corporate Procurement should always be sought prior to using a framework agreement.

6.13 Contract modifications

6.13.1 Modifications to existing contracts (contract values exceeding £5,000)

A contract modification may refer to an extension of the contract period or to changes/amendments to the contract specification or service provision.

Modifications may be undertaken to existing contracts awarded competitively or following invitation to tender provided that:

- a) where the modification, irrespective of value has been provided for in the initial procurement documents in precise, clear and unequivocal review clauses. Such clauses must specify the scope and nature of possible modifications or options as well as the conditions under which they may be used. In addition, the clauses must not alter the overall nature of the contract.
- b) where additional works, services or supplies have become necessary and were not included in the original procurement but a change of contractor is not possible for economic or technical reasons or because it would cause significant inconvenience or duplication of costs. The modification may not exceed 50% of the original contract price. Where the original contract value was above the EU threshold value, a notice must be sent to OJEU.
- c) where the modification has been brought about by circumstances that could not have been foreseen and the modification does not alter the overall nature of the contract and any increase in price does not exceed 50% of the value of the contract. Where the original contract value was above the EU threshold value, a notice must be sent to OJEU.
- d) where a new contractor replaces the previous contractor as a consequence of an unequivocal review clause or the succession of the initial contractor due to a merger, company acquisition etc provided that the new contractor meets the qualitative criteria established during the procurement.
- e) where the modification is not substantial within the meaning of the Presetext case e.g.
 - the modification does not render the contract materially different in character;
 - the modification does not introduce conditions which would have allowed other suppliers to bid; another tender to be accepted; or attracted other participants in the procurement procedure;
 - the modification does not change the economic balance in favour of the contractor in a manner not provided for in the initial tender;
 - the modification does not extend the scope of the contract considerably;

- the modification does not introduce a new contractor to replace the contractor to which the contract was initially awarded (in cases other than those mentioned in (d) above).
- f) the modification is low value and below the threshold (for the type of contract) and is below 10% for supplies and service and 15% for works of the original contract price as long as the modification does not alter the overall nature of the contract.

For modifications between £5,000 and £99,999 and where the total revised contract value does not exceed £99,999, a written report should be compiled and submitted to the Corporate Procurement Manager for approval.

For modifications to contracts where the revised contract value is in excess of £100,000 a written report should be compiled detailing the required extension or variation and submitted to the Strategic Enabler – Finance and Resources for approval or a Brigade Manager in his or her absence.

Where the revised contract value (following modification) now exceeds £250,000, a retrospective report must be submitted to the Fire Authority for their information. For any modifications to a contract that was originally awarded under the EU Tendering Regulations, advice must be obtained from Corporate Procurement.

Contract modifications should not be agreed with suppliers until approval has been obtained.

6.13.2 Contingency allowance

Where contingency sums are deemed necessary contingency allowances should not exceed 10% of the original estimated contract value.

6.14 Special exemptions to this Policy

Spending Officers wishing to enter into a contract where there is deemed to be a 'special exemption' must obtain prior approval from the Corporate Procurement Manager for contracts valued under £100,000 and the Strategic Enabler – Finance and Resources for contracts valued at £100,000 and over, identifying the reason for the exemption and that part of the policy to which it applies.

This provision does not apply to Facilities Management for emergency building works of less than £7,500 in value.

If the Strategic Enabler – Finance and Resources was involved in the initial decision making process then approval for the exemption must be sought from a Brigade Manager.

Examples of circumstances in which an exemption might be appropriate are as follows:

- a) the goods or materials are purchased or sold at auction, public fairs or markets;
- b) the provision of goods, services or works is obtainable only from one supplier and no satisfactory alternative is available;

- c) there are less than three suppliers known to be in the market for particular goods, services or works, (in such cases, tenders shall be invited from such lesser number of suppliers);
- d) the prices of the goods, services or works are wholly controlled by trade organisations or government order and no reasonable satisfactory alternative is available;
- e) tenders have or will be invited on behalf of any consortium, collaboration or similar body in which the Authority is participating, in accordance with any method adopted by such a body;
- f) the goods or services are deemed expedient for Service requirements;
- g) where the goods, services or works are so urgently required as not to permit the invitation of tenders. In such case, the prior approval of the Strategic Enabler – Finance and Resources, or a Brigade Manager in their absence, must be obtained; and

Separate special exemption rules apply where the value exceeds the E U Threshold and are very limited. Advice must be sought from the Corporate Procurement Manager in this instance. Under no circumstances does the Authority have the power to waive its obligations under law.

Where a contract or agreement is entered into under paragraph 6.14 (above) and its value exceeds £250,000, a retrospective report must be submitted to the next available Fire Authority Meeting. Corporate Procurement is responsible for the compilation and submission of these reports.

6.15 Bonds and parent company guarantees

The Spending Officer must consult the Strategic Enabler – Finance and Resources about whether a parent company guarantee is necessary when a supplier is a subsidiary of a parent company and:

- the total contract value exceeds £100,000;
- the award is based on evaluation of the parent company; and
- there is some concern about the financial stability of the supplier.
- The Spending Officer must consult the Strategic Enabler – Finance and Resources about whether a bond is needed where:
 - the total contract value exceeds £500,000; and
 - it is proposed to make staged or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the financial stability of the supplier.

Risk assessment and contingency planning

A corporate risk assessment must be prepared for all procurements with a potential value over the EU Threshold or where the failure of the contract will have a significant impact on the core operations of the Authority.

Contract managers (in conjunction with Corporate Procurement) must:

- maintain a risk register during the contract period;
- undertake appropriate risk assessments for identified risks; and
- ensure contingency measures are in place to comply with the WMFS Business Continuity Plan where appropriate.

6.16 Social Value

"As a concept, social value seeks to maximise the additional benefit that can be created by procuring or commissioning services, above and beyond the benefit of merely the services themselves" – The Public Services (Social Value) Act 2012.

Spending Officers must take Social Value into account when awarding a contract in excess of £5,000 for Supply, Services or Works.

A minimum of 5% of the overall award marks must be allocated to Social Value where Most Economical Advantageous Tender (MEAT) is used. It should be noted that a Supplier's bid cannot be rejected if they decline to offer Social Value unless Social Value is a fundamental part of the specification, and in such cases it must be shown as a mandatory requirement.

Details of the Social Value offered by the preferred Supplier must be included in the written report to the Corporate Procurement Manager or the Strategic Enabler, Finance and Resources, where reports are required.

The Spending Officer must monitor and record details of the performance and benefits obtained through the Social Value offered.

General guidance regarding Social Value can be obtained from Corporate Procurement.

6.17 Disposal of Goods

Assets that are no longer required should be disposed of to avoid unnecessary maintenance, risk and insurance costs. Before disposal the Budget Holder must make a judgement as to whether the asset can be reused elsewhere in the Service. Assets that are no longer functional, are not fit for purpose or are beyond economical repair must be disposed of.

Disposal options (in order of consideration)

1. Reuse within the Service
2. Sell; contact the Central Purchasing Team or the Warehouse & Distribution Section to discuss options. A minimum of two bids should be obtained for all assets with a value in excess of £5,000
3. Donate to charity
4. Scrap

Methods 2, 3 and 4 required the approval of the Corporate Procurement Manager prior to disposal.

Sales proceeds should be refunded back into the budget that the asset was originally purchased from. All sales must be reported to Revenues to enable an invoice to be raised.

6.18 Overseas Aid

It is the policy of West Midland Fire Service (WMFS) to:

- provide humanitarian aid to communities in countries outside the UK (where such requests are made by the governments of countries experiencing a recognised natural disaster, or national catastrophe) which

will improve the lives of those in need or increase their firefighting capabilities

- dispose of outdated firefighting equipment to countries overseas where there are insufficient funds to provide such equipment for themselves, which will benefit their community or fire personnel.

All requests for the provision of aid to a country outside of the United Kingdom should be submitted in writing to the appropriate section head.

The section head will forward the request to the Assistant Chief Officer (Process) for consideration and, if approved, the Assistant Chief Officer will obtain the Chief Fire Officer's confirmation **before** any action is taken. Please Note: Costs of transportation will **not** be met by the Authority, and insurance is required to be arranged in accordance with the instructions in [0903 Travelling Abroad In Fire Service Vehicles](#).

Any personnel making such a request will have to make sure that the proposal falls within the Local Government (Overseas Assistance) Act 1993.

7. **CROSS REFERENCES**

0122 Anti-Fraud Corruption and Bribery Policy

0212 Code of Conduct

0213 Equality and Diversity Policy

0225 Outside Employment and Secondary Contracts Policy

2202 Partnership Working

0220 Whistle Blowing Policy

2207 Corporate Risk Management

0903 Travelling Abroad In Fire Service Vehicles.

The Authority's Financial Regulations

8. **KEY STAKEHOLDERS**

Procurement Staff

Team Leader, Service Support Administration

Facilities Manager

Transport and Engineering Workshops Manager

ICT Management Team

Finance Manager

Intelligence and Innovation

Safety, Health and Environment

Sandwell MBC – Legal Services Department

Sandwell MBC – Internal Audit Department

Monitoring Officer

Treasurer

Clerk to the Authority

Rep Bodies

9. **EQUALITY IMPACT ASSESSMENT (EIA)**

A full Equality Impact Assessment has been carried out and raised issues to be addressed within 12 months. Specific EIA's should be carried out for individual contracts awarded.

10. **PRIVACY IMPACT ASSESSMENTS (PIA)**

A PIA was not required.

11. **RESPONSIBILITY AND REVIEW**

11.1 Responsible SET Member

Strategic Enabler for Finance and Resources

12. **CREATED/REVIEWED/AMENDED**

Reviewed by Senior Contracts Manager, Procurement, November 2019

17 FEBRUARY 2020

1. **THE PLAN 2020-2023**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Members approve the revised Priorities and Outcomes of The Plan 2020-2023.

2. **PURPOSE OF REPORT**

2.1 Following a review of the Authority's Integrated Risk Management Plan (IRMP), Strategy and budget considerations, this report seeks approval of revised priorities and outcomes for The Plan 2020-2023, 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 and Performance 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 existing strategic approach and Service Delivery Model.

- 3.3 The priorities and outcomes for 2020-2023 (as detailed in appendix 2), are enablers to achieving our vision of Making West Midlands Safer, Stronger and Healthier, over a 3 year rolling period. They have been reviewed and amended, the rationale for these changes is set out in paragraphs 3.4 onwards.

Response, Prevention and Protection priorities and outcomes 2020-2023

- 3.4 The Vision statement and priorities of Response, Prevention and Protection reflect our continuing ambition to support improved outcomes for local communities, particularly safety, health and well-being. Also, where appropriate to widen our opportunities for transformation and collaboration. 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.

The outcome statements have continued to take in consideration the implementation of any recommendations resulting from the independent review of building regulations of fire safety following the Grenfell Tower incident.

The outcome statements are supplemented by progression of observations within Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service's report on West Midlands Fire Service received during 2019.

- 3.6 The priority and outcome statements are aligned to the provision within a balanced budget. In particular, this reflects the need for the CFO to deliver The Plan through the flexible, risk-based management of resources on a daily basis to maximise Response, Prevention and Protection activities, thereby reducing risk and vulnerability aligned to the delivery of The Plan.

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 supporting priority statement entitled 'Digital Transformation' is an evolution of the previously entitled Digital and Innovation 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 supporting priority statement for People has been supplemented by amendments reflecting the importance of delivering the Joint Cultural Implementation Plan; an outcome of the Cultural Review conducted during 2019.

