



# **WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**Monday, 19 February 2018 at 11:00**

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

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.

| <b>Distribution of Councillors</b> |  |
|------------------------------------|--|
| <b><u>Birmingham</u></b>           | D Barrie<br>K Booth<br>A Cartwright<br>L Clinton<br>N Eustace<br>M Idrees<br>R Sealey<br>G Singh Atwal<br>S Spence<br>F Williams |
| <b><u>Coventry</u></b>             | P Male<br>C Mks<br>S Walsh   |
| <b><u>Dudley</u></b>               | A Aston<br>N Barlow<br>M Mottram   |
| <b><u>Sandwell</u></b>             | K Allcock<br>J Edwards<br>C Tranter  |
| <b><u>Solihull</u></b>             | S Davis<br>P Hogarth   |
| <b><u>Walsall</u></b>              | B Douglas Maul<br>S Craddock<br>A Young  |
| <b><u>Wolverhampton</u></b>        | G Brackenridge<br>P Singh<br>T Singh   |

# Fire Authority

You are summoned to attend the meeting of Fire Authority to be held on  
Monday, 19 February 2018 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
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**20 Exclusion of the public and press**

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."*

## **Agenda (not open to public and press)**

**21 Planned Procurement Exercise**

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

**Agenda prepared by Julie Connor**

**Strategic Hub, West Midlands Fire Service**

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**This agenda and supporting documents are also available electronically on the West Midlands Fire Service website at:- [www.wmfs.net](http://www.wmfs.net)**

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|---|
| <b>Minutes of the West Midlands Fire and Rescue Authority</b> |
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**20 November 2017 at 1100 hours at  
Fire Service Headquarters, Vauxhall Road, Birmingham**

Present: Councillor John Edwards (Chair)  
Councillor Mohammed Idrees (Vice Chair);  
Councillors Allcock, Barrie, Booth, Brackenridge,  
Cartwright, Clinton, Craddock, Davis, Douglas-Maul,  
Eustace, Hogarth, Male, Miks, Sealey, T. Singh, P  
Singh, Spence, Tranter, Williams and Young  
Aston, Atwal Singh, Barlow, Mottram and Walsh.

**88/17 Apologies for Absence**

Apologies were received from Councillors Sealey.

**89/17 Declarations of Interest in contracts or other matters**

Councillor Edwards and Brackenridge declared a non-pecuniary interest in Minute No. 96/17 below (Monitoring of Finances).

**90/17 Chair and Chief Fire Officer's Announcements**

The Chair informed the Authority of the two forthcoming events:

The Rewards and Recognition Evening on 24 November 2017 at Edgbaston Cricket Ground

The Annual Carol Service on 3 December 2017 at St Martins, Bull Ring at 1600 for 1630 hours.

Expressions of Interest would be requested from Members for a place on the LGA Fire and Rescue Leadership Course on 20/21 February 2018 at Warwick University, Coventry.

The Chief Fire Officer and Chair had recently met with West Midlands Members of Parliament and updated them on the current financial and operational situations.

MPs were informed of the Authority's capital position and updated on the level of budgetary cuts over the previous seven years, including a cut of 50% in grant and reductions of £38m and a further £10m by 2020 and a reduction of 25% of support, operational and fire safety staff.

The MPs were asked to raise the issue with the Home Office and the Department of Communities and Local Government (DCLG) and to persuade the DCLG to allow flexibility on council tax in 2018/19. The Fire Service would like to be treated in a similar way to the Police and parish councils.

The Authority were informed by the Chief Fire Officer of the recently released Association of Metropolitan Fire and Rescue Authority's substantive publication entitled "Fair and Intelligent Funding" to influence the budget setting process. The National Fire Chief's Council, through its Finance Committee, chaired by Deputy Chief Fire Officer Phil Hales had also written to the Home Office on the future funding of the Fire Service.

Members were informed of the launch of the Back Home Safe and Well scheme in Coventry aimed at those members of the public who are vulnerable from the risk of fire, who are released from Coventry and Rugby Accident and Emergency and this will continue for further four months.

300 people to date had taken part in the scheme and this was set to accelerate through the winter months and was regarded as a good news story for the Fire Authority.

Section 41 Members were encouraged to confirm their attendance and to attend the Rewards and Recognition Awards Ceremony if possible.

**91/17 Minutes of the Fire Authority held on 18 September 2017**

**Resolved** that the minutes of the Fire Authority meeting held on 18 September 2017, be confirmed as a correct record.

**92/17 Monitoring Officer Provision**

The Authority noted the appointment of Monitoring Officer provision through Local Government Shared Services (LGSS) Law Services from the 26<sup>th</sup> September 2017.

At the June Annual General Meeting of the Authority a report was presented on a review of Monitoring Officer Services. The Authority approved option 2, Wolverhampton City Council. However, Wolverhampton City Council were unable to provide services.

On the 7 August 2017, the Chair informed the Executive Committee that a further review would be required to source services, due to Wolverhampton being unable to provide this role.

Following a further review the Chair, CFO and Clerk implemented option 3, Independently sourced Monitoring Officer provision, as this also provided the benefits of option 1 retaining the current Monitoring Officer provision. This was implemented on the 27<sup>th</sup> August to ensure continuity of Monitoring Officer services.

The Monitoring Officer had taken up a position with LGSS Law Ltd who are a law firm specialising in the public sector. It was formed by Northamptonshire County Council, Cambridgeshire County Council and Central Bedfordshire legal services departments. LGSS Law Ltd provide cost-effective legal advice and assistance to a range of public and not for profit sector clients including Fire and Rescue Authorities.

The move provides the Authority with the services of a specialist department and exploiting the benefits of option 1, maintaining current Monitoring Officer provision through Sandwell MBC, whilst providing continuity of services through

the independent company while retaining organisational knowledge and strategic direction and effective progression of governance change.

**Resolved** that the Clerk to the Authority to make the changes required to the Constitution and Monitoring Officer Memorandum of Understanding (MOU).

#### 93/17 **Delivering Strategy – The Plan 2018 - 2021**

The Authority noted the progress made in supporting the delivery of The Plan 2017-2020 and the Financial Efficiency Plan (efficiency plan), during the current financial year 2017-2018.

The CFO stated that further clarity was needed because of the current environment. The Authority agreed its updated annual plan and Integrated Risk Management Plan (IRMP) delivered through a rolling 3 year strategy in February 2017 and 4 year efficiency plan 2020 in September 2017. The Authority's risk based 5 minute attendance standard forms the basis of the Authority's strategy. The Service is performing well against the Plan saving lives, property and keeping business in business, through Protection and Prevention. Income is being generated by the Transformation programme as agreed by Authority. However, there would be some significant issues to continue meeting the arrangements including revised staffing model and introduction of alternative funded services.

The Authority reaffirmed their continuing support for the strategic priorities and outcomes as outlined in The Plan 2017-2020 for 2018-2021.

The Authority confirmed its continuing support to the CFO for the ongoing delivery of the Authority's 3 year rolling strategy for transformational services improvements, delivered through The Plan 2018-21. And, in particular, the delivery through:

- Implementation of the programme of workforce reform and development in supporting the delivery of The Plan (2018 – 2021) and efficiency plan. The key area of focus will be the development of a Local Agreement.



- The continuation of alternative funding activities to support the delivery of future strategy and the requirements of the efficiency plan, including the capability of staff to deliver the alternative funding activities.
- The review of alternative options for staffing in enabling the effective delivery of the Service Delivery Model and improving public safety.
- Consideration of the delivery of the above enabling services to be provided to local communities within a balanced budget, aligned to the Service's efficiency plan and The Plan 2018 – 2021.

The Authority acknowledged that it may need to use funding from balances as part of the 2018/19 budget setting arrangements in support of the Service transformation changes .

In response to a Member's enquiry regarding a possible shortfall, the CFO stated that amount set for alternative funded services was over the life span of the efficiency plan. It was hoped that through a local agreement, this would be achievable but, only as long as the workforce delivered the right activities.

If this is not achieved the Authority would potentially face the difficult position of not reaching the £2m funding, but the shortfall would need to be found from other areas of the organisation. This would require more internal change and possible degradation of service, less appliances, less stations and not enough riders.

To maintain the commissioned work from integrated staff would not be an easy task. The Service wished to continue to achieve the best Service Delivery Model in the country and maintain its 4.41 attendance average, but each month this was becoming more difficult. The Authority's aspiration was to maintain the best service for the community.

Further updates would be provided at Policy Planning Forum in the forthcoming months.

94/17 **Route Map to a Mayoral West Midlands Combined Authority Governance – Representation from West Midlands Police and Crime Commissioner**

The Authority received a report outlining the Representation from West Midlands Police and Crime Commissioner, including full attendance and voting rights.

On 20<sup>th</sup> February 2017 the Authority recognised and approved a strategy and timeline for the reform of the Fire Authority as part of the route to Mayoral WMCA governance of the Fire Service. The Authority agreed to streamline its committee system and invite four co-opted members to the Authority. Four bodies were identified as adding value by increasing opportunities for collaboration, overall effectiveness and delivery of public services namely West Midlands Police and Crime Commissioner, West Midlands Ambulance Trust, Public Health and the West Midlands Combined Authority.

The Chair of the Authority wrote to the WMPCC inviting the PCC to formally submit a written request for appointment to the Authority as provided for in the Policing and Crime Act 2017.

The Authority received a letter from the PCC accepting the position but stating that the role would be undertaken by an officer. The correspondence was set out in an Appendix to the report.

Advice provided by the Home Office highlighted that as a Members of the Authority, the WMPCC would have voting rights only if the WMPCC attended the meetings or was represented by an elected member as other representatives would not have voting rights. This had been communicated as part of the consultation with the Combined Authority.

As a member of the Authority, the PCC would not be remunerated for this role. It was believed that the benefits for the WMPCC and Authority would be:

- mutual to the Police and Fire Service, providing continued and enhanced collaboration,
- a shared focus on mutually agreed areas of targeted community risk;

- support progressive reform of the Service and governance arrangements, and
- will ensure the Authority is reflective of the Authority's partnerships and enhanced scrutiny, audit and performance measurement to improve outcomes and effectiveness.

The PCC's request for full membership with full voting rights would be in the interests of greater collaboration, public safety, enhanced delivery of wider shared priorities to the communities of the West Midlands.

Members were disappointed with the time taken for the PCC to respond to their invitation and the response from the PCC. It was confirmed that the PCC would need to attend a minimum number of meetings and that the same Member's Code of Conduct would apply.

It was confirmed that the Act allows for a substitute and this was subject to local agreement of the Fire Authority. Guidance had been provided by Home Office and consultation with Combined Authority about the PCC sitting on the Fire Authority and whether the Deputy would have a vote.

The Monitoring Officer confirmed that as long as the PCC or his nominated deputy attended a meeting with would be recorded as an attendance.

It confirmed that the request for payment had been declined.

The Authority wished to continue its conversation about the benefits of interoperability and collaboration with the Police and what could be delivered in future.

It would be made clear that the only person who could vote would be the PCC or an Elected Member.

It was confirmed that the PCCs nominated representative would be the Deputy PCC.

The Chair confirmed with the Authority that they would expect consistency from the PCC's representative for continuity purposes.

**Resolved:**

**That** the West Midlands Police and Crime Commissioner's (WMPCC) request to join the Authority be approved;

**That** the request for full membership with voting rights, on the basis that the PCC as an elected member attends to enable this be approved.

95/17 **Route Map to Mayoral Combined Authority Governance - Development of Governance and Scheme**

The Authority noted the contents of the governance review and scheme which is currently being approved by local authorities.

The Authority noted the timetable of the report being presented to local authority full Council meetings and Cabinet meeting.

The change to the key milestones timeline set out in paragraph 7.3. was noted.

The Clerk provided a progress update on the Review and Scheme following a recent Policy Planning Forum for the new governance model. The Home Office will use the Scheme (subject to public consultation) in framing the statutory order.

Constituent Authorities were being consulted and any provisos would create an amended scheme. Currently provisos emerging are that fire funding would be ring fenced and Leaders would be consulted on the fire committee Chair.

The general outcomes would be presented to the WMCA programme board on Friday 24 November 2017 and the final outcomes presented to the WMCA Full Board on Friday 8 December 2017.

Following receipt of all responses and approval to move forward, a formal consultation will take place in January 2018. Officers would work with the Combined Authority and further information would be provided to Members at the Policy Planning Forum scheduled for the 11 December 2017.

There would be some further amendments to the timeline, prior to submitting scheme to the Secretary of State.

Another round of local authority approvals would be required by each constituent council in April/May and possibly October/November 2017 prior to approval by the Secretary of State.

The final three dates set out in the timeline should read December 2018 – January 2019, February 2019 and February/March 2019.

The Chair thanked Members of the Authority for their assistance in helping to achieve endorsement from the Constituent Councils as this was their opportunity to ensure that the draft order was fit for purpose.

#### 96/17 **Monitoring of Finances**

The Authority noted the Monitoring of Finances report. Appendix A showed the current position of the Revenue Budget. There was a £277,000 adverse variance in the Business Development budget but despite this there was a favourable overall revenue variance at the end of October 2017.

Appendix B of the report set out the position in respect of the Firefighter's Pension Scheme and this was in line with expectations.

The scheme analysis shown at Appendix C indicated the Capital Programme for 2017/18, which was initially set at £14.223 million. Expenditure to the end of October 2017 was shown as £1.515 million. The main forecast variances with the Capital Programme related to the Aston and Coventry Fire Stations and the Vehicle Replacement Plan. Equivalent funding will be moved to 2018/19 as part of the budget process and closedown of accounts.

The Treasurer confirmed that the delayed expenditure would improve the Authority's overall and result in an increase in interest income.

In response to another question about the variance of £188,000 to the Service Delivery Operations budget, the Treasurer stated there was a need to recognise the payments for the disturbance allowance and movements in the ridership factor. Two adjustments had been made when setting the 2017/18 budget: £800,000 for the disturbance allowance and £400,00 for ridership factor.

Management interventions had created a better than anticipated ridership factor which required less voluntary additional shifts.

In response to a Member's enquiry about the variance of £45,000 in respect of Windows and Doors shown on the capital programme, the Treasurer confirmed that a review had been undertaken on specific sites and it had been decided to undertake a full site replacement rather than on a phased replacement basis. Funding would be available in the capital programme.

The Chair thanked The Treasurer and his team in managing the finances in the period of austerity. The Chair thanked the Finance and Management team for their hard work in managing a difficult situation where there was no access to transformational funding.

#### **97/17 Result of Recent Fire Safety Prosecutions**

The Authority noted a report of two prosecutions under the Regulatory Reform (Fire Safety) Order 2005.

##### **Norfolk Hotel, 267 Hagley Road, Birmingham**

A complainant identified a number of multiple failures to comply with fire safety legislation which constituted a risk of death or serious injury in the event of fire. Two co-defendants had each failed to comply with the Order which result in 10 offences against each defendant.

Both defendants pleaded guilty to 6 offences and were sentenced to 8 months' imprisonment suspended for 2 years on each of the 6 counts, all to run concurrently. Collective legal costs of £29,886.25 for bringing the prosecution were awarded against both defendants.

#### JD Sports and Scotts, Merry Hill Shopping Centre, Brierley Hill

This high-profile case relates to JD Sports and Scotts and followed a previous problem but there had been no improvements since last Christmas. JD Sports Fashion trading as JD Sports and Scotts was pursued by the Authority following a routine seasonable inspection that identified a number of failures to comply with fire safety legislation due to the blocking of exit doors and the reduction of exit corridor widths. The failures constituted 6 offences in total.

The company pleaded guilty to all offences and were fined £60,000 and was ordered to pay £7,463.52 towards legal costs. The level of fine set by the Judge sends a clear message to companies about the attention they should show towards the Order.