4. EQUALITY IMPACT ASSESSMENT

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

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**

There are no direct implications arising from this report. The Authority's proposed budget for 2020/21 would 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

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services Inspection and Cultural Review Outcomes report – Fire Authority 18 November 2019

The contact officer for this report is Karen Gowreesunker, Strategic Enabler Strategic Hub, Tel. No. 0121 380 6678

PHIL LOACH
CHIEF FIRE OFFICER

Appendix 1

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 EFFECTIVELY 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 allocations will help support 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 and 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 and 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

Appendix 2

PROPOSED PRIORITIES AND OUTCOMES 2020-2023

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 reducing the risks faced by the most vulnerable people in our communities
- the safety, health and wellbeing of the people in our communities who are most at risk from fire will be improved by our targeted prevention activities
- arson-related incidents will fall, supporting safer and stronger communities, as a result of our partnership work
- fewer people will be killed or seriously injured on West Midlands roads, and we will keep our transport networks moving, as we work with partners in support of the West Midlands Regional Road Safety Strategy

Our response priorities focus on dealing excellently with emergency incidents:

- through risk management, we will attend the most serious emergency incidents in high-risk areas within five minutes to save life, protect homes and businesses, the environment and our transport networks
- risk to life and property will be reduced through our commitment to operational excellence and to providing an assertive, effective and safe emergency response to all incidents
- appropriate rescue operations will be led and coordinated by WMFS and we will work collaboratively with other agencies to deliver an excellent response in line with public expectations

- our specialist response teams will deliver National Resilience arrangements for responding to local, national and international major incidents, new risks (including weather) and humanitarian situations

Our protection priorities focus on protecting life and property to make businesses stronger and communities safer:

- life and property will be protected by ensuring that high-risk buildings and vulnerable businesses comply with fire safety legislation, which we will enforce if necessary
- community safety will be improved through our work with the owners and managers of tall buildings to ensure the new Fire Safety Bill and supporting Fire Safety Guidance is understood and implemented
- prosperity and economic growth will be enhanced by educating and supporting businesses
- we will collaborate with other regulators and partner agencies to support major developments and events
- disruption caused to businesses and West Midlands Fire Service by unnecessary fire alarms will be reduced through the enhanced role of our Business Support Vehicles and our work to manage alarm signals more effectively and efficiently

People

We will create an inclusive workforce:

- by engaging with employees to create a culture in which everyone can feel valued by developing ways of working together which support and engage employees in responding to the changing environment in which we work, both internally and externally
- by promoting awareness, good practice and proactive support around health and wellbeing among our employees

- by enabling personal development opportunities which support their ability to be highly effective and competent in the delivery of excellent services to our communities
- by using 'positive action' to attract, recruit, retain and support progression for individuals with protected characteristics, to reflect the communities we serve

Digital transformation

We will enhance and transform services to our communities, underpinning them with innovative and digital solutions, with a commitment to:

- researching and developing the latest technologies that complement assertive, effective and safe firefighting
- a digital culture with systems and processes that enables our workforce to work efficiently and effectively
- using accurate and timely information which provide assurance and intelligence for evidence-based decisions
- reducing community risk through a cost-effective mobile workforce and sharing data reliably and securely with our partners

Working closely with our partner organisations is key to delivering our services effectively and efficiently. We will ensure that:

- the funding we get from the Government will be used to support our Service Delivery Model, which focuses on public safety and vulnerability
- our services and priorities will be delivered using the most appropriate management of resources and assets
- we identify and deliver opportunities for efficiency and collaboration which support the delivery of our strategy and safety of the most vulnerable people in our communities

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

17 FEBRUARY 2020

1. **PAY POLICY STATEMENT 2020/2021**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approves the Pay Policy Statement for the financial year 2020/2021.

2. **PURPOSE OF REPORT**

This report is submitted for the Authority to approve the Pay Policy Statement for the financial year 2020/2021.

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 2020/2021 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. Appendix 1D

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, Assistant Chief Fire Officer (Process) and Assistant Chief Fire Officer (People).

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 2020.
 - 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 Service 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 2020. 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 17th February 2020.

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 Sarah Warnes, Assistant Chief Fire Officer, People 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER



AUTHORITY REPORT

PAY POLICY STATEMENT 2020/2021

**February 2020
People Support Services**

PAY POLICY STATEMENT 2020/2021

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Pay Policy Statement 2020/2021

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 latest pay awards were published April 2019.

At the Fire Authority Meeting in September 2019, it was agreed that WMFS would implement a new Brigade Manager Structure which would increase by one ACFO. The revised structure is: Chief Fire Officer, Deputy Chief Fire Officer and 2 Assistant Chief Fire Officers.

Remuneration of Chief Officers on recruitment

On recruitment the Fire Authority make decisions on the terms and conditions of employment and salary of the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer roles. 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 real 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. The annual award is applicable from April for Green Book employees.

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. All new changes to Green Book salaries were reflected in the last Pay Policy Statement in 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 July for Grey Book Employees.

With effect from the 1st February a locally agreed rate of pay was agreed for the 4 Area Managers.

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

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 this policy covers the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer roles and statutory officers.

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.

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:-

Mike Griffiths
Strategic Enabler Finance & Resources
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

Ref. AU/2020/Feb/23001201

(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.

Job	Remuneration (including allowances)	Base Salary Range (excluding allowances)		Pay Relationship to CFO
		Min	Max	
BRIGADE MANAGERS				
Chief Fire Officer **	£174,296	N/A	N/A	Set by Appointments Committee
Deputy Chief Fire Officer **	£139,650	N/A	N/A	Set by Appointments Committee
Assistant Chief Fire Officer x2 (People & Process) **	£130,989	N/A	N/A	Set by Appointments Committee
Lowest Paid Employees (Grey Book)				
Firefighter (Control)	£29,587	£23,122	£29,587	0.17
Lowest Paid Employees (Green Book)				
Cleaner	£17,943*	£17,943*	£17,943*	0.10
GREY BOOK EMPLOYEES (Operational)				
Firefighter	N/A	£24,399	£31,144	0.14-0.18
Crew Manager	N/A	£33,101	£34,528	0.19-0.20
Watch Manager	N/A	£35,275	£38,611	0.20-0.22
Station Manager ***	£53,157	£40,161	£44,297	0.23-0.25
Group Manager ***	£61,530	£46,254	£51,275	0.27-0.29
Area Manager ***	£78,625	£59,733	£65,521	0.45-0.27
GREY BOOK EMPLOYEES (Fire Control)				
Firefighter (Control)	N/A	£23,122	£29,587	0.13-0.17
Crew Manager (Control)	N/A	£31,446	£32,802	0.18-0.19
Watch Manager (Control)	N/A	£33,511	£36,680	0.19-0.21
Station Manager (Control)***	£50,498	£38,153	£42,082	0.22-0.24
Group Manager (Control)***	£58,453	£43,941	£48,711	0.25-0.28

GREEN BOOK EMPLOYEES

Pay Point 102	N/A	£104,581	N/A	0.60
Pay Point 101	N/A	£80,392	N/A	0.46
Pay Point 100	N/A	£59,435	N/A	0.34
Pay Band Manager 1 – SCP 51-59	N/A	£47,600	£57,177	0.27-0.33
Pay Band Manager 2 and Professional 1 - SCP 36-50	N/A	£38,813	£46,464	0.22-0.27
Pay Band Manager 3, Professional 2 and Technical 1 - SCP 27-35	N/A	£30,507	£37,849	0.18-0.22
Pay Band Professional 3, Technical 2 and Administrative 1 - SCP 15-26	N/A	£22,911	£29,636	0.13-0.17
Pay Band Technical 3 and Administrative 2 - SCP 5-14	N/A	£18,795	£22,462	0.11-0.13
Pay Band Administrative 3 and Operative 1 - SCP 2-5	N/A	£17,711	£18,795	0.10-0.11
Pay Band Administrative 4 and Operative 2 - SCP 1	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 11 November 2019 increased to £9.30 per hour, equivalent to £17,943 per annum. Lowest paid employee's 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.

***Salaries incorporates on-call/continuous cover*

**** Salaries inclusive of 20% Flexi Duty Allowance*

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

Item 13

17 FEBRUARY 2020

1. MONITORING OF FINANCES

Report of the 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

3.1.1 The Authority's 2019/2020 Council Tax requirement is £43.215 million and the revenue budget is £98.131 million. As part of the Authority's 2020/2021 budget setting process, the current year's budget has been reviewed and continues to reflect an estimated transfer from general balances of £1.100 million.

3.1.2 Appendix A compares the revenue budgeted to the end of January 2020 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.

3.1.3 Actual spend to January 2020, including commitments, was £80.353 million compared to a projected budget of £80.400 million, an overall favourable variance of £0.047 million.

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

3.2 **Capital Expenditure**

3.2.1 The Authority's approved capital programme for 2019/2020 is £9.209 million. A scheme analysis is shown on Appendix C. Expenditure to the end of January 2020 is shown as £4.133 million.

3.2.2 The main forecast variance within the capital programme relates to:

- Vehicle Replacement Programme – delayed purchase of the command support vehicle pending the outcome of a review, awaiting the decision of Government funding for the Detection, Identification and Monitoring vehicle and slippage of 5 PRL's to 2020/21.
- Aston Fire Station where there has been a delay to the completion of the refurbishment phase of the current station which has slipped to quarter 1 of 2020/21.
- Coventry Fire House refurbishment needs to be retendered and has therefore slipped into 2020/21.
- Replacement of windows and doors at Dudley, Handsworth and Sheldon Fire Stations have been re-phased to 2020/21.

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 2019
Finance Office Budget Monitoring Files

The contact officer for this report is Wayne Brown, Deputy Chief Fire Officer, telephone number 0121 380 6907.

MIKE GRIFFITHS
TREASURER

REVENUE MONITORING SUMMARY TO JANUARY 2020

	LATEST BUDGET 2019/2020 £'000	PROFILED BUDGET £'000	ACTUALS + COMMIT -MENTS £'000	VARIANCE TO PROFILED BUDGET £'000
<u>DEVOLVED BUDGETS</u>				
Corporate Management	3,028	2,516	2,486	-30
Corporate Charges	-5,257	-5,288	-5,286	2
People Support Services	6,468	5,372	5,360	-12
Intelligence and Innovation	2,600	2,120	2,111	-9
Finance & Resources	5,287	4,323	4,299	-24
ICT	5,078	4,342	4,343	1
Operations	10,491	8,353	8,345	-8
<u>CORPORATE BUDGETS</u>				
People Support Services	2,389	2,001	2,015	14
Intelligence and Innovation	80	67	69	2
Finance and Resources	20,617	17,126	17,145	19
ICT	142	105	98	-7
Response	45,856	37,959	37,981	22
Protection	-99	-19	-37	-18
Other Income & Expenditure	1,451	1,423	1,424	1
Appropriation to Reserves				
TOTAL (NET BUDGET REQUIREMENT)	98,131	80,400	80,353	-47
Core Funding	-54,916	-46,678	-46,678	-
TOTAL (COUNCIL TAX REQUIREMENT)	43,215	33,722	33,675	-47

FIREFIGHTERS' PENSION SCHEMES

NON-FINANCIAL INFORMATION	2019/20 PROJECTION				ACTUAL POSITION AS AT JANUARY 2020			
	1992 FPS	2006 FPS	2015 FPS	TOTAL	1992 FPS	2006 FPS	2015 FPS	TOTAL
Members of FPS at 1 st April 2019	212	8	1,022	1,242	212	8	1,022	1,242
New Members	-	-	80	80	-	1	56	57
Opt-In (including net auto-enrolment)	-	-	-	-	-	1	36	37
Transitional Members during year	-32	-1	33	-	-14	-2	16	-
Transfers from Other Pension Schemes	-	-	10	10	-	-	-	-
Transfers to Other Pension Schemes	-	-	-3	-3	-	-	-	-
Retirements	-55	-2	-	-57	-53	-	-5	-58
Opt-Out	-	-	-13	-13	-	-2	-20	-22
Leavers	-3	-	-14	-17	-3	-	-11	-14
Ill-Health Retirements	-2	-	-1	-3	-	-	-	-
Members of the Fire Pension Schemes as at 31 st January 2020					142	6	1,094	1,242

CAPITAL MONITORING STATEMENT 2019/20

Scheme	Year 2019/20	Latest Budget £'000	Actuals January 2020 £'000	Forecast £'000	Variance £'000
<u>LAND & BUILDINGS</u>					
Boiler Replacement Programme	Ongoing	119	16	119	-
Roof Replacements	Ongoing	160	125	148	-12
Windows/Door Replacement	Ongoing	276	22	39	-237
Rewires	Ongoing	426	151	426	-
Coventry Fire Station	5 of 5	171	80	171	-
Drill Towers / Training Facilities	2 of 2	318	61	68	-250
Security Works	1 of 1	100	0	100	-
HQ Alterations	3 of 3	42	54	54	+12
Occupational Health Relocation	1 of 1	200	0	180	-20
Aston Fire Station	5 of 5	3,205	1,877	2,695	-510
<u>VEHICLES</u>					
Vehicle Replacement Programme	Ongoing	3,570	1,458	1,767	-1,803
<u>ICT & EQUIPMENT</u>					
Enterprise Resource Planning (ERP)	1 of 2	180	40	180	-
C&C Upgrade Vision 4 / ESMCP	4 of 4	417	249	426	+9
Oracle Licensing	9 of 9	25	0	25	-
Grand Total		9,209	4,113	6,398	-2,811
<u>Funded By</u>					
Prudential Borrowing		0		0	-
Capital Grants / Contributions		157		157	-
Capital Receipts to be Applied		0		0	-
Revenue Financing / Earmarked Reserves		9,052		6,241	-2,811
TOTAL		9,209		6,398	-2,811
SURPLUS(-)/DEFICIT(+)					

17 FEBRUARY 2020

1. **PHASE 1 REPORT OF THE PUBLIC INQUIRY INTO THE FIRE AT GRENFELL TOWER ON 14 JUNE 2017**

Report of the Chief Fire Officer.