The award against defendants covers the legal costs incurred by the Authority in preparing the relevant prosecution file. The award also compensates for WMFS officers' time spent on each case, this amounted to £6,810.65 in the case of the Norfolk Hotel and £2,962.52 in the case of JD Sports Fashion PLC.

A discussion followed regarding the recovery of legal costs and if they are given back to Authorities who hold the statutory responsibility and ACO Taylor agreed to inform Members of the time taken to recover costs.

It was confirmed that the Norfolk Hotel has a mixture of uses but the prosecution has provided a positive and effective relationship with Fire Safety officers and the prohibition had been lifted in three day. Officer were building upon this relationship with other property owners in the area.

It was confirmed that this was a matter of public interest and a press release had been issued. A communication plan and social media plan had been put in place to build upon instances like these as an indication of what can happen and the significant fines that can be issued.

It was confirmed that an intelligence led approach had been used about the stock levels in shops and the potential threat of what can happen.

CFO thanked Authority for their support and confirmed that officers always advise before enforcing prosecutions so businesses are always made aware of their responsibilities.

98/17 **Minutes of the Audit Committee held on 4 September 2017**

The minutes of the Audit Committee held on 4 September 2017 were received.

99/17 **Minutes of the Scrutiny Committee held on 4 September 2017**

The minutes of the Scrutiny Committee held on 4 September 2017 were received.

The Chair of the Scrutiny Committee thanked the Strategic Enabler People Support and her team for the reduction in the gender gaps and achieving a better ethnic balance.

The Strategic Enabler PSS thanked the Chair for his support with this difficult area, but confirmed the positive outcome of the last recruitment campaign and agreed to inform the team of the thanks of both the Scrutiny Committee and Members of the Authority.

100/17 **Notes of the Policy Planning Forum held on 4 September 2017**

The notes of the Policy Planning Forum held on 4 September 2017 were received.



101/17 **Notes of the Joint Consultative Panel held on 18 September 2018**

The notes of the Joint Consultative Panel held on 18 September 2017 were received.

102/17 **Minutes of the Scrutiny Committee held on 9 October 2017**

The minutes of the Scrutiny Committee held on 9 October 2017 were received.

103/17 **Notes of the Policy Planning Forum held on 9 October 2017**

The notes of the Policy Planning Forum held on 9 October 2017 were received.

The meeting closed at 1212 hours.

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| Contact Officer:<br>Julie Connor<br>Strategic Hub<br>0121 380 6906<br>Julie.Connor@wmfs.net |
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# **WEST MIDLANDS FIRE AND RESCUE AUTHORITY** Item 5

**19 FEBRUARY 2018**

## **1. BUDGET AND PRECEPT 2018/2019 AND BUDGET FORECAST 2019/2020 TO 2020/2021**

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 2018/2019 of £95.468m which includes a Council Tax requirement of £41.296m, set out in Appendix A, together with the associated precept levels, set out in Appendix B, resulting in a Band D Precept increase of 2.99%.
- 1.1.2 The Authority's capital programme for 2018/2019 to 2020/2021 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 2018/2019 to 2020/2021, 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 2018–2021 Plan.

- 3.2 As part of the settlement for 2016/17, an offer was made for a multi-year funding settlement. Any Authority wishing to take up the four year funding settlement to 2019/20 was required to set out their proposals in an Efficiency Plan to qualify for the four year settlement from April 2016. The Authority at its meeting on 19 September 2016 considered and approved the Efficiency Plan which was submitted to the Home Office.
- 3.3 On 19 December 2017, the Secretary of State for Communities and Local Government (CLG) announced the provisional settlement for 2018/19 at £53.030m, resulting in a core funding reduction of £1.673m. The Government also proposed a Council Tax referendum threshold of 3% for Fire and Rescue Authorities.
- 3.4 The four year settlement offer announced in December 2016 (provisional for 2017/18 – 2019/20) would result in the following core funding reductions:
- 2016/17 £3.278m
  - 2017/18 £3.962m
  - 2018/19 £1.673m
  - 2019/20 £1.006m
- A total reduction over the four year period (2016/17 – 2019/20) of £9.919m (16% of the 2015/16 core funding).
- 3.5 On 6 February 2018, CLG confirmed the Authority's 2018/19 total core funding.
- 3.6 The projected budget includes a number of efficiency measures which were set out in the Efficiency Plan referred to earlier as well as enabling any actions to be undertaken arising out of the Authority's Corporate Risk Register. The Corporate Risk Register has identified a number of major risks that would seriously affect the Authority's ability to carry out its functions. The very nature of the risks have made it extremely difficult to quantify any funding impact that would arise were the risk to materialise and in the short term would result in a demand on the Authority's General Balances, which are identified in Section 6 of this report.
- 3.7 During the financial year 2017/18 only extremely limited recruitment activity for some essential support staff has taken place. Recruitment of firefighters has taken place during the year due to the need to maintain staffing levels in line with the numbers required for the operational staffing level (1,220) to meet the Authority's approved Service Delivery Model. Funding levels in future years mean that the

situation will need to be closely monitored and reviewed.

- 3.8 Details of the draft base budget are set out in Appendix A, together with revisions to the current year's budget (the 2018/19 budget is replicated for information in the Service Reporting Code of Practice format in Appendix C).

### **Business Rates Retention**

- 3.9 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.
- 3.10 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.
- 3.11 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 the 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.
- 3.12 However the Local Government Finance Bill, which contained provision for 100% retention, fell when Parliament was dissolved for the General Election. It was not revived in the Queen's Speech but the Government has confirmed it is still committed to the reforms.
- 3.13 The Secretary of State for CLG announced in the provisional settlement for 2018/19 of the Government's aim to increase the local share of business rates retention to 75% in 2020-21.

## **Update of 'The Plan'**

- 3.14 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.

The Authority consulted the public in January 2017 and this provided the opportunity for the public to influence the way the Service works now. The Community Safety Strategy (the Integrated Risk Management Plan) is the risk analysis which identifies what the risk profile of the West Midlands community is and provides analysis of where resources are required to enable effective management of these risks in order to achieve an average five minute risk based attendance standard for the most serious emergencies. Review of this risk analysis has confirmed that there has been no significant change to the risk profile of the West Midlands. Therefore, there will be no significant change to the Authority's priorities and outcomes set out in The Plan 2018-2021.

- 3.15 'The Plan' sets the Authority's strategic direction for the next three years and defines those outcomes, priorities and strategic objectives which are to be provided with reduced funding and resources.

## **4. PRECEPT 2018/2019**

- 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 701,818.27 (689,149.00 in 2017/18).
- 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 2018/19 would be £58.84, an increase of 2.99% (£1.70) per annum.

## 5. **FUNDING OF EXPENDITURE 2018/2019**

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

|  | <b>£000</b>   |
|--|---------------|
| Core Funding                                 | 53,030        |
| Section 31 Grant                             | 676           |
| Share of Collection Fund Surplus / (Deficit) | 466           |
| Council Tax (met by Districts)               | 41,296        |
| <b>Net Revenue Budget</b>                    | <b>95,468</b> |

In addition to external funding, it is estimated that the Authority will generate income of £3.877m (£3.334m in 2017/18) (Appendix D).

## 6. **GENERAL BALANCES STRATEGY**

- 6.1 Based on the current forecast of net expenditure in 2017/18, the Authority's General Balances at 1 April 2018 would be approximately £8.4 million. At this level, the amount of General Balances would equate to 8.8% of the Authority's 2018/2019 Net Revenue Budget. The actual level of General Balances at 1 April 2018 will not be determined until the completion of the Authority's 2017/2018 closedown of accounts process.
- 6.2 As part of considering the Authority's 2018/19 budget, the overall funding requires the use of £1.5 million General Balances to support the Net Revenue Budget requirement, which includes an estimated 2% pay award assumption (compared to 1% allowed for when the Efficiency Plan was established) and ongoing service transformation changes. This would result in the Authority's available General Balances being approximately £6.9 million by the end of 2018/19 (7.2% of the Authority's 2018/2019 Net Revenue Budget).
- 6.3 The full year impact of a 1% pay award on the Authority's expenditure is significant (approximately £800k per year). The Efficiency Plan linked to the four year Government settlement period (2017/18 – 2019/20) was based on a public sector pay cap of 1% per year. At the Autumn Budget on 22 November 2017, the Government confirmed the "end of the 1% pay policy". Given the mounting pressures to increase public sector pay awards, an uplift in the pay award assumptions to 2% in each of the next three financial years is considered appropriate at this stage.

- 6.4 Due to the estimated scale of Government funding reductions in future years, increased budget pressures (particularly the impact of higher pay award assumptions) and the need to assist with transformational service changes, the further use of General Balances is anticipated in 2019/20 and 2020/21. Whilst the Government settlement figures up to 2019/20 have provided some greater funding certainty than previously, additional budget pressures, e.g. anticipated increases in firefighter pension employer rates, further anticipated Government funding reductions beyond this time period and a lack of any direct capital and transformation funding being available, means that the level of General Balances is estimated to be approximately £5 million by the end of 2020/21, which is considered appropriate given the issues highlighted.
- 6.5 However, it should be recognised that the use of General Balances is not a sustainable means of funding the Authority's revenue budget. Consequently, consideration needs to be given to further Service changes, in addition to those reflected within the Efficiency Plan, to reduce the reliance on General Balances over the next three year period and/or aim to set a budget beyond this point without reliance on the use of General Balances. The intended strategy for the use of General Balances is shown in Appendix J2.

## 7. **CAPITAL PROGRAMME**

- 7.1 At the Authority meeting on 20 February 2017, 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     |
|-----------|--------|
| 2018/2019 | 13.322 |
| 2019/2020 | 5.427  |
| 2020/2021 | 4.940  |

The full list of projects is shown on Appendix E.



- 7.3 A forecast of resources covering the period 2018/19 to 2020/21 is shown below:

|                         | 2018/19<br>£m | 2019/20<br>£m | 2020/21<br>£m |
|-------------------------|---------------|---------------|---------------|
| Capital Receipts        | -             | 2.192         | -             |
| Capital Grants          | 0.523         | -             | -             |
| Revenue Funding         | 12.799        | 3.235         | 2.904         |
| Total Capital Resources | <b>13.322</b> | <b>5.427</b>  | <b>2.904</b>  |

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

|                           | 2018/19<br>£m | 2019/20<br>£m | 2020/21<br>£m  |
|---------------------------|---------------|---------------|----------------|
| Projected Resources       | 13.322        | 5.427         | 4.940          |
| <u>Less:</u> Commitments  | 13.322        | 5.427         | 2.904          |
| Funding Surplus/(Deficit) | -             | -             | <b>(2.036)</b> |

- 7.5 At the time of announcing the four year provisional core funding settlement, no specific announcements have been made by the CLG in relation to capital funding. As a consequence, it is anticipated that there will be a capital funding shortfall of circa £2 million in 2020/21. As part of the 2017/18 closedown of accounts process, consideration will need to be given to identify funding to meet this requirement.

## 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 2018/19 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 2018/2019 TO 2020/2021 BUDGET**

- 9.1 In preparing the draft revenue budget for 2018/19, an expenditure forecast for 2019/20 and 2020/21 has also been undertaken by “rolling forward” the 2018/19 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 At this stage the four year settlement offered by CLG is considered to be a reasonable basis to formulate medium term financial planning (2018/19 and 2019/20) with a further 2% reduction to core funding being assumed for 2020/21. In order to take up the four year funding settlement an Efficiency Plan was required and the Authority at its meeting on 19 September 2016 considered and approved the Efficiency Plan submission to the Home Office. At this stage it is anticipated that work will continue to focus on staffing changes, alternative funding, internal restructures and general budget reductions.

- 9.3 Progress of delivery against the Efficiency Plan is provided in Appendix H4
- 9.4 In the Secretary of State for CLG provisional settlement announcement in December 2017, there was no indication of further funding levels beyond 2019/20. In planning for 2020/21, a reduction of 2% (£1.040m) has been assumed to the overall core funding, as indicated in paragraph 9.2.
- 9.5 A summary of the impact of the indicated reductions in core funding is shown in the table below:

**Estimated position assuming the provisional financial settlement reductions to core funding to 2019/20 and estimated reduction of 2% in 2020/21 (with a Band D Council Tax increase of 2.99% in 2018/19 and 3% in 2019/20 and in 2020/21)**

|                          | 2018/19<br>£m | 2019/20<br>£m | 2020/21<br>£m |
|--------------------------|---------------|---------------|---------------|
| Net Budget Requirement   | 95.5          | 96.7          | 97.6          |
|                          |               |               |               |
| Core Funding             | 53.0          | 52.0          | 51.0          |
| Section 31 Grant         | 0.7           | 1.0           | 1.0           |
| Council Tax              | 41.3          | 43.2          | 45.1          |
| Council Tax Surplus      | 0.5           | 0.5           | 0.5           |
|                          |               |               |               |
| Available Resources      | 95.5          | 96.7          | 97.6          |
|                          |               |               |               |
| 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 2017/18 is forecast to be £8.4m, of which £1.5m will be utilised to help fund the 2018/19 budget, reducing the level of available General Balances to £6.9m, approximately 7.2% of the net budget requirement. This level of balances is considered appropriate at this stage due to the scale of core funding reductions in future years, volatility of Council Tax collection rates and the absence of capital and transformation funding available to the Authority.

- 10.5 It was deemed that a prudent level of earmarked reserves was established during the Authority's 2016/2017 closedown exercise. A review of these reserves will be undertaken as part of the Authority's 2017/2018 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 2017. A list of the reserves is included in Appendix J1 and the intended strategy for their use in future years is provided in Appendix J2.
- 10.7 Consideration will be given to the appropriate level of reserves required as at 31 March 2018 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. 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.

## 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**

CLG / Home Office Communications  
District Leaders' Meeting 8 December 2017  
Policy Planning Forum 5 February 2018  
The Plan 2018–2021

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

PHIL LOACH  
CHIEF FIRE OFFICER

MIKE GRIFFITHS  
TREASURER

**APPENDIX A****WEST MIDLANDS FIRE AND RESCUE AUTHORITY****SUMMARY OF 2017/2018 AND 2018/2019 BUDGET**

|                                     | <b>Original<br/>Budget<br/>2017/18<br/><br/>£000s</b> | <b>Revised<br/>Budget<br/>2017/18<br/><br/>£000s</b> | <b>Original<br/>Budget<br/>2018/19<br/><br/>£000s</b> |
|-------------------------------------|---|--|---|
| <b><u>Expenditure</u></b>           |   |  |   |
| Employees                           | 83,360  | 84,093   | 85,215  |
| Premises                            | 5,213   | 5,364  | 5,643   |
| Transport                           | 1,358   | 1,321  | 1,340   |
| Supplies & Services                 | 7,203   | 7,768  | 7,304   |
| Capital Financing                   | 15,527  | 9,078  | 15,620  |
| Appropriations to Reserves          | 100   | 412  | 100   |
| <b>Total Expenditure</b>            | <b>112,761</b>  | <b>108,036</b>                                       | <b>115,222</b>  |
| <b><u>Income</u></b>                |   |  |   |
| Core Funding (Formula Grant)        | (54,703)  | (54,703)   | (53,030)  |
| Other Government Grant              | (1,045)   | (1,606)  | (1,890)   |
| Income from Services                | (3,334)   | (3,381)  | (3,877)   |
| Collection Fund (Surplus) / Deficit | (768)   | (768)  | (466)   |
| Appropriations from Reserves        | (13,534)  | (8,201)  | (14,663)  |
| <b>Total Income</b>                 | <b>(73,384)</b>                                       | <b>(68,659)</b>                                      | <b>(73,926)</b>                                       |
| <b>COUNCIL TAX REQUIREMENT</b>      | <b>39,377</b>   | <b>39,377</b>  | <b>41,296</b>   |
| Collection Fund Surplus / (Deficit) | 768   | 768  | 466   |
| Core Funding (Formula Grant)        | 54,703  | 54,703   | 53,030  |
| Section 31 Grant                    | -   | -  | 676   |
| <b>NET REVENUE BUDGET</b>           | <b>94,848</b>   | <b>94,848</b>  | <b>95,468</b>   |