RECOMMENDED

- 1.1 THAT the Authority note the background and content of the Grenfell Tower Inquiry: Phase 1 report of the Public Inquiry into the Fire at Grenfell Tower on the 14 June 2017.
- 1.2 THAT the Authority note the work undertaken to date in respect of tall buildings following the Grenfell Tower fire and the approach taken to considering and addressing the recommendations set out in the Phase 1 report.

2. **PURPOSE OF REPORT**

This report is submitted to inform the Authority of the background and content of the Phase 1 Report of the Public Inquiry into the fire at Grenfell Tower on 14 June 2017. The report was published on 30 October 2019. It contains a number of recommendations against which West Midlands Fire Service (WMFS) will consider its position and where appropriate, take action to ensure continuous improvement in enabling the delivery of our Vision of Making the West Midlands Safer, Stronger and Healthier.

In providing assurance to the Authority of its proactive response to the events of 14 June 2017, this report also details the improvement activity that WMFS has undertaken and continues to undertake since the Grenfell Tower fire.

3. **BACKGROUND**

- 3.1. In the early hours of Wednesday, 14 June 2017, a fire broke out in the kitchen of Flat 16 Grenfell Tower, a high-rise residential building in North Kensington, West London. The fire, which the phase 1 report states, should have been contained within the confines of Flat 16, escaped from the kitchen into the external envelope of the building. The building was constructed of reinforced concrete to which there had recently been added a cladding system comprising insulation boards attached to the outside of the concrete structure and protected from the weather by aluminium composite material (ACM) rainscreen panels. The Phase 1 report confirms that these rainscreen panels and insulation boards were the primary reason for the rapid spread of this fire.
- 3.2. Firefighters from the London Fire Brigade (LFB) attended the fire and within minutes of their arrival had extinguished the fire within the kitchen of Flat 16. By that time the fire had already escaped into the ACM. Once established within the cladding the fire spread rapidly up the outside of the building and within a few hours it had engulfed almost the whole of the building. Tragically, the fire claimed the lives of 72 people who were present in the tower that night.
- 3.3. On the morning after the fire the Prime Minister announced that there would be a public inquiry into the circumstances surrounding the fire. The Right Honourable, Sir Martin Moore-Bick was appointed as Chairman who determined that the inquiry would be split into two phases. Due to public speculation around the incident, Phase 1 sought to identify exactly how the fire started, how it escaped from the flat of origin and how fire and smoke was able to spread throughout the building in a manner and at a speed that prevented many people from escaping, despite the prompt attendance of the emergency services. Phase 1 has also examined the response of the emergency services in terms of decisions made and actions made on the night of the fire.
- 3.4. Phase 2 began in late January 2020 and will move focus away from the events of the night of the fire and will ascertain the underlying causes of the incident, including the decisions made in relation to critical aspects of the design and construction of the cladding system, the adequacy of the

regulatory regime and the response of central and local government. Aspects of LFB's performance will be scrutinised with regard to what extent known risks associated with external cladding influenced policy change. LFB training delivery and competence will also be examined.

Work undertaken by WMFS following the Grenfell Fire

- 3.5. In the immediate aftermath of the fire, WMFS co-ordinated the sector response on behalf of the National Fire Chief Council (NFCC). The WMFS established a 'Comms Cell' function to primarily collate and identify ACM cladding on tall buildings across all Fire and Rescue Services (FRS). This approach enabled the establishment and maintenance of effective communications and information workflows between government departments, NFCC and all FRS. WMFS continues to work closely with NFCC to develop its own understanding and influence the sector approach moving forward.
- 3.6. As part of this approach, Fire Safety and station based crews completed fire safety audits and site specific risk information (SSRI) visits at the 551 residential tall buildings in the Service's seven local authority areas. This has included updating information on ACM and other flammable material attached to building exteriors.
- 3.7. As a regulator, WMFS is one of the few FRS that has used its legislative powers to ensure that risk is reduced by ensuring that plans are in place to remove unsafe cladding and address compartmentation issues. This initial and growing demand on Fire Safety Officers has been proactively managed through the investment of £600K to increase the number of staff by 11 officers.
- 3.8. The continual review of initial action plans, hazards and firefighting/protection systems is key to our capturing and recording of relevant information. Preplanning through SSRI and visits under 7.2 (d) of the FRS Act 2004 enables for WMFS to record risks and safety critical information. WMFS has worked closely with partners to understand risk in high-rise residential and other tall buildings. Where appropriate WMFS has increased its level of response to ensure this risk is managed during the initial stages of any incident.

- 3.9. WMFS is committed to continuous improvement and excellence in all aspects of its work and continually reviews all policies, systems and processes in response to organisational intelligence. WMFS associated high rise policies and procedures have been reviewed, evaluated and developed with key input from across the organisation, including those external links into National Operational Guidance (NOG). There was a strategic focus for all operational personnel to familiarise themselves with the revised High-Rise policy and associated learning material.
- 3.10. As an outcome of the annual Health and Safety Competency Risk Assessment (CRA) review the requirement for all operational managers to undertake an annual standardised incident command high rise assessment was agreed with supervisory managers prioritised for these assessments.
- 3.11. Fire Control has enhanced its approach to giving fire survival guidance (FSG). How this information is shared, recorded and managed between Fire Control and the incident ground has been improved, with dedicated fireground resources mobilised to the incident for this purpose in the event of FSG being issued. Recall to duty arrangements have also been revised to provide enhanced resilience for this type of incident.
- 3.12. WMFS, through its effective partner relationships and specific events designed to target local authorities and housing providers has been able to influence the retro-fitting of sprinkler systems in a number of tall buildings across the West Midlands area. This is consistent with both the Authority's and NFCC position promoting sprinklers and will significantly reduce risk to residents and firefighters who respond to fires in these premises.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

3.13. HMICFRS inspected WMFS as part of the second tranche of FRS in 2019. The HMICFRS report provided for an independent view of our performance across the three core inspection pillars of effectiveness, efficiency and people. In overall terms WMFS was rated as 'Good' but remain the only FRS to receive the 'Outstanding' rating for its emergency response work. With specific reference to the Grenfell Tower incident the HMICFRS report noted:

- Following the Grenfell Tower Fire, the Service made it a priority to assure the public about the safety of tall buildings.
- More than 30 joint advice and reassurance sessions were provided to Birmingham's 213 tower block residents.
- The Service has learned from operational events such as Grenfell Tower.
- The Service has taken advantage of a range of opportunities to train fire crews and reassure the public following the Grenfell Tower fire.
- Incident Commanders across the Service showed good levels of knowledge and understanding of how to command operational incidents.
- Commanders are regularly assessed to show they are competent.
- Firefighters carry out visits to make sure the risk information they hold is correct. SSRI is available to all staff.
- The Service reprioritised its risk-based inspection programme following the Grenfell Tower Fire. In order to manage the impact of this on the wider risk-based schedule the Service is actively recruiting 11 qualified Fire Safety Officers

Grenfell Tower Inquiry: Phase 1 Report October 2019

3.14. The Grenfell Tower Inquiry Phase 1 report was published on 30 October 2019 and a link to the overview report is in Appendix 1.

3.15. The report makes 47 recommendations. Some of the recommendations require consideration by FRS. However, some require the national consideration action whilst others will impact directly upon those that are responsible for or own residential tall buildings. A number of recommendations are specific to and require the action of LFB.

3.16. WMFS is currently considering its position and potential actions to be taken to ensure that it complies with or can support others to be compliant against all 47 recommendations. The detailed conclusions and recommendations arising from Phase 1 inquiry are provided in a link in Appendix 2.

3.17. Phase 1 recommendations are broken down into 12 headings:

- Knowledge and understanding of materials used in high rise buildings
- Section 7(2)(d) of the Fire and Rescue Services Act (in line with the principles set out in Generic Risk Assessment 3.2)
- Communication between the control room and the Incident Commander
- Emergency calls
- Command and control
- Equipment
- Evacuation
- Co-operation between emergency services
- Plans
- Lifts
- Internal signage
- Fire doors

3.18. Linked to the recommendations, the recent Queen's Speech confirmed that an emergency Fire Safety Bill will progress quickly to take forward the Phase 1 recommendations related to building control. The Home Office intend that this draft will 'clarify beyond doubt that the Fire Safety Order will apply to the external walls of buildings' and cover some extra detail on fire doors. Following this, more detailed legislation will follow through a Building Safety Bill which will be primary legislation to also take forward the recommendations from the 2018 Hackitt Report "Building a Better Future".

Organisational Assurance

3.19. Whilst recognising that the HMICFRS inspection provided for a positive assessment of WMFS performance, the Service is committed to continuous improvement. Therefore, following the release of the Phase 1 report a structured approach has been adopted to consider the recommendations and also build on existing planned improvement activity being delivered across the three Programmes under the Portfolio.

3.20. Key areas of strategic focus are:

- Further update to policy on Tall Buildings to provide additional information on evacuation, fixed installations and the role of FSG appliance and officer support across all tall buildings (not only residential high-rise).
- Enhancement of contingency arrangements for consideration when fixed installations fail.
- Ensuring the alignment of all policy and learning material with NOG.
- The revision of training packages to include relevant information on evacuation, compartmentalisation failure and the risks, behaviour and tactics for fighting fires involving external building materials/cladding in fire.
- Enhancements to SSRI and fire appliance Mobile Data Terminals to ensure that timely and accurate information is immediately available to responding crews.
- The development of a digital solution to support the consistent, effective recording and management of FSG.
- Further investment and focus on incident command assessments including a dedicated Fire Control tall buildings standardised assessment.
- The introduction of new equipment such as Building Information Plates, smoke curtains and smoke hoods to support the effective risk management at fires involving tall buildings.
- Fire Safety Officers development plans to support the delivery of the requirements of the Building Safety Programme.

3.21. Progress across all areas of this activity is being monitored through the three Programme Boards and reported into the Portfolio on a monthly basis. However, to provide sector assurance to the Home Office, the NFCC are co-ordinating local FRS updates captured via a questionnaire to outline progress against the relevant Phase 1 recommendations. WMFS have responded positively to the first of the NFCC questionnaires and remain committed to influencing the sector through supporting the various NFCC committees.

Corporate Risk

3.22. The assurance and improvement activity is contributing to the effective management of a number of the Authority's corporate risks:

- Risk 2.2: The Fire Authority is unable to deliver its Service Delivery Model effectively, as a result of insufficient or ineffective employees, throughout the organisation, resulting in reduced confidence and credibility; and increased reputational damage. This risk is remains as Amber (Satisfactory Assurance) due to the integrated approach to delivering response, protection and prevention services to the public.
- Risk 2.3: The Fire Authority is unable to meet statutory duties to provide a safe and healthy workplace and protect the environment, resulting in a significant failure and reduced confidence and credibility; and increased criminal proceedings, litigation and reputational damage. This risk is remains as Green (Substantial Assurance) due to the effective health and safety systems and monitoring in place and additional level of assurance provided through the annual competency risk assessment with a strategic focus on dealing with emergency incidents in tall buildings.
- Risk 5.1: The Fire Authority is unable to ensure that operational incidents are dealt with safely, assertively and effectively using appropriate levels of resources and personnel, resulting in increased firefighter and community risk; reduced confidence and credibility; and increased reputational damage. This risk remains as Green (Substantial Assurance) due to the ongoing improvement activity that builds on the recent HMICFRS report that

assessed WMFS emergency response activity as 'Outstanding'. Incidents in tall buildings are some of the most challenging that firefighters will experience so ongoing revisions of policy, improvements to training and assessments provide further assurance to staff, partners and the public.