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

- 1.1 THAT it be noted that the constituent District Councils have formally set their Council Tax bases for the year 2018/2019 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:

|               | <b>Tax Base</b> |
|---------------|-----------------|
| Birmingham    | 248,838.00      |
| Coventry      | 80,815.40       |
| Dudley        | 91,427.39       |
| Sandwell      | 72,206.05       |
| Solihull      | 75,972.00       |
| Walsall       | 69,742.96       |
| Wolverhampton | 62,816.47       |
|               | <hr/>           |
|               | 701,818.27      |

- 1.2 THAT the following amounts be now calculated by the Authority for the year 2018/2019 in accordance with Sections 40 to 48 of the Local Government Finance Act 1992:

- 1.2.1    £115,222,000    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    £73,925,692    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    £41,296,308    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    £58.84    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> | £<br>(to 6 decimals) | £<br>(rounded to<br>2 decimals) |
|-----|------------------------|----------------------|---------------------------------|
|     | A                      | 39.227921            | 39.23                           |
|     | B                      | 45.765907            | 45.77                           |
|     | C                      | 52.303894            | 52.30                           |
|     | D                      | 58.841881            | 58.84                           |
|     | E                      | 71.917855            | 71.92                           |
|     | F                      | 84.993828            | 84.99                           |
|     | G                      | 98.069802            | 98.07                           |
|     | H                      | 117.683762           | 117.68                          |

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    | 14,642,096               |
| Coventry City Council      | 4,755,330                |
| Dudley MBC                 | 5,379,760                |
| Sandwell MBC               | 4,248,740                |
| Solihull MBC               | 4,470,336                |
| Walsall MBC                | 4,103,807                |
| Wolverhampton City Council | <u>3,696,239</u>         |
| <b>Total</b>               | <b><u>41,296,308</u></b> |

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 2017/2018 AND 2018/2019 BUDGET****SERVICE ANALYSIS**

|                                 | <b>2017/18</b> | <b>2017/18</b> | <b>2018/19</b> |
|---------------------------------|----------------|----------------|----------------|
|                                 | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| <b><u>Devolved Budgets</u></b>  |                |                |                |
| Corporate Management            | 2,271          | 2,389          | 2,616          |
| Corporate Charges               | 707            | 729            | 580            |
| <i>Service Support:</i>         |                |                |                |
| People Support Services         | 5,589          | 5,884          | 5,695          |
| Finance & Resources             | 4,864          | 4,762          | 5,072          |
| I.C.T                           | 4,262          | 4,422          | 4,211          |
| Intelligence & Innovation       | 1,514          | 1,578          | 1,447          |
| Business Development            | 85             | 227            | 94             |
| <i>Service Delivery:</i>        |                |                |                |
| Operations                      | 51,494         | 51,813         | 53,186         |
| <b><u>Corporate Budgets</u></b> |                |                |                |
| Service Support                 | 17,109         | 16,209         | 15,944         |
| Service Delivery                | 5,067          | 5,049          | 5,005          |
| Other Income & Expenditure      | 1,886          | 1,786          | 1,618          |
| <b>NET REVENUE BUDGET</b>       | <b>94,848</b>  | <b>94,848</b>  | <b>95,468</b>  |

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY****SERVICE INCOME BUDGETS 2017/18 AND 2018/19**

|                                 | <b>Original<br/>Budget<br/>2017/18</b> | <b>Revised<br/>Budget<br/>2017/18</b> | <b>Original<br/>Budget<br/>2018/19</b> |
|---------------------------------|--|---------------------------------------|--|
|                                 | <b>£000s</b>                           | <b>£000s</b>                          | <b>£000s</b>                           |
| <b>Fees and Charges:</b>        |  |                                       |  |
| - Fire Control & Contact Centre | 877                                    | 878                                   | 956                                    |
| - NFCC                          | -                                      | 256                                   | 350                                    |
| - Training                      | 296                                    | 342                                   | 296                                    |
| - ICT                           | 111                                    | 111                                   | 111                                    |
| - External Contracts            | 102                                    | 102                                   | 102                                    |
| - Mutual Assistance             | 100                                    | 70                                    | 70                                     |
| - Fire Engineering              | 100                                    | 100                                   | 100                                    |
| - Room Hire                     | 40                                     | 47                                    | 40                                     |
| - Other                         | 272                                    | 317                                   | 258                                    |
| <b>Sales</b>                    | 78                                     | 115                                   | 104                                    |
| <b>Alternative Funding</b>      | 1,000                                  | 500                                   | 1,000                                  |
| <b>Rents - Property</b>         | 114                                    | 116                                   | 114                                    |
| <b>Interest</b>                 | 175                                    | 250                                   | 300                                    |
| <b>Other Income</b>             | 69                                     | 177                                   | 76                                     |
| <b>TOTAL SERVICE INCOME</b>     | <b>3,334</b>                           | <b>3,381</b>                          | <b>3,877</b>                           |

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY****CAPITAL PROGRAMME 2018/2019 TO 2020/2021**

| <b>Scheme</b>                                | <b>Project<br/>Year<br/>In<br/>2018/19</b> | <b>2018/19<br/>£000s</b> | <b>2019/20<br/>£000s</b> | <b>2020/21<br/>£000s</b> |
|--|--|--------------------------|--------------------------|--------------------------|
| <b><i>Committed Schemes:</i></b>             |  |                          |                          |                          |
| Vehicle Replacement Programme                | On-going                                   | 3,705                    | 1,883                    | 2,512                    |
| Coventry Fire Station                        | 4 of 5                                     | 3,800                    | 288                      | -                        |
| Boiler Replacement Programme                 | On-going                                   | 214                      | 165                      | 170                      |
| Aston Fire Station                           | 4 of 5                                     | 4,450                    | 646                      | -                        |
| Rewires                                      | On-going                                   | 130                      | 430                      | 200                      |
| Windows & Door Replacements                  | On-going                                   | 63                       | 325                      | 198                      |
| Roof Replacement                             | On-going                                   | 310                      | 190                      | 160                      |
| Primary Control                              | 2 of 2                                     | 650                      | -                        | -                        |
| Station Developments                         | 0 of 2                                     | -                        | 1,500                    | 1,700                    |
| <b>TOTAL COMMITMENTS</b>                     |  | <b>13,322</b>            | <b>5,427</b>             | <b>4,940</b>             |
| <b><i>Projected Resources Available:</i></b> |  |                          |                          |                          |
| Prudential Borrowing                         |  | -                        | -                        | -                        |
| Capital Receipts                             |  | -                        | 2,192                    | -                        |
| Capital Grants                               |  | 523                      | -                        | -                        |
| Earmarked Reserves/DRF                       |  | 12,799                   | 3,235                    | 2,904                    |
| <b>TOTAL PROJECTED RESOURCES</b>             |  | <b>13,322</b>            | <b>5,427</b>             | <b>2,904</b>             |
| <b>FUNDING SURPLUS/(DEFICIT)</b>             |  | <b>-</b>                 | <b>-</b>                 | <b>(2,036)</b>           |

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**TREASURY MANAGEMENT STRATEGY 2018/2019**

**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.

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**

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 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 provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

**Capital Strategy** – In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019/20, local authorities will be required to prepare, a Capital Strategy report, which is intended to provide the following: -

- a high-level 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 this report is to ensure that Authority Members fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

### **1.3 Treasury Management Strategy for 2018/19**

The strategy for 2018/19 covers two main areas:

#### **Capital Issues**

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

#### **Treasury Management Issues**

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

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG 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 2018/19 – 2020/21**

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:

**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.

### **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.

### **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).

CLG 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 2018/19 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 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.

| 2017/18<br>Estimate | 2018/19<br>Estimate | 2019/20<br>Estimate | 2019/20<br>Estimate |
|---------------------|---------------------|---------------------|---------------------|
| £42m                | £41m                | £40m                | £39m                |

**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 full 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:

| <b>2017/18<br/>Estimate</b> | <b>2018/19<br/>Estimate</b> | <b>2019/20<br/>Estimate</b> | <b>2020/21<br/>Estimate</b> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| £46m                        | £45m                        | £44m                        | £43m                        |

### 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.

|                | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bank Rate      | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.75%  | 0.75%  | 0.75%  | 0.75%  | 1.00%  | 1.00%  | 1.00%  | 1.25%  | 1.25%  | 1.25%  |
| 5yr PWLB Rate  | 1.50%  | 1.60%  | 1.60%  | 1.70%  | 1.80%  | 1.80%  | 1.90%  | 1.90%  | 2.00%  | 2.10%  | 2.10%  | 2.20%  | 2.30%  | 2.30%  |
| 10yr PWLB View | 2.10%  | 2.20%  | 2.30%  | 2.40%  | 2.40%  | 2.50%  | 2.60%  | 2.60%  | 2.70%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  |
| 25yr PWLB View | 2.80%  | 2.90%  | 3.00%  | 3.00%  | 3.10%  | 3.10%  | 3.20%  | 3.20%  | 3.30%  | 3.40%  | 3.50%  | 3.50%  | 3.60%  | 3.60%  |
| 50yr PWLB Rate | 2.50%  | 2.60%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  | 3.00%  | 3.10%  | 3.20%  | 3.30%  | 3.30%  | 3.40%  | 3.40%  |

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Fed. has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

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

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

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- The Bank of England takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- Germany is still without an effective government after the inconclusive result of the general election in October. In addition, Italy is to hold a general election on 4 March and the anti EU populist Five Star party is currently in the lead in the polls, although it is unlikely to get a working majority on its own. Both situations could pose major challenges to the overall leadership and direction of the EU as a whole and of the individual respective countries. Hungary will hold a general election in April 2018.
- The result of the October 2017 Austrian general election has now resulted in a strongly anti-immigrant coalition government. In addition, the Czech ANO party became the largest party in the October 2017 general election on a platform of being strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could

spill over into impacting the Euro, EU financial policy and financial markets.

- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

### **Investment and borrowing rates**

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

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

### **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 2018/19 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:

|   | 2018/19      | 2019/20      | 2020/21      |
|---|--------------|--------------|--------------|
| <b>Interest rate Exposures</b>  |              |              |              |
|   | <b>Upper</b> | <b>Upper</b> | <b>Upper</b> |
| <b>Limits on fixed interest rates based on net debt</b>               | 160%         | 160%         | 160%         |
| <b>Limits on variable interest rates based on net debt</b>            | 30%          | 30%          | 30%          |
| <b>Maturity Structure of fixed interest rate borrowing 2018/19</b>    |              |              |              |
|   | <b>Lower</b> | <b>Upper</b> |              |
| 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%          |              |
| <b>Maturity Structure of variable interest rate borrowing 2018/19</b> |              |              |              |
|   | <b>Lower</b> | <b>Upper</b> |              |
| 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 Committee through the mid-year or annual reporting mechanism.

## **4 Annual Investment Strategy**

### **4.1 Investment Policy**

The Authority's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Authority's investment priorities will be security first, portfolio liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Authority applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

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

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

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

### **4.2 Creditworthiness policy**

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

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

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

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

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

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

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

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

**Use of additional information other than credit ratings.**

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

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

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

## 4.4 Investment Strategy

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

**Investment returns expectations.** Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 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:

- 2017/18 0.40%
- 2018/19 0.60%
- 2019/20 0.90%
- 2020/21 1.25%
- 2021/22 1.50%
- 2022/23 1.75%
- 2023/24 2.00%
- Later Years 2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

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

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

| <b>Maximum principal sums invested &gt; 365 days</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>£m</b>  | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> |
| 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:

- Bank overdraft - £2m
- 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      |
|----------------|--------------|--------------|--------------|--------------|--------------|
| <b>Maximum</b> | <b>0.03%</b> | <b>0.12%</b> | <b>0.10%</b> | <b>0.08%</b> | <b>0.06%</b> |

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

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

## APPENDIX F1

### Interest Rate Forecast 2018 – 2021

| Link Asset Services Interest Rate View |        |        |        |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
| Bank Rate View                         | 0.50%  | 0.50%  | 0.50%  | 0.75%  | 0.75%  | 0.75%  | 0.75%  | 1.00%  | 1.00%  | 1.00%  | 1.25%  | 1.25%  | 1.25%  |
| 3 Month LIBID                          | 0.40%  | 0.40%  | 0.40%  | 0.60%  | 0.60%  | 0.60%  | 0.70%  | 0.90%  | 0.90%  | 1.00%  | 1.20%  | 1.20%  | 1.20%  |
| 6 Month LIBID                          | 0.50%  | 0.50%  | 0.60%  | 0.80%  | 0.80%  | 0.80%  | 0.90%  | 1.00%  | 1.00%  | 1.10%  | 1.30%  | 1.30%  | 1.40%  |
| 12 Month LIBID                         | 0.80%  | 0.80%  | 0.90%  | 1.00%  | 1.00%  | 1.10%  | 1.10%  | 1.30%  | 1.30%  | 1.40%  | 1.50%  | 1.50%  | 1.60%  |
| 5yr PWLB Rate                          | 1.60%  | 1.60%  | 1.70%  | 1.80%  | 1.80%  | 1.90%  | 1.90%  | 2.00%  | 2.10%  | 2.10%  | 2.20%  | 2.30%  | 2.30%  |
| 10yr PWLB Rate                         | 2.20%  | 2.30%  | 2.40%  | 2.40%  | 2.50%  | 2.60%  | 2.60%  | 2.70%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  |
| 25yr PWLB Rate                         | 2.90%  | 3.00%  | 3.00%  | 3.10%  | 3.10%  | 3.20%  | 3.20%  | 3.30%  | 3.40%  | 3.50%  | 3.50%  | 3.60%  | 3.60%  |
| 50yr PWLB Rate                         | 2.60%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  | 3.00%  | 3.10%  | 3.20%  | 3.30%  | 3.30%  | 3.40%  | 3.40%  |
| <b>Bank Rate</b>                       |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Link Asset Services                    | 0.50%  | 0.50%  | 0.50%  | 0.75%  | 0.75%  | 0.75%  | 0.75%  | 1.00%  | 1.00%  | 1.00%  | 1.25%  | 1.25%  | 1.25%  |
| Capital Economics                      | 0.50%  | 0.75%  | 1.00%  | 1.25%  | 1.25%  | 1.50%  | 1.50%  | 1.75%  | 2.00%  | 2.00%  | 2.25%  | 2.25%  | -      |
| <b>5yr PWLB Rate</b>                   |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Link Asset Services                    | 1.60%  | 1.60%  | 1.70%  | 1.80%  | 1.80%  | 1.90%  | 1.90%  | 2.00%  | 2.10%  | 2.10%  | 2.20%  | 2.30%  | 2.30%  |
| Capital Economics                      | 1.70%  | 1.90%  | 2.10%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.65%  | 2.65%  | 2.90%  | -      |
| <b>10yr PWLB Rate</b>                  |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Link Asset Services                    | 2.20%  | 2.30%  | 2.40%  | 2.40%  | 2.50%  | 2.60%  | 2.60%  | 2.70%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  |
| Capital Economics                      | 2.20%  | 2.40%  | 2.60%  | 2.80%  | 2.80%  | 2.80%  | 2.80%  | 2.80%  | 2.80%  | 3.05%  | 3.05%  | 3.30%  | -      |
| <b>25yr PWLB Rate</b>                  |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Link Asset Services                    | 2.90%  | 3.00%  | 3.00%  | 3.10%  | 3.10%  | 3.20%  | 3.20%  | 3.30%  | 3.40%  | 3.50%  | 3.50%  | 3.60%  | 3.60%  |
| Capital Economics                      | 2.60%  | 2.90%  | 3.10%  | 3.30%  | 3.30%  | 3.30%  | 3.35%  | 3.35%  | 3.35%  | 3.60%  | 3.60%  | 3.80%  | -      |
| <b>50yr PWLB Rate</b>                  |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Link Asset Services                    | 2.60%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  | 3.00%  | 3.10%  | 3.20%  | 3.30%  | 3.30%  | 3.40%  | 3.40%  |