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**

- 5.1. Section 7(2)(d) of the Fire and Rescue Services Act 2004 imposes a general duty on Fire and Rescue Authorities to make arrangements for obtaining information needed for purposes of extinguishing fires and protecting life and property. The improvement activity taken to support the recommendations arising from Phase 1 report will provide assurance that the Authority is compliant with this specific legislative responsibility.
- 5.2. The Home Office has drafted an emergency bill that will clarify that the Regulatory Reform (Fire Safety) Order 2005 will apply to the external walls of buildings' and cover some extra detail on fire doors. This will expand the scope of advice and enforcement activity of Fire Safety Officers on behalf of the Authority.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications associated with the implementation of the recommendations set out in this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications.

BACKGROUND PAPERS

Grenfell Tower Inquiry: Phase 1 Report (October 2019)

Hackitt Report: Building a Better Future (May 2018)

The contact for this report is Assistant Chief Fire Officer, Gary Taylor, telephone number 0121 380 6006.

PHIL LOACH
CHIEF FIRE OFFICER

APPENDIX 1. Phase 1 Overview Report

<https://assets.grenfelltowerinquiry.org.uk/GTI%20-%20Phase%201%20report%20Executive%20Summary.pdf>

APPENDIX 2. Phase 1 Conclusions and Recommendations

<https://assets.grenfelltowerinquiry.org.uk/GTI%20-%20Phase%201%20full%20report%20-%20volume%204.pdf>

JOINT CONSULTATIVE PANEL

Item 15

4 NOVEMBER 2019

1330 HOURS

Attendance:

Councillors Brackenridge, Cooper, Edwards (Chair), Jenkins, Miller

Steve Price-Hunt – Fire Brigades Union

Sasha Hitchens – Fire Brigades Union

Maurice Carter – UNISON

Karen Gowreesunker, Clerk to the Authority

Satinder Sahota – Monitoring Officer

Wendy Browning-Sampson – People Support Manager

Helen Sherlock – People Support Manager

1. Apologies

Apologies were received from Julie Felton.

2. Declarations of Interest

No declarations of interest were received.

3. Minutes of Joint Consultative Panel – 30 September 2019

Steve Price Hunt, Fire Brigades Union, requested that the minutes be amended and requested that the third paragraph on page 8 be removed. The sentence stated:

“10% of the workforce had been disciplined under a gross misconduct charge and 60% had been part of a discipline”

This sentence would be replaced with:

“Under the current reporting period of 6.5 years, if the trend continued employees working a forty year career would be 53% likely to be investigated under disciplinary regulations and the figure would be even higher for grey book staff”.

4. Case Management Costings

The Joint Consultative Panel had requested a report setting out the summary of costs associated with Discipline and Grievance Case Management for the period 1 January 2018 and 31 August 2019. The report had been requested in April 2019.

Helen Sherlock stated that the report focused on all live cases between the reporting period and as this information was not normally recorded, the hours and costs had been found retrospectively and a number of assumptions had been made. The staff in People Support Services had checked through the cases individually.

There had been a total of 23 discipline cases and 13 grievance cases. One single significant investigation involved 21 individuals and if added to the total would increase the number to 43 individual cases. There had been 13 grievances, 12 investigations at misconduct level and 31 cases at gross misconduct level. There was a higher percentage of gross misconduct cases overall, however a proportion of the figure could be attributed to the one significant investigation.

This was a rare case and during the investigations another case had been commissioned and the subsequent investigation resulted in a total of 4 misconduct cases and 17 gross misconduct cases.

The reason recorded for these cases was a ‘Breach of Policy/Procedures/Contract’.

Investigating Officers assigned to this case accrued 138 hours TOIL during this investigation. The total number of hours invested by all officers involved in any of the processes was approximately 4,883 hours.

The number of hours invested in the remaining 37 cases was approximately 1,141 hours.

This is reported in number of hours allocated to case management rather than cost of the investigation.

Of the 14 gross misconduct cases, the reason was recorded as a 'Breach of Policy/Procedures/Contract' for 6 of the cases. 5 were recorded under 'inappropriate behaviour' with the remaining cases recorded under Breach of Health and Safety, Bullying/Harassment/Discrimination and Misuse of Alcohol/Drugs.

Of the 8 misconduct cases 2 were recorded under Breach of Policy/Procedures/contract and the remaining 2 cases were recorded under 'Inappropriate Behaviour'.

Also within this time 13 grievances were managed and most (7 of the 13) were recorded under bullying/harassment/discrimination, 3 cases were recorded as 'work practices' and the remaining cases were recorded under 'Terms of Conditions of Employment'.

Another cost to be associated with case management is sickness absence. It has been assumed that sickness was attributed to the investigation. 739 duty had been lost to sickness during this period, including both green and grey book staff. of the 30 recorded cases the majority were recorded under reasons that sit under the mental health umbrella.

It had been difficult to ascertain if a Voluntary Additional Shifts (VAS) had been used as a direct result to cover sickness due to a grievance/disciplinary case or whether planned resilience officer were utilised.

The cases resulted in a total of 8 suspensions being sanctioned for operational personnel, linked to the one significant investigation. These individuals have been paid during the investigation process. The total hours and costs of the cases were provided with one very large case being an extraordinary event.

The decision of suspending employees is taken very seriously and the report demonstrated a much higher suspension level than in other reporting periods. Outside of the large case, only one other employee was suspended.

There had been a requirement for external legal services and advice at cost of approximately £10,000.

It had not been possible to calculate the cost of the 5 compulsory transfers, but there would have potentially be a small cost if any additional mileage was claimed.

Support from the Occupational Health Team has been provided and managed through existing budgetary arrangements.

Case management does incur a cost and it is imperative that the cases are dealt with and investigated thoroughly. The number of cases had been spiked by one very large case, however, it had been deemed necessary to investigate this case and the potential risk it posed for the Service.

Steve Price-Hunt thanked Helen Sherlock for the presentation and wished to circulate the Fire Brigades Union Response to the Case Management Costings.

The Clerk to the Authority stated that the document should have been received prior to the meeting and circulated with the Agenda, providing the members of the Panel with the time to read the document. The report could not be considered as a formal part of the meeting as it had no status.

The Chair stated that the report could not be received as it has not been sent out with the agenda papers.

Councillor Kerry Jenkins, stated that she was new to the Joint Consultative Panel and suggested that the Union had a response to the report and this was not a separate report, but a response to his report and felt that it should be captured in the minutes and heard by the meeting.

The Chair stated that this works similarly at the Council meetings and forms the discussion however he was keen for reports to come to the meeting.

If there was a disagreement at JCC a report would be forwarded to the JCP.

Wendy Browning-Sampson stated that reports to this meeting from the Joint Consultative Committee should come as joint reports if

there was a Failure to agree or Failure to consult. This would take the form of a:

Top Sheet

Appendix 1 – Union

Appendix 2 – Management

Each representative would then present their reports.

This approach had been agreed through the Employer Relations Framework.

The Agenda for Meetings is agreed between the Chair and ACO Sarah Warnes.

Steve Price-Hunt that he had worked all weekend on the document. It was custom and practice for all parties to agree the report but this was a complicated subject. He had tried to condense it for ease of understanding.

In response to the FBU response, Helen Sherlock, stated at the disputed figure of £194 per shift was an average of a day and night shift and had been received from the Finance Team.

The data for sickness had been obtained from HRMS and Workforce planning

333 days through sickness

487 grievance

95 for discipline

Total number of days lost through discipline for all staff not just Green Book.

It was noted that each shift is dynamically managed and the data is not collated and the figures had been assumed as they are not available shift by shift.

One dismissal had been made around the large case.

Helen Sherlock confirmed that the information had been provided by the Workforce Planning Team but the raw data was available to share if required.

Sarah Warnes, stated that the figures provided by the Finance and Workforce Planning Teams had been used to provide the evidence base.

Officers had looked at the approach to the discipline and grievance and the lessons learnt from the Joint Working Party. The last from the JCP had been welcomed and examined the balance between the number of misconduct and gross misconducts.

It was noted that the Core Values and Behaviours all have a part to play and managers should ensure that staff behave appropriately and it was now envisaged that the Service would move forward and discuss how progress can be made from the lessons learned.

Steve Price-Hunt did not agree with the figures quoted and did not think that National Insurance was included. He suggested that the figure differed from those used for budget and agreed by the Authority.

It was accepted that the very large case was an isolated incident, but that the FBU had been raising causes about the excessive use of disciplinary regulations and was not surprised that 53% of the workforce were at risk of being investigated.

Steve Price-Hunt also queried the number of Voluntary Additional Shifts, he felt the report only identified when VAS was used. As there are not enough firefighters on stations and everyday overtime is used to provide resilience and there is an inevitable cost and suggested a figure of £350,000 and not £118,000.

Finally, the FBU were still concerned by the excessive nature of disciplinary cases and the figures historically with a percentage of three quarters gross misconduct to misconduct. However, he stated that there were shoots of things changing in this area.

He suggested that the Fire Authority speak to Workforce Planning and Accountancy Team to confirm the cost incurred for every day of absence as he believed the figure to be nearer £200.

The Chair stated that the figures and costs could be discussed at length and the circumstances around each time, but would never be completely bottomed out but wanted to look to the future and move forward.

Disciplinary cases had been raised by lot of people and were a feature of the Cultural Review Report and there was a clear recommendation for Disciplinary Procedures to be reviewed.

This was currently out to consultation with focus groups and an Action Plan would be prepared. The Joint Consultative Panel should have an opinion on this and it was considered that a review of disciplinary procedures should be included in the action plan.

It was felt that the disciplinary procedures should be compared to other Fire Services and Metropolitan Brigades

Springing from the Action Plan, it was felt that there would be a clear evidence base and agreement could be reached. If the JCP make a recommendation for the Cultural Review this would be reached during the forthcoming calendar year.

Councillor Brackenridge agreed that strong discipline was required and there was also a need to protect the workforce from bullying. He felt that a changing workforce brings its challenges, but he was keen to move forward. He also had some questions from the report some were covered by the Fire Brigade Union.

The Action Plan from the Stakeholder meeting would prove useful as a way forward.

The Fire Brigades Unions agreed that it would be good for an external company to look at the Services' processes and to validate them as it would be provide a sound basis for the future going forward as the subject of Gross Misconduct, Misconduct and Disciplinary Procedures had been discussed by the JCP for years.

Steve Price-Hunt stated that he thought this seemed reasonable as nothing had changed in the six and a half years since the figures had started to be reported. He was pleased with the reduction in Gross Misconducts and for the first time there was a 50/50 split with misconducts. However, he genuinely believed that other Metropolitan Fire Services were not spending as much tax payers money on disciplinary cases and wanted to move forward. He was concerned that none of the recent gross misconduct cases had led to dismissal and had taken over a 12 month period to resolve and felt that this was not acceptable. However, he welcomed the review.

Cllr Brackenridge said there were statements in the Cultural Review regarding disciplinary cases and the figures were important but more important were the human costs and impacts on people and the organisation.

It had been recognised that the policies would be looked at and it was recommended that this could be put into the Action Plan of the Cultural Review Stakeholder Review.

The Cultural Review Steering Group would be set up to monitor implementation of the Action Plan and it hoped that this would give confidence to staff.

Maurice Carter supported the FBU point of view and stated that tax payers money is being used on disciplinary cases and this was a large amount and the Cultural Review provides an indication of the strength of feeling. He felt that many people were suffering from management misuse of policies, which affect the health of his members, but felt that the Cultural Review should help to bring sickness levels down

Cllr Miller expressed concern about the time it takes for disciplinary cases and suggested that this needed to speed up. He also felt the cost to the Authority was too high and personal cost to staff through worry and stress. He recommended that Officers look into this.