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

The CLG issued Investment Guidance in 2010, 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, TMP 1(5), 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:

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

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

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

1. The actual capital expenditure that was incurred in 2016/17 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

| <b>2016/17<br/>£000<br/>Actual</b> | <b>2017/18<br/>£000<br/>Estimate</b> | <b>2018/19<br/>£000<br/>Estimate</b> | <b>2019/20<br/>£000<br/>Estimate</b> | <b>2020/21<br/>£000<br/>Estimate</b> |
|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>3,677</b>                       | <b>4,805</b>                         | <b>13,322</b>                        | <b>5,427</b>                         | <b>4,940</b>                         |

2. Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2016/17 are:

| <b>2016/17<br/>%<br/>Actual</b> | <b>2017/18<br/>%<br/>Estimate</b> | <b>2018/19<br/>%<br/>Estimate</b> | <b>2019/20<br/>%<br/>Estimate</b> | <b>2020/21<br/>%<br/>Estimate</b> |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>2.7</b>                      | <b>2.8</b>                        | <b>2.6</b>                        | <b>2.6</b>                        | <b>2.6</b>                        |

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 2017 are:

| <b>31/03/17<br/>£000<br/>Actual</b> | <b>31/03/18<br/>£000<br/>Estimate</b> | <b>31/03/19<br/>£000<br/>Estimate</b> | <b>31/03/20<br/>£000<br/>Estimate</b> | <b>31/03/21<br/>£000<br/>Estimate</b> |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>38,764</b>                       | <b>37,977</b>                         | <b>37,143</b>                         | <b>36,259</b>                         | <b>35,321</b>                         |

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 Service 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 2016/17, 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.

| <b>2016/17</b><br><b>£000</b> | <b>2017/18</b><br><b>£000</b> | <b>2018/19</b><br><b>£000</b> | <b>2019/20</b><br><b>£000</b> | <b>2020/21</b><br><b>£000</b> |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>47,000</b>                 | <b>46,000</b>                 | <b>45,000</b>                 | <b>44,000</b>                 | <b>43,000</b>                 |

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.

| <b>2016/17<br/>£000</b> | <b>2017/18<br/>£000</b> | <b>2018/19<br/>£000</b> | <b>2019/20<br/>£000</b> | <b>2020/21<br/>£000</b> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>43,000</b>           | <b>42,000</b>           | <b>41,000</b>           | <b>40,000</b>           | <b>39,000</b>           |

10. The Authority's actual borrowing at 31 March 2017 was £38.6m. 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 2017/2018 (see paragraph 7 above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

## APPENDIX H

### WEST MIDLANDS FIRE AND RESCUE AUTHORITY

#### NET EXPENDITURE BUDGET FORECAST 2019/2020 TO 2020/2021

|                           | <b>Budget<br/>2019/20</b> | <b>Budget<br/>2020/21</b> |
|---------------------------|---------------------------|---------------------------|
| <b>Subjective Heading</b> | <b>£000s</b>              | <b>£000s</b>              |
| Employees                 | 86,800                    | 88,600                    |
| Premises                  | 5,800                     | 4,900                     |
| Transport                 | 1,400                     | 1,400                     |
| Supplies & Services       | 7,500                     | 7,300                     |
| Capital Financing         | 6,000                     | 5,700                     |
| Income                    | (10,800)                  | (10,300)                  |
| <b>NET EXPENDITURE</b>    | <b>96,700</b>             | <b>97,600</b>             |
| Available Funding         | 96,700                    | 97,600                    |
| <b>Surplus/(Deficit)</b>  | <b>-</b>                  | <b>-</b>                  |

#### Note

Budget forecast for 2019/20 and 2020/21 assume:

- A Council Tax increase of 2.99% in 2019/20 and 3% in 2019/20 and 2020/21.
- Achieving the savings identified in the Efficiency Plan.
- Inflation assumptions as shown on Appendix H2.
- A 2% increase in the employers' firefighter pension contribution rate.
- An assumed £1m business rates rebate in 2020/21.

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**INFLATION ASSUMPTIONS**

|                                 |          |          |
|---------------------------------|----------|----------|
| <b>Pay Awards:</b>              |          | <b>%</b> |
| - Uniformed Staff               |          |          |
|                                 | July 18  | 2.0      |
|                                 | July 19  | 2.0      |
|                                 | July 20  | 2.0      |
| - Non-Uniformed Staff           |          |          |
|                                 | April 18 | 2.0      |
|                                 | April 19 | 2.0      |
|                                 | April 20 | 2.0      |
| <b>General Prices:</b>          |          |          |
|                                 | April 18 | 3.0      |
|                                 | April 19 | 3.0      |
|                                 | April 20 | 3.0      |
| <b>Pensions Increase Order:</b> |          |          |
|                                 | April 18 | 3.0      |
|                                 | April 19 | 2.2      |
|                                 | April 20 | 2.0      |
| <b>Residential Rents:</b>       |          |          |
|                                 | April 18 | 3.9      |
|                                 | April 19 | 3.0      |
|                                 | April 20 | 3.0      |



**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                        | £650k (£490k part year) |
| Employers Firefighters Pension Contribution | £430k                   |
| Interest payable                            | £368k                   |
| Non-uniformed pay award                     | £140k                   |
| General inflation                           | £100k                   |
| Energy costs                                | £10k                    |
| Fuel  | £5k                     |

**Income**

|                     |       |
|---------------------|-------|
| Core Funding        | £530k |
| Council Tax         | £413k |
| Interest receivable | £500k |

## **APPENDIX H4**

### **WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

#### **PROGRESS AGAINST THE EFFICIENCY PLAN**

##### **Efficiency Plan Saving Forecast 2016/17 – 2019/20**

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

##### **Actual Saving Achieved 2016/17 & Estimate for 2017/18 – 2019/20**

|                       | <b>2016/17<br/>£m</b> | <b>2017/18<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>2019/20<br/>£m</b> | <b>Total<br/>£m</b> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Staffing              | 1.3                   | 1.3                   | 0.5                   | 0.9                   | <b>4.0</b>          |
| Alternative Funding   | 0.2                   | 0.3                   | 0.5                   | 1.0                   | <b>2.0</b>          |
| Internal Restructures | 0.5                   | 0.3                   | 0.1                   | 0.1                   | <b>1.0</b>          |
| Service Reductions    | 0.9                   | 0.3                   | -                     | -                     | <b>1.2</b>          |
| Council Tax Base      | 0.9                   | 0.7                   | 0.7                   | 0.6                   | <b>2.9</b>          |
| <b>TOTAL</b>          | <b>3.8</b>            | <b>2.9</b>            | <b>1.8</b>            | <b>2.6</b>            | <b>11.1</b>         |

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

At this stage the four year settlement by CLG is considered to be a reasonable basis to formulate medium term financial planning (2018/19 and 2019/20), with a further 2% reduction to core funding being assumed for 2020/21. 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        | 52,024,000     | -1.9%       | -1,006,000  |
| 2020/21        | 50,984,000     | -2.0%       | -1,040,000  |

**Further 1% Core Funding Reduction in 2019/20 and 2020/21**

| Financial Year | £ Core Funding | % Reduction | £ Reduction |
|----------------|----------------|-------------|-------------|
| 2018/19        | 53,030,000     |             |             |
| 2019/20        | 51,494,000     | -2.9%       | -1,536,000  |
| 2020/21        | 49,949,000     | -3.0%       | -1,545,000  |

### Further 2% Core Funding Reduction in 2019/20 and 2020/21

| Financial Year | £ Core Funding | % Reduction | £ Reduction |
|----------------|----------------|-------------|-------------|
| 2018/19        | 53,030,000     |             |             |
| 2019/20        | 50,963,000     | -3.9%       | -2,067,000  |
| 2020/21        | 48,924,000     | -4.0%       | -2,039,000  |