Sarah Warnes stated that the stakeholders would be looking at behaviours in the workplace and would be happy to move forward to the Action Plan.

The Chair requested that the Stakeholder Group seriously consider an independent review of disciplinary cases within the Action Plan of the Cultural Review.

Notes of the Policy Planning Forum

Item 16

**4 November 2019 at 11.30 am
at Fire Service Headquarters, Vauxhall Road, Birmingham**

Present: Members of the Authority
Councillor Brackenridge (Chair)
Councillor Iqbal (Vice Chair)
Councillors Barlow, Barrie, Cooper, Dehar, Edwards,
Hogarth, Jenkins, Miks, Miller, Spence, Walsh and
Young
Professor Simon Brake
Mr Ager

Officers: West Midlands Fire Service
Deputy Chief Fire Officer Brown
Assistant Chief Fire Officers G Taylor and S Warnes
A Afsar, S Barry, S Burton, P Fellows, S Timmington

Clerk and Monitoring Officer

K Gowreesunker (Clerk)
S Sahota (Monitoring Officer)
M Griffiths (Treasurer)

Apologies: Councillors Gill and Spence
Gurinder Josan
Sarah Middleton

Observers: Nil

22/19 Chair and CFO Announcements

Cllr Greg Brackenridge, Chair of West Midlands Fire and Rescue Authority (WMFRA), welcomed all attendees to the Policy Planning Forum.

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Policy Planning Forum 4 November 2019

The Phase 1 report of the Grenfell Tower Inquiry had been published. A response to the report would be provided as a Service and Authority. Any changes in policy and other areas as a result of the findings of the inquiry would be communicated to Members.

The Chair noted that he had written to Baroness Lawrence following comments that she had made in reference to the Grenfell Tower incident. It was acknowledged that the Baroness had withdrawn her comments and had issued an apology.

The Chair noted the approach that Birmingham City Council had taken to sprinklers in high-rise buildings, including the retrofitting of sprinklers which was not an insignificant task considering 10% of all high-rise buildings in the country were in Birmingham. Wolverhampton City Council were also taking the same approach. The Service were hosting an event for Local Authorities and other partners regarding high-rise and Safe and Wells, and Members were asked to attend if they were available. Leaders from across the West Midlands were also being invited to the event as it was believed that there was a need for a regional approach to be developed.

The proposed public consultation on the Integrated Risk Management Plan (IRMP) had been delayed due to the Purdah period as a result of the calling of a general election. The consultation would now take place after May 2020 elections.

A stakeholder group had been set up following the publication of the Cultural Review report. The group had met and had been extremely well attended. There would be a number of meetings held across the Service and Members were encouraged to attend.

23/19 Strategy Timelines

Karen Gowreesunker, Clerk to the Authority, provided an overview on the strategy timelines.

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It was confirmed that the public consultation of the IRMP would commence after the general election. The Service would continue with its strategy planning process, with the key dates being:

- November – Policy Planning Forum and Fire Authority
- December – Policy Planning Forum:
 - Vision statement
 - Priorities and outcomes aligned to strategy (external and internal horizon scanning)
- January – Policy Planning Forum
 - Review of above
- February – Policy Planning Forum
 - Review of above
- February – Fire Authority
 - Approval of priorities and outcomes for 2020/21
 - Budget
- ‘Our Plan’ to be published April 2020

24/19 Delivery of the Strategy

Sarah Warnes, Assistant Chief Fire Officer, Strategic Enabler People, provided an overview of the presentation on the delivery of the strategy.

The implementation of a risk-based approach to flexible fleet management was introduced on 1 April 2019. The approach had been introduced to achieve the required savings within the Financial Efficiency Plan (FEP) of £3.8m within the financial year 2019/20.

In terms of fleet availability, a difference of between -4.5% and -5.1% had been observed during quarters one and two, although this did fluctuate on a daily basis. The ridership factor was currently 15.3, above the target of 13.5. This had resulted in an overspend within the staffing budget. The largest factor contributing to this was attributed to attendance management and an increase in the number days / shifts lost due to sickness. A Task and Finish Group had been set up to address this and review attendance management.

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The group would first examine policy and ensure staff possessed the tools to manage short and long-term sickness. Additionally, there was a need to ensure that staff recorded sickness correctly including absence reasons and return to work information. It was noted that more people were off work due to long term sickness than had been previously experienced, and the group would also look at long term sickness and restricted duties, with a view to exploring ways in which cases could be managed more effectively. Familiarisation sessions had been delivered to middle managers and combined sessions would be scheduled with supervisory managers. It was noted that the work around sickness would only see a small reduction in the ridership factor due to the number of long-term sickness cases, however it would enable a positive direction of travel going forward.

Prevention –

The Service continued to ensure that Safe and Well visits were carried out for the most vulnerable in our communities.

The target for the percentage of Safe and Well visits from partner referrals had been reduced to 40% (previously 55%). Performance was currently recorded at 36.7%. It was noted that a data cleansing exercise had been carried out and that this had resulted in an impact upon the figures.

The average points per Safe and Well visit had reduced from 8.51 to 7.53, compared to the target of 8.5 points per visit.

The Service was carrying out work to target and link in with partners across the West Midlands. The Prevention team hosted fourteen Continual Professional Development events during September, aimed at frontline staff and managers from partner agencies. The events resulted in over 500 attendees.

A new online learning facility was launched in September so that partners could undertake learning regarding recognising and referring risk and vulnerability to fire.

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The Service was running a trial in the Black Country South Command Area based on the Tymly system which saw referrals booked through the Contact Centre, then passed to Fire Control, resulting in a crew being mobilised to a Safe and Well visit. The trial was designed to make the process more efficient and it was intended that the Tymly system would be relaunched (as Tymly 2) complete with refined processes.

The target for the total number of Safe and Well points achieved was reduced from 300,000 to 259,690 for 2019/20 to take account of the reduced appliance availability. Year to date performance was currently 6% below target.

Protection –

The number of accidental fires in non-domestic premises and the number of false alarms due to fire alarm equipment were both within their respective tolerance levels.

As approved by the Authority, the Service had invested £600k into the protection function which had enabled the recruitment of eleven new members of staff ensuring that the function was fully established. The new members of staff were undergoing training to ensure competency (by quarter two 2020). The introduction of the new members of staff had enabled the review of how all work came into the function. This had allowed the implementation of a triage process which assigned work to the appropriate resources, for example, to firefighters, Business Support Officers, and to Fire Safety Officers.

Audits were now more targeted towards high risk premises and 99% of statutory building regulation timescales were being achieved, previously 48% and 78% respectively.

The added capacity had enabled Officers to influence proposed high-rise building design, for example, as a result of the advice from the Service, a recent building design had been amended to include two rather than one stairwell.

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It was noted that an incident had occurred at a high-rise building where sprinklers had been retrofitted. The sprinklers had activated and suppressed the fire. The level of response mobilised to the incident was reduced following receipt of information. The activation of the sprinkler system had resulted in no danger to the occupant of firefighters.

Gary Taylor, Assistant Chief Fire Officer, Strategic Enable Process, provided an overview high-rise organisational assurance.

The Phase 1 report of the Grenfell Tower Inquiry had been published. Phase 1 focussed on the events of the night of the incident. Phase 2 would focus on building construction and systems of regulation.

Immediately following the Grenfell Tower incident, the Service had reprioritised resources and carried out visits at all 551 high-rise premises across the West Midlands. The Service also supported the strategic briefing and undertook the role of co-ordinating interventions nationally.

The work undertaken by Birmingham City Council in retrofitting sprinkler systems in its high-rise buildings was highlighted and Members were informed that an Officer had been seconded into the council. The Service realised the importance of building relationships with partner agencies and organisations.

It was noted that it was very positive that buildings were being adapted to include extra fire protection measures including the retrofitting of sprinkler systems. However, there was a need for the Service to be informed of such adaptations to enable it to alter its plans accordingly, for example, to take into account the impact on water supplies.

The Services high-rise policy had been reviewed. Domestic high-rise buildings featured the majority of life risk. However, the Service's policy now included other high-rise buildings including business premises. High-rise policy was also being developed via the National Operational Guidance programme with a view to share consistent policy nationally.

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The 'Stay Put' policy had worked well to date. However, it did not in the event of a catastrophic compartmentation failure. Additionally, the number of calls received by Fire Control during such an incident meant that Fire Control Operators were not able to remain on the phone to callers to provide fire survival guidance. As a result, the Service had examined when the 'Stay Put' policy could be changed as well as changes to evacuation procedures when / if required. A further change to the policy had included the provision of a dedicated resource to externally monitor a high-rise building during an incident and to link back to the Incident Commander and Fire Control. It was noted that if there was a need to change strategy at an incident, it would be changed based on evidence.

It was noted that high-rise incidents were some of the most challenging incidents, including in terms of command and control. The Service had developed a simulation approach to test procedures and competencies and had invested in the simulation centre and simulation software to help enable this. Live training exercises were undertaken at the bespoke high-rise training facility in Oldbury and when possible, at vacant premises. A casualty simulation group were also utilised as part of such exercises.

As part of the development of the Standardised Assessment process, a team of stakeholders reviewed what the Service needed to do more of, and what it needed to do less of. Following the Grenfell Tower incident, it was identified that there was a focus required on incident command, particularly at high-rise incidents. All Officers undertook standardised high-rise competency assessment.

The site-specific risk inspection process included visits to high-rise buildings. 551 high-rise buildings had been visited. These buildings were now visited on an annual basis due to the change in policy and the retrofitting of sprinklers. These visits ensured staff knew what to do on arrival and were able to access information regarding the building, such as what fire protection measures were in place and the layout and features of the building.

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It was noted that such plans had to be flexible as it was not always possible to implement a pre-determined plan due to a variety of circumstances, for example, the lift could be out of order, or the hydrant(s) may not be available.

E-learning training packages were provided for staff on high-rise incidents and these were updated regularly to reflect ongoing developments.

Station peer assessments were carried out annually and these included the checking of policies and training. These included the undertaking of desktop scenarios with the watch, which was then backed up with the standardised assessments for Officers, plus the live training exercises.

The Service conducted research and development into high-rise policy which had included the introduction of new hose laying techniques, examining the utilisation of smoke curtains and smoke hoods, and the use of electric powered fans rather than petrol powered fans when implementing tactical ventilation.

In answer to Members' questions, the following points were raised:

- High-rise premises covered some hospitals. However, the evacuation procedures differed due to the nature of the buildings and occupants. Additionally, evacuation procedures had to be applied locally as a lot of hospital buildings were unique.
- The Service was taking a rigorous approach to visiting high-rise premises and ensuring the correct procedures were in place and that landlords fulfilled their responsibilities. For example, a recent visit had highlighted an issue where the wet riser was not being tested on a regular basis.
- Fire hoods were expandable and allowed fresh air for the user. Fire hoods were used within other Services. It was noted that if they were introduced into the Service, the learning from other services would be taken into consideration regarding the use of the fire hoods and sensitivities regarding some religious beliefs.

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Policy Planning Forum 4 November 2019

- There was no statutory requirement under the Building Regulations or fire risk assessment and therefore, no trigger, to inform the Fire Service of alterations to buildings. There was only a requirement to inform the Fire Service if an alteration would affect the Building Regulations or a feature such as the means of escape. There was no mechanism in place to ensure the Fire Service were informed of alterations that enhanced the fire protection measures of a building and where improvements went above and beyond the statutory requirements. However, such improvements and enhancements to fire protection measures, although positive changes, did have an impact upon fire and rescue procedures.
- It was noted that sprinklers were a game changer. Smoke alarms provided an early warning of fire and enabled the ability to escape but did not provide the level of protection that sprinklers could provide.
- It was noted that Members were able to provide a level of influence that Officers were not able to.

The meeting closed at 12:50 hours.

Contact Officer: Stephen Timmington Strategic Hub West Midlands Fire Service 0121 380 6680

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Minutes of the Collaboration and Transformation Committee

Item 17

11 November 2019

Present: Councillors Dehar (Chair) Brackenridge, Barlow, Edwards, Hogarth and Young

6/19 **Apologies**

Apologies were received from Cllrs Iqbal and Walsh and Prof Simon Brake

7/19 **Declarations of Interest**

There were no declarations of interest.

8/19 **Minutes of the Collaboration and Transformation Committee held on 7 October 2019**

The minutes of the Collaboration and Transformation Committee held on the 7 October 2019 were approved.

9/19 **Collaboration and Transformation - Developing Strategic Direction**

The Committee received a report setting out the framework to support the development of future collaborations for recommendation to the Fire Authority.

The Committee considered the revised definition for Transformation and Collaboration as considered at the meeting of the Committee on the 7 October 2019.

At the first meeting of the Committee, Members had considered a wide range of collaborative partnerships that the Service was currently engaged in that demonstrated alignment to the achievement of priorities and outcomes as set out in Our Plan.

In Developing Strategic Direction, the Committee considered the feedback from their previous meeting, the importance of focused community benefits and the 'Duty to Collaborate' as part of the Police and Crime Act 2017 and the work of the Emergency

Services Working Group (ESWG). A revised definition was proposed as follows”

“West Midlands Fire Service will collaborate with other organisations to enable the transformational delivery of value-based services to local communities in a way which supports the priorities of each partner”.

The Duty to Collaborate is a feature of the ESWG, Chaired by Mr Eric Carter, the Chair of Shropshire Fire and Rescue Authority, where there are many conversations and opportunities to foster collaboration.

Delivering Transformation in Services is less structured and it was suggested that this should be likened to the transformation that is being looked at nationally particularly in broadening the role of firefighters.

The priorities of the Service aim to ensure the most vulnerable communities are targeted in the most effective way to mitigate and where possible, remove risk of fire related incidents. A critical aspect of this is how the skills of the workforce are developed to respond to this and the changing nature of risk.

The Committee would need to consider risks so that the Authority did not find itself in a similar position as in previous years and running into blockages.

The HMCIFRS report referred to this area in its recent report within the ‘people’ pillar and cites The Service recognises that the role of a firefighter has changed considerably. Through effective training of staff, the Service was able to deliver transformation in its services. There was also clear evidence, captured in the HMCIFRS report of where transformation and change had continued to result in improved outcomes for communities and this is a key consideration for members in the definition of collaboration set out in paragraph 3.4.

A framework for collaboration and transformation was set out and the considerations could be adopted in a flexible way ensuring that they enable rather than restrict. They recognise the discreet functions and identities of the Service and partner organisations whilst encouraging a positive culture of seeking opportunities to work more closely together to transform services to improve efficiency and effectiveness.

The Framework - a joint assessment and understanding of risk and vulnerability included the following areas:

- Community outcomes
- Shared Vision
- Transformational use of resources and information
- Digital Transformation
- Shared decision making and commitment
- Communication
- Trust
- Realistic timeline and delivery pathway
- Corporate Governance Architecture
- Organisation identity
- Evaluation

In agreeing both the definition and framework set out in the report, officers would, in line with the delegations set out in the Authority's Constitution, develop and engage in structured collaborative relationships, which would support the transformational delivery of services aligned to risk as set out in the IRMP, and Strategic priorities as set out in the rolling 3 year strategy, Our Plan.

One Member felt this was a good direction to take and stated that previously the Authority had worked with the Ambulance Service and hoped that this may be a possibility in the future where the joint use of sites had been used to save on finances.

Another member felt this was a good example of collaboration at low level and following the Election of a new Chair of the Ambulance Trust, a new conversation could be started.

Members felt that the public seem happier for the Fire Service and Ambulance to collaborate. It was noted that Officers had been in discussions with the Police regarding the delivery of procurement and collaboration on estates. Members expressed caution with the shared use of facilities with the Police with a preference for the softer side of policing only on Fire Service premises, eg. Police officers writing reports and dealing with paperwork or to park in unfavourable weather conditions. Members did not want Fire Service premises used for the hard edge of policing.

DCFO Wayne Brown stated that London Fire Brigade had worked with the Police Community Safety Officers and Neighbourhood officers in Safety Enablers Teams and this had worked well on fire stations and was good example of collaborative working

A Members stated that due to financial cuts there were no such teams in the West Midlands and would not be for a long time, although this idea would be ideal and asked how it was managed in London.

DCFO Brown confirmed that a clearly written Memorandum of Understanding included that the team would look at neighbourhood safety only and would not become involved with investigation of crime.

A Member stated that transformation of the Fire Service had been discussed nationally for the last three years and the Service should be prepared for the future and needed to understand local communities and their needs, in order to be prepared for the possible future opportunities when additional funding may become available.

The Chief Fire Officer stated that he was an Adviser to the National Joint Council and at a recent Policy Planning Forum the Chair had given a broad but detailed description of where the Fire Service was at nationally.

Local support would be required so that the Service is prepared to collaborate in future.

The Chief Fire Officer confirmed that as Vice Chair of the National Fire Chief Councils there was a live conversation with the Local Government Association’s Fire Services Management Committee about Broadening the Role, but there was little traction. A more evidenced based approach was required. The Service had clarified how it would be developing its capabilities to be prepared for the future.

It was noted that the national pay claim would need to be finalised and the problem recently experienced had been a local issue related to income generation and the Service did not wish to go against the national FBU stance and the government needed to make changes to resolve the issues nationally.

The Chair of the Authority was optimistic that the national pay settlement would be agreed.

One Member stated that following the General Election there may be a change of government and Service needed to be prepared to move in whatever direction it could.

Resolved that the framework to support the development of future collaborations for recommendation to the Fire Authority be approved.

Resolved that the revised definition for Transformation and Collaboration be approved.

The meeting finished at 1415 hours.

Julie Connor Strategic Hub 0121 380 6906
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Minutes of the Scrutiny Committee

11 November 2019 at 12:00 p.m.
at Fire Service Headquarters, Vauxhall Road, Birmingham
B7 4HW

Present: Councillor Spence (Chair)
Councillors Barlow, Dehar, Gill, Jenkins and Young

Apologies: Councillor Barrie
S Middleton

Observer: Nil

43/19 Declarations of Interest in contracts or other matters

There were no declarations of interest.

44/19 Minutes of the Scrutiny Committee held on 7 October 2019

Resolved that the minutes of the meeting held on 7 October 2019 be approved as a correct record.

45/19 Fire Control performance Update Q1 & Q2 2019/20

Gary Taylor, Assistant Chief Fire Officer, provided the background to the report and the reason for its submission to the Committee.

The Shared Fire Control Governance Board had been established to provide the appropriate oversight of the function. The change in the governance model at Staffordshire Fire and Rescue Service had resulted in the

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decision to disestablish the Board. It had been agreed that a six-monthly update would be provided to the Authority, via the Scrutiny Committee, to ensure that appropriate oversight was maintained.

It was noted that the update would be provided on a six-monthly basis initially and then on an annual basis from 2020/21 onwards.

Simon Barry, Strategic Enabler for Command Delivery, Fire Control and Workforce Planning, provided an overview of the report.

Staffordshire and West Midlands Fire Control had received 37,175 emergency calls between 1 April and 30 September 2019. 26,496 calls had been received for the West Midlands, and 10,679 calls had been received for Staffordshire. This equated to a split of 71% to 29%. The split in the number of calls mirrored the financial arrangements of the Fire Control function which were 70% West Midlands Fire Service, and 30% Staffordshire Fire and Rescue Service. It was noted that the level of calls received compared to the number of calls mobilised to had remained consistent reflecting the continuing approach to call challenge.

A key performance measure for Fire Control was the length of time from answering a 999 call to mobilising resources to the incident for category one (life and property) incidents. The target was 80 seconds. Performance for the six-month period was an average call handling time of 78 seconds.

It was noted that Fire Control had used to be quite restricted due to mobilising to incidents based on pre-determined levels of attendance. However, this could lead to too much or too little resources being sent to an incident. Dynamic mobilising helped to reduce this situation occurring by supporting and enabling the skills and experience of Fire Control in increasing or decreasing the resources mobilised, aided by solutions such as 999eye. Fire Control had dynamically amended the initial level of response on 1486 occasions during quarters one and two.

999eye had been used almost 3000 times year to date. This increased use ensured that Fire Control were gathering and using the data that was available.

Increasing levels of sickness absence had been experienced, mainly linked to long term sickness which accounted for 71% of all sickness. This was particularly felt within Fire Control due to the relatively small number of staff.

In recognition of the higher levels of long-term sickness, and that there was an agreed budget with Staffordshire Fire and Rescue Service, an additional three individuals had been recruited as part of the latest recruitment campaign. The additional three individuals would not be putting extra pressures on the budget as it was known that three existing members of staff were due to leave. The recruitment of the individuals allowed Fire Control to build a buffer in place.

Work continued with the Command and Control supplier, Capita, regarding the upgrade of the Vision 3 system to Vision 4. Due to a number of issues identified as part of end user testing, the planned go live in November had been delayed until January 2020. This had followed an agreement that the system would not go live whilst significant issues remained unresolved. Capita were providing a responsive service and working closely with the Service. Implementation was getting closer and the Service was confident that there would be no issues when the system would go live.

The Emergency Services Mobile Communications Programme (ESMCP) was a national programme to replace the current emergency services network. It was noted that the programme had been beset by delays and a lack of clarity. The Service remained plugged into this work but it still remained unclear of when it would be implemented or what it would actually comprise. A corporate risk and separate project were in place for this workstream.

In answer to Members' questions, the following points were raised:

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- In relation to a question regarding how attendance times were calculated:
- Attendance times were calculated from the time that Fire Control mobilised a resource. The attendance times did not include call handling times. However, it was important to consider how these contributed to survivability.
- The attendance times were calculated in accordance with the Dear Chief Officer Letter guidance which recommended that times be calculated from the time that resources were informed. It was acknowledged that there were differing views regarding the guidance and the way of calculating / recording attendance times.
- All call handling and response times were reported to the Home Office. The Service had taken the conscious decision to break the response times down into the different elements such as call handling, mobilising and responding as this enabled Officers to work on reducing the times accordingly.
- It was noted that there were elements that impacted upon attendance times that were outside of the Service's control such as call handling by the operator.

- In relation to a question regarding sickness absence and stress related illnesses:
- A sickness absence lasting for 28 days or more was classed as long-term sickness. The cause in some cases was identified as stress. However, this was recorded under a general category of sickness. Work was currently being undertaken regarding this, to explore the subject in more detail, and to ensure that the appropriate mechanisms were in place to support mental health and wellbeing.
- Following a request by Members, it was agreed that information would be provided at the next meeting of the Committee on the work undertaken to explore the subject of stress related illnesses in more detail, and to ensure the appropriate mechanisms were in place to support mental health and wellbeing.

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- Sickness added additional pressures to Fire Control. A review of staffing within Fire Control had been undertaken three years ago. The review had examined what levels of staffing were required and when. This had resulted in optimum crewing levels (OCL) being introduced, which was a very lean staffing model. The OCL were based on an assumption that a certain number of staff would be on duty. However, sickness levels meant that sometimes the OCL was not met (the OCL was met approximately 80% of the time). This built in additional pressures for Fire Control.
- Officers pro-actively planned to ensure that a shift would not start below OCL. A number of measures had been put in place which included bringing in additional Fire Control staff, utilising members of the day team, putting in place Flexible Duty Officer support, and utilising members of staff from other areas of the Service who had Fire Control experience.
- In relation to a question regarding Fire Control recruitment:
- The latest recruitment campaign had attracted a high level of interest from individuals from Black and Minority Ethnic (BME) communities. However, the level of interest had not resulted in any BME individuals being shortlisted. It was noted that, via Thinkology, the recruitment adverts were very targeted to reach particular communities, and this had generated a lot of expressions of interest. However, expressions of interest were not being converted into applications. It was evident that individuals were deselecting themselves from the application process and there was a need to understand why.
- It was noted that Fire Control was slightly different to the rest of the organisation in that BME and white males were under-represented.
- Following a request by Members, it was agreed that further information would be provided at the next meeting of the Committee on Fire Control recruitment and the approach used by the Service to recruit people from under-represented groups.

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- It was confirmed that the Service was no longer using a recruitment agency to recruit individuals for positions in Fire Control. However, due to the number of staff, some were employed on temporary contracts.

It was agreed that:

- Information on the work undertaken to explore the subject of stress related illnesses in more detail, and to ensure the appropriate mechanisms were in place to support mental health and wellbeing would be provided to Members at the next meeting of the Committee.
- Further information on Fire Control recruitment and the approach used by the Service to recruit people from under-represented groups would be provided to Members at the next meeting of the Committee.

46/19 Diversity, Inclusion, Cohesion, Equality Update

Jo Simmonds, People Support Manager, People Support Services, provided an overview Diversity, Inclusion, Cohesion, Equality (DICE) Update:

In conjunction with the Service's Staff Engagement Groups, the DICE team hosted an Inclusion and Development day for staff in June 2019. The event focussed on raising the profile of the staff engagement groups and included a range of speakers covering a variety of topics such as mental health and wellbeing, positive action and recruitment, a transgender case study, and awareness of organ donation specifically within the African Caribbean community. Further events would be held in the future.

The Buddy Scheme was launched in July 2019 and it featured an emphasis around new entrants. Trained buddies were now in place with a view to increase the number of buddies going forward.

The draft DICE Report 2020-2023 had been developed. The report celebrated the success experienced over the last few years and looked forward, including the DICE Objectives for

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2020-2023 which had been developed in consultation with departments and functions across the Service. The DICE Objectives included reducing the gender pay gap, a refresh of the Service's core values, and the continuation of positive action.

Sections five and six of the report provided a snapshot of the activities carried out by the Service including the work of the Service's specialist deaf team, the prevention team, the complex needs officer team, and the hosting of a Stonewall event.

Section seven provided a profile of the workforce. It was noted that 10% of uniformed staff were female which represented an improvement compared to past performance.

There had been a total of five grievances lodged during the reporting period of January to June 2019. All five were related to working practices. There had been 10 discipline cases. Five cases had been investigated under gross misconduct and five cases had been investigated under misconduct. At the time of the report, four cases had progressed to a hearing, the outcomes of which were final written warnings in all four cases.

No trends in relation to the protected characteristics had been identified regarding the grievances or discipline cases.

It was noted that the Service intended to carry out a benchmarking exercise in the future to compare the grievance and discipline data to that of other Metropolitan Fire and Rescue Services. The outcomes of which would be reported to the Committee via a future DICE Update report.

Since April 2019, the Service had employed 32 new entrant firefighters, of which, 14 (44%) were women and five (16%) were from BME communities. It was noted that there remained work to be done particularly with regard to recruiting individuals from BME communities. As a result, the Service continued to carry out pre-recruitment activities. A BME pre-recruitment programme commenced in August following further targeted advertising by Thinkology.

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Approximately 40 people attended the initial open evening with 20 individuals registering their interest. 12 people committed to the six-week programme which started in September.

The female development sessions were being implemented with the first workshop being held in June 2019. The session was well attended by women from across the Service and topics covered included progression and development, confidence building, coaching and the benefits of volunteering.

In answer to Members' questions, the following points were raised:

- Members of the specialist deaf team were able to use sign language. The team did attend school events etc but generally attended referrals involving people with a hearing impairment / deafness.
- The Stonewall event held in September was for organisations committed to supporting Lesbian, Gay, Bisexual, Transgender (LGBT) employees and providing a fully inclusive environment using appropriately trained non-LGBT champions.

47/19 An Analysis of Progress of Quarterly Performance against 'Our Plan' – Quarter Two 2019/20

Gary Taylor, Assistant Chief Fire Officer, provided an overview of the report:

PI 1 'The risk-based attendance standard', the median attendance time to high risk (category one incidents) was 4 minutes 38 seconds, a one second improvement compared to quarter one. The Service continued to overperform for category two, three and four incident types, with all three median attendance times well within the respective targets. However, it was important to note that attendance times for category two and three incidents had increased by 12 seconds each, and a small increase had been observed for category four incidents. The Service Delivery Model

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continued to protect the PRLs ensuring their availability to attend category one incidents, and some flexibility remained within the lower risk categories of incident.

PI 2 'The number of accidental dwelling fires', there had been 824 incidents year to date, 4% above target but within the tolerance levels.

PI 3 'Injuries from accidental fires in dwellings', there had been 17 injuries during quarter two, 37 injuries year to date. Performance was 56.5% above target and 35.4% above the three-year average.

It was noted that the number of injuries would normally correlate with the number of incidents. However, an increase in the number of injuries had been observed which did not correlate with the number of incidents. The increase had been observed over two quarters so could not be attributed to a spike in the numbers, nor could the figures be affected by a single incident. Serious Incident Reviews had discovered no significant issues or factors. As a result, performance would continue to be monitored.

PI 4 'The number of deaths from accidental dwelling fires', there had been seven fatalities year to date. No spikes had been observed. Established reasons and trends continued.

PI 5 'The percentage of Safe and Well visits referred by our partners', performance was 31.7% year to date, below the target of 40%. The revision of the strategy and engagement with partners had resulted in a reduction in the number referrals from partners. Members were asked to provide support with regard to this, to help the Service to receive quality referrals.

PI 6 'The number of Safe and Well points achieved by the Brigade', 121,244 points had been achieved year to date, 8596 below the target. It was noted that the Safe and Well visits and points accrued via the Tymly system were not included within the figures. If they were to be added, the total figure would be closer to the target.

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PI 7 'The number of people killed or seriously injured in road traffic collisions', no data had been received for quarter two and only provisional data had been provided up to 30 June 2019.

The latest figures indicated a small reduction in the number of people killed or seriously injured. However, the figures remained a lot higher than those killed or seriously injured due to fire. A different profile had been observed with an increase in the number of pedestrians killed or seriously injured. The Service would work on raising awareness via social media and other platforms.

The Service continued to work with the West Midlands Combined Authority and road safety teams across the region.

The suite of performance indicators for deliberate fires, PI 8 'The number of deliberate fires in dwellings', PI 9 'The number of deliberate fires in non-domestic premises', PI 10 'The number of deliberate vehicle fires', and PI 11 'The number of deliberate rubbish fires', were all within their respective tolerance levels, with the exception of PI 12 'The number of deliberate fires in derelict buildings', which was 32.2% above target. It was noted that two derelict sites had been targeted a number of times, impacting upon the figures. The Service was working with local teams to secure both premises.

PI 13 'The number of accidental fires in non-domestic premises', there had been 234 incidents year to date which was 11.9% over target but within the tolerance levels.

PI 14 'The number of false alarm calls due to fire alarm equipment in dwellings and non-domestic premises', there had been 3071 incidents year to date which was above the target but within the tolerance levels.

Jo Simmonds, People Support Manager, People Support Services, provided an overview of the People Support Services and Safety, Health and Environment performance indicators:

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PI 17 'The percentage of all staff from BME communities', performance was 11.7%, below the target of 12.5% and below the lower tolerance level. It was noted that a concentrated effort was being taken to improve performance.

PI 18 'The average number of working days / shifts lost due to sickness – all staff', an average of 1.74 working days / shifts per person were lost due to sickness during quarter two, below target and below the lower tolerance level.

An average of 3.8 working days / shifts per person were lost due to sickness year to date, above the target of 3.4 days.

Work was ongoing regarding the delivery of attendance management workshops to staff which would include guidance on the requirements for recording sickness absence and return to work information.

PI 21 'The total number of injuries', 47 injuries were reported during quarter two. 89 injuries had been reported year to date, above the target of 63, and above the upper tolerance level. A full breakdown of the injuries by type was provided in the report. The three main types of injury sustained during quarter two were burns / reddening during hot fire training, manual handling injuries, and slips, trips and falls.

Near hit reporting had decreased by 38% during quarters one and two. Reports of violence had decreased by 32% during the same period.

PI 22 'The total number of RIDDOR injuries', there had been six RIDDOR reports during quarter two, and 11 reports year to date. Performance was above target and above the upper tolerance level. None of the reports had been incident related and none had been followed up by the Health and Safety Executive.

In answer to Members' questions, the following points were raised:

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- In relation to a question if there had been any water related fatalities this year:
- It was agreed that information on the number and type of water related incidents and the number of fatalities would be provided at the next meeting of the Committee. Information would also be provided on the Service's approach to water safety and the prevention of such incidents.
- The National Fire Chief's Council (NFCC) had a dedicated water safety and prevention section which had developed a water safety strategy and action plan.
- Nationally, the number of water related incidents had increased. It was noted that more operational discretion was being applied at these types of incidents due to their nature. The NFCC were leading on a project to determine if there should be a national policy regarding sub-surface and water related incidents.
- There was no statutory requirement for staff to go sub-surface if required, for example to affect a rescue. However, staff could find themselves in such a situation and there was a need to look after staff. Other agencies had specialist dive teams but response times could be an issue. Firefighters could be the first responders on scene and find themselves under pressure to do something but not have the training to do so, potentially putting themselves at risk.
- It was noted that recent activity to highlight awareness to communities regarding a spate of deliberate fires involving wheelie bins in the Walsall area had triggered a note into the NFCC which had been circulated nationally as a national issue.
- It was agreed that further information would be provided on the number of injuries, in particular injuries sustained in controlled environments including during training.

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It was agreed that:

- information on the number and type of water related incidents and the number of fatalities would be provided at the next meeting of the Committee. Information would also be provided on the Service's approach to water safety and the prevention of such incidents.
- further information would be provided at the next meeting of the Committee on the number of injuries, in particular injuries sustained in controlled environments including during training.

48/19 Scrutiny Committee Work Programme 2019/20

The Committee noted the Work Programme for 2019/20 and progress to date.

Karen Gowreesunker, Clerk to the Authority, noted that the Committee had undertaken the review of Business Continuity Arrangements and had agreed to undertake a review of Safe and Well. The review of Safe and Well would need to be scheduled before the end of the municipal year (June 2020). It was suggested that a scoping document for the review be submitted to the Committee at its next scheduled meeting in February 2020.

The Committee agreed that a scoping document on the review of Safe and Well was to be submitted at the February 2020 meeting.

The meeting finished at 13:48pm.

<p>Contact Officer: Stephen Timmington Strategic Hub West Midlands Fire Service 0121 380 6680</p>

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Minutes of the Audit and Risk Committee

Item 19

11 November 2019

At Fire Service Headquarters, Vauxhall Road,
Birmingham B74HW

Present: Councillor Gill (Vice Chair), Miller and Spence and Mr Ager
Councillors Brackenridge, Barlow and Dehar (Observing)

Apologies: Councillor Catherine Miks (Chair)

Councillor Barrie

55/19 Declarations of Interest

Councillor Brackenridge declared a non-pecuniary interest as he is in receipt of a fire service pension.

56/19 Minutes of the Audit and Risk Committee held on 2 September 2019

The minutes of the Audit and Risk Committee held on 2 September 2019 were approved.

57/19 Vacant Residential Properties

David Gardiner, Head of the Facilities Management team, attended the meeting at the request of the Audit and Risk Committee and gave a detailed update on the Vacant Residential Properties at:

Kings Norton – 6 flats, 7 houses – there are access issues (health and safety and security), 2 of the 7 houses are occupied by secure tenants and it may be possible to commercially lease two of the remaining houses. 2 of the flats have been merged and leased as offices.

Planning permission would take 12 – 18 months. There wouldn't be any onsite parking, but the station has good access to public transport.

Erdington – 9 flats- there are access issues (health and safety and security). The flats are located above and therefore integral to the station. Of the 9 flats only 1 is currently empty – 2 are leased as offices, 1 is occupied by a secure tenant, the National Association of Retired Firefighters utilise a flat, 2 flats are used for cold training purposes and 2 flats are used for storage.

There was limited opportunities for disposal.

One Member enquired if it would be possible to demolish the station and rebuild. Officers stated that if this was to be considered they would be required to look at alternatives and possibly dispose of the site if the Authority chose to do this.

Another Member enquired if an architect had been asked to look at the site, as they sometimes have unusual ideas to get around difficult building problems. The Facilities Manager confirmed that an architect had looked at the site and ramped access to the first floor had been looked at but this would cause other problems with access to the appliance bay.

Perry Barr – 8 houses – there are access issues (health and safety and security). One of the 8 houses is occupied by a secure tenant. Planning Permission has been obtained to separate the houses from the station site but Officers are still trying to obtain consent from the Housing Association to the rear of the plot to access their driveway.

Discussions are being held with Midland Heart Housing Association regarding access to the houses via an unadopted road.

Bloxwich - 2 apartments – there are access issues (health and safety and security). The two apartments are located at the rear of the plot on the first floor level above an 'old' vehicle workshop, which is being used by Fire Service Cadets, and partial site disposal is not viable as there is no other access

The Old Bank Building that is on the site is being leased and does not lend itself to being sold.

One Member enquired if the whole site could be leased for the training of young people.

Another Member confirmed that she would love to see the properties being used due to the shortage of places to live currently.

The Facilities Manager agreed and was hopeful of a positive outcome with Midland Heart in respect of the houses at Perry Barr.

The Independent Member enquired why the Audit and Risk Committee were looking at this area, and asked if anyone had looked at the financial implications. The Facilities Manager stated that these would be considered, did not have the figures at the moment.

The proposed next steps were to prioritise Perry Barr (via the Housing Association negotiations) and Kings Norton (to consider part disposal of the site – flats).

58/19 Treasury Management

The Committee received the Treasury Management Mid Year Review 2019/20.

The Authority approved its Treasury Management strategy as part of the Budget setting report in February 2019. The Authority was 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 2019/20. The Appendix to the report provided economic background information.

The economic background information was as things were at the time of writing the report and therefore did not reflect recent events (e.g. announcement of the General Election).

The key Treasury Management Indicators to note were:

1. Capital Expenditure

The Authority approved a £6.5m capital programme for the current financial year at its meeting in February 2019. This had since been updated to reflect the outturn position and financing decisions for 2018/19. The forecast outturn as at 30th

September for 2019/20 was £7.3m. The increase, which had been reported at the Authority meetings, was mainly due to slippage from the previous financial year. No borrowing had 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 30th September 2019 was £36m of which £33.1m is in respect of borrowing undertaken with PWLB and the balance £2.9m is in respect of the Authority's share of the Ex WMCC debt. The estimated average rate of interest payable on this debt for the current financial year is 5.3%.

3. The Authority's Investments

As at 30th September 2019, the Authority's investments totalled £62.5m which are invested with Sandwell MBC as part of the treasury management arrangement the Authority has with them. Interest is received on the investments and is based on the average return achieved by Sandwell MBC plus 10 basis points which for the first six months of 2019/20 was 0.78%. This compares favourably to the benchmark, which is the average 7 day LIBID rate of 0.57%.

Cllr Brackenridge joined the meeting at this point of the meeting as an Observer.

The Internal Audit Progress Report was moved to the end of the agenda due to the two minutes silence.

59/19 Audit and Risk Update

Richard Percival from Grant Thornton stated that the Auditors were currently planning for the 2019/20 audit and would issue a detailed audit plan, setting out their proposed approach to the audit of the Fire and Rescue Authority's 2019/20 financial statements.

The Auditors will begin their interim Audit in January 2020 and will continue with this work until the end of January.

The Auditor set out the Progress made as at October 2019

Members attention was drawn to the PSAA contracts for all local authorities and that there may need to be a fee variation as there had been a number of developments within the accounting and audit profession. The Financial Reporting Council (FRC) had set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Nothing had been decided as yet and the Auditor would be talking to the Treasurer about the matter. In the previous year (2018/19) the fee increase had related to pensions issues and asset valuations.

In the sector update there was nothing specific relating to fire and issues were more general.

There was also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the “few improvements needed” (2A) rating means that additional audit work would be required.

The Committee received details of the National Audit Office – Code of Audit Practice. Which would be reviewed and a new Code laid in parliament in time for it to come into force no later than 1 April 2020.

The Committee received details of the House of Commons Committee of Public Account regarding Local Government Governance and Accountability. The Committee were critical of the Ministry of Housing, Communities and Local Government and the government’s overarching role was to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

60/19 Corporate Risk Update

The Committee received a report requesting approval of Corporate Risk 1.1:

“Public Service Reform enables new duties and/or major changes to the governance, structure, role or activities of the Fire and Rescue Service requiring major re-organisation, resulting in an inability to deliver against organisational strategy and planned community outcomes.”

The Committee received six monthly updates of any significant risks and at the last meeting of the Audit and Risk Committee held on the 2nd September 2019, Members were informed that in Quarter 1, 2019/20 there was a decrease in Corporate Risk 1.1 External (Political and Legislative) Environment. This decreased from 6 (Likelihood 3 and Impact 2) to 2 (Likelihood 1 x Impact 2).

The recent review of this risk had recognised that the revision of the Authority’s strategy in February changed its approach to the development of locally commissioned work to support the wider prevention agenda, public service reform and the achievement of the financial efficiency plan. An impact of this was the need to adopt an approach to delivering front line services, flexibly enabling the management of resources on a daily basis to ensure the achievement of a balanced budget. This had reduced the Authority’s involvement in this activity and led to the discontinuation of the transfer of government reduced the reform of services for local communities.

It was considered that this risk was no longer relevant at a strategic level. There was currently limited to no risk of public service reform impacting on the delivery of strategy, statutory and core service delivery.

ACO Taylor explained that because of the revision of the strategy away from health services and changes in governance arrangements, i.e. reformation of the Fire Authority and withdrawal from the Combined Authority and Mayoral Governance, and having due diligence the risk was no longer relevant.

ACO Taylor reiterated the methodology of Corporate Risk and the reasons for the removal of Corporate Risk 1.1 As business development had been withdrawn and there was no desire to

move under the Mayoral Governance Model, the Service had a stable approach in these areas and would now focus on the remaining risks.

Resolved that the removal of Corporate Risk 1.1 from the Risk Register be approved.

61/19 **Work Programme**

The Committee reviewed its Work Programme.

62/19 **Update on Topical Legal and Regulatory Issues**

ACO Taylor informed the Committee that following the first full round of Inspections by Her Majesty's Inspector of Constabulary and Fire and Rescue Services a consultation exercise was being undertaken for the next round of Inspections.

CFOs and Service Liaison Officers would be completing the consultation by the 29 November 2019. The Inspectorate had asked for thoughts from Authorities on how the Inspection process could be improved and what other areas should be looked.

It was confirmed that the response would be made available to Members in the future.

The Chair of the Authority confirmed that himself and the Chief Fire Officer had met with HMICFRS to discuss the big issues. Chair's had been able to give their political view and many Services had similar feelings about the Inspection. The Chair also stated that the West Midlands Fire Service were amongst the top ten Brigades in the country and the only Brigade to receive an Outstanding mark for Operational Response.

It was felt that West Midlands would be Inspected again towards the end of the next tranche of Inspections. A further update would be provided in the future to Members following the consultation outcomes.

The External Auditor noted that at the Authority Meeting held on 30 September, as part of the Annual Audit Letter, a question had been raised in respect of Materiality and how it is applied.

The External Auditor stated that he is required to draw a conclusion on the accounts. The conclusion is to confirm that the accounts are ok and right, but the conclusion does not say that the accounts are totally correct.

The conclusion confirms that the accounts meet the threshold and are complete and accurate and any issues that are below the threshold, the Auditor would report them back to the Authority.

The External Auditor determines a level of materiality by using auditing standards. The Auditor would find it difficult to convert the textbook level and therefore looks for a sensible proxy and felt that the most appropriate level would be 2% of gross revenue expenditure. For the Fire Authority the benchmark is £2.4m.

The Service has a track record and the Treasurer provides a set of accounts, in accordance with CIPFA guidances. The Treasurer is well supported by his team and the Auditor has confidence with the accounts that are submitted.

The second key factor that the Auditor would look at, would be, if there was anything unusual with the accounts, e.g. if the Authority entered an unexpected transaction. This may bring the materiality level down.

Generally, added pressures may make the Authority think that they need to bring the materiality level down.

The External Auditor stated that from the quality of the accounts submitted in previous years, he was confident with the materiality level. If there were any issues, Members would need to make the Authority/Auditor aware.

The Meeting adjourned for the two minute silence

63/19 Internal Audit Progress Report

Mr Peter Farrow, gave a presentation on the role of Internal Audit including the Internal Audit Progress Report.

The presentation covered:

Internal audit which is a statutory service, and looks at governance, internal controls, risk management, and a definition of Internal Audit.

The Mission of Internal Audit is “to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Core Principles for the Professional Practice of Internal Auditing

Public sector internal audit standards

Internal Audit Charter

The three lines of defence model

1. Service area-how managed
2. Corporate services
3. Internal auditors

The Internal Audit Plan contains:

- Planning Process
- List areas – 60 items
- Risk assess
- Financial impact
- Areas of concern
- Rag rated

Internal Audit Reports provide:

- Individual report for each review
- Scope and Objectives
- Testing
- Findings and Recommendations (RAG)
- Overall conclusion

Currently there was nothing to concern the committee and at the end of the year the Internal Auditor would give an overall assurance opinion.

The Internal Auditor has been able to give an unqualified opinion of reasonable overall assurance for a number of years.

This Opinion is based on absolute work that had been considered by the Auditor in his Annual Internal Audit Report.

The Auditor provides:

- CIPFA – Audit Committee Updates
- Audit and Risk Committee – Terms of Reference
- Internal Audit Plan 2019/20
- Internal Audit Annual Report
- Audit and Risk Committee Annual Report – assistance
- Counter Fraud information
- Ad hoc Training

The presentation also looked at the role of the Audit and Risk Committee and the National overview provided by the National Audit Office's report on local authority governance.

The External Auditor's review of local authorities was generally positive.

One Member enquired if the Auditor looked at areas not covered by the audit and whether they had adequate resources.

The Auditor stated that resources did play a part but that audits were not all resource driven but rather risk focused and the auditors would keep a watching briefing on issues arising and these issues would then be incorporated into reports

It was explained that some areas, as well as the three lines of defence may have another control e.g. The Health and Safety Executive and it would make sense to focus resources on another area that did not have additional controls.

At the end of year, the Treasurer or Finance Manager could suggest a contingency list of audits, however, the cost would need to be balanced. The Auditor stated that there were no major gaps but the Authority would need to consider the finances to pay for additional audits.

64/19 **An Introduction to the Counter Fraud Unit**

The Committee received a presentation on Fraud Awareness from Mr Philip Tromans, Counter Fraud Investigator, from Sandwell Metropolitan Council. The presentation covered:

- Current Fraud Landscape
- CIPFA's Code of Practice on managing the risk of fraud and corruption
- Work of the Counter Fraud Unit
- Local Government Act 1972
 - Sections 111, 151, 222 and 223
- Other Legislation
- Awareness and Publicity
- Counter Fraud Unit 2018/19
- National Fraud Initiative Report
- CIPFA Fraud and Corruption Tracker
- Fraud and the Audit and Risk Committee
- Fraud Risk Register

The meeting closed at 1230 hours.

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

JOINT CONSULTATIVE PANEL

Item 20

3 FEBRUARY 2020

1315 HOURS

Attendance:

Councillors Barrie, Brackenridge, Edwards (Chair),

Sasha Hitchins – Fire Brigades Union

Maurice Carter – UNISON

Karen Gowreesunker, Clerk to the Authority

Wayne Brown, Deputy Chief Fire Officer

1/20 **Apologies**

Apologies were received from:

Councillors Cooper, Jenkins and Miller

Steve Price-Hunt – Fire Brigades' Union

Satinder Sahota – Monitoring Officer

Wendy Browning-Sampson – People Support Manager

Helen Sherlock – People Support Manager

2/20 **Declarations of Interest**

No declarations of interest were received.

3/20 **Minutes of Joint Consultative Panel – 4 November 2019**

The Minutes of the Joint Consultative Panel held on 4 November 2019 were received.

It was requested that the final paragraph be amended from:

“The Chair requested that the Stakeholder Group seriously consider an independent review of disciplinary cases within the Action Plan of the Cultural Review”.

To:

“The Joint Consultative Panel recommended that the Chief Fire Officer include an independent review of disciplinary processes within the Action Plan of the Cultural Review”.

4/20 Training

As the Trainer was not available, it was agreed that the training session would be rescheduled to the next meeting of the Joint Consultative Panel on 6 April 2020.

The meeting closed at 1330 hours.

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