Should the core funding reductions in 2019/20 to 2020/21 be 1% lower than currently indicated, the table below shows the impact of the reductions.

| Financial Year | £ Core Funding | % Reduction | £ Reduction |
|----------------|----------------|-------------|-------------|
| 2018/19        | 53,030,000     |             |             |
| 2019/20        | 52,554,000     | -0.9%       | -476,000    |
| 2020/21        | 52,028,000     | -1.0%       | -526,000    |

**APPENDIX J1****WEST MIDLANDS FIRE AND RESCUE AUTHORITY****RESERVES AS AT 31 MARCH 2017**

| <b>Earmarked Reserves</b>         | <b>£000s</b>  |
|-----------------------------------|---------------|
| Capital Projects                  | 23,614        |
| Insurance                         | 7,304         |
| Project Management/Support        | 6,230         |
| System Enhancements/Upgrades      | 2,259         |
| Station Works                     | 1,209         |
| New Dimensions                    | 824           |
| Training & Development            | 636           |
| Partnership Working               | 615           |
| Firefighting and Rescue Equipment | 522           |
| Office Equipment/Furniture        | 349           |
| Fire Prevention & Education       | 172           |
| <b>Total</b>                      | <b>43,734</b> |

|  |              |
|--|--------------|
| <b>General Reserve</b><br>(9.7% of overall 2017/18 net revenue budget) | <b>9,236</b> |
|--|--------------|

**APPENDIX J2****WEST MIDLANDS FIRE AND RESCUE AUTHORITY****RESERVES STRATEGY**

| <b>Earmarked Reserves</b>          | <b>31.3.17<br/>£000s</b> | <b>2017/18<br/>£000s</b> | <b>2018/19<br/>£000s</b> | <b>2019/20<br/>£000s</b> | <b>2020/21<br/>£000s</b> | <b>Balance<br/>£000</b> |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|
| Capital Projects                   | 23,614                   | -4,676                   | -12,799                  | -3,235                   | -2,904                   | 0                       |
| Insurance                          | 7,304                    | -                        | -                        | -                        | -                        | 7,304                   |
| Project Management/<br>Support     | 6,230                    | -621                     | -2,600                   | -2,550                   | -400                     | 59                      |
| System Enhancements/<br>Upgrades   | 2,259                    | -1,168                   | -1,091                   | -                        | -                        | 0                       |
| Station Works                      | 1,209                    | -130                     | -162                     | -100                     | -382                     | 435                     |
| New Dimensions                     | 824                      | -155                     | -200                     | -200                     | -200                     | 69                      |
| Training & Development             | 636                      | -169                     | -150                     | -150                     | -150                     | 17                      |
| Partnership Working                | 615                      | -240                     | -100                     | -100                     | -100                     | 75                      |
| Firefighting & Rescue<br>Equipment | 522                      | -368                     | -100                     | -54                      | -                        | 0                       |
| Office Equipment/Furniture         | 349                      | -223                     | -100                     | -26                      | -                        | 0                       |
| Fire Prevention &<br>Education     | 172                      | -113                     | -59                      | -                        | -                        | 0                       |
| National Fire Chiefs<br>Council    | 0                        | 250                      | -                        | -                        | -                        | 250                     |
| <b>Total</b>                       | <b>43,734</b>            | <b>-7,613</b>            | <b>-17,361</b>           | <b>-6,415</b>            | <b>-4,136</b>            | <b>8,209</b>            |

|                             |              |             |               |               |             |              |
|-----------------------------|--------------|-------------|---------------|---------------|-------------|--------------|
| <b>General Balances</b>     | <b>9,236</b> | <b>-850</b> | <b>-1,500</b> | <b>-1,100</b> | <b>-750</b> | <b>5,036</b> |
| <b>% Net Revenue Budget</b> | <b>9.7%</b>  | <b>8.8%</b> | <b>7.2%</b>   | <b>5.9%</b>   | <b>5.1%</b> |              |

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**19 FEBRUARY 2018**

1. **MONITORING OF FINANCES**

Joint report of the Chief Fire Officer and Treasurer.

RECOMMENDED

THAT the report be noted.

2. **PURPOSE OF REPORT**

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

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

3. **BACKGROUND**

3.1 **Revenue Expenditure**

Appendix A compares the revenue budgeted to the end of January 2018 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.

The Authority's 2017/2018 Council Tax requirement is £39.377 million and the revenue budget is £95.569 million. As part of the Authority's 2018/2019 budget setting process the current year's budget has been revised and reflects an estimated transfer to earmarked balances of £0.300 million. Actual spend to January 2018, including commitments, was £80.229 million compared to a projected budget of £80.247 million, an overall favourable variance of £0.018 million.

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

### 3.2 **Capital Expenditure**

The Authority's approved capital programme for 2017/2018 is £13.823 million. A scheme analysis is shown on Appendix C. Expenditure to the end of January 2018 is shown as £2.711 million.

The main forecast variances within the capital programme relate to:

Coventry Fire Station – demolition time extended due to asbestos related issues. The development phase of the project started in October 2017.

Aston Fire Station – the listed status of the site has required extensive consultation. The planning application was submitted on 15 September 2017 and approval was given on 15 January 2018.

Vehicle Replacement Programme – completion of the Pump Rescue Ladder appliances now anticipated in the second quarter of 2018/19 and slippage on a number of ancillary vehicles.

## 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 2017  
Finance Office Budget Monitoring Files

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

PHIL LOACH  
CHIEF FIRE OFFICER

MIKE GRIFFITHS  
TREASURER

|   |
|---|
| <b>REVENUE MONITORING SUMMARY TO JANUARY 2018</b> |
|---|

|  | <b>LATEST<br/>BUDGET<br/>2017/2018<br/>£'000</b> | <b>PROFILED<br/>BUDGET<br/>£'000</b> | <b>ACTUALS +<br/>COMMIT<br/>-MENTS<br/>£'000</b> | <b>VARIANCE TO<br/>PROFILED<br/>BUDGET<br/>£'000</b> |
|--|--|--------------------------------------|--|--|
| <b><u>DEVOLVED BUDGETS</u></b>         |  |                                      |  |  |
| Corporate Management                   | 2,401  | 1,948                                | 1,939  | -9   |
| Corporate Charges                      | 614  | 601                                  | 599  | -2   |
| <b>Service Support</b>                 |  |                                      |  |  |
| People Support Services                | 6,013  | 4,832                                | 4,834  | 2  |
| Business Development                   | 227  | 191                                  | 192  | 1  |
| Intelligence and Innovation            | 1,628  | 1,363                                | 1,368  | 5  |
| Finance & Resources                    | 4,827  | 3,948                                | 3,938  | -10  |
| ICT                                    | 4,422  | 3,989                                | 3,979  | -10  |
| <b>Service Delivery</b>                |  |                                      |  |  |
| Operations                             | 51,368   | 42,452                               | 42,430   | -22  |
| <b><u>CORPORATE BUDGETS</u></b>        |  |                                      |  |  |
| <b>Service Support</b>                 |  |                                      |  |  |
| People Support Services                | 2,825  | 2,238                                | 2,211  | -27  |
| Business Development                   | -500   | -300                                 | -227   | 73   |
| Intelligence and Innovation            | 15   | 59                                   | 49   | -10  |
| Finance and Resources                  | 14,339   | 13,050                               | 13,036   | -14  |
| ICT                                    | 170  | 140                                  | 157  | 17   |
| <b>Service Delivery</b>                |  |                                      |  |  |
| Response                               | 5,200  | 4,271                                | 4,260  | -11  |
| Prevention                             | -2   | 0                                    | 0  | 0  |
| Protection                             | -64  | -68                                  | -78  | -10  |
| <b>Other Income &amp; Expenditure</b>  | 1,786  | 1,533                                | 1,542  | 9  |
| <b>Appropriation to Reserves</b>       | 300  | 0                                    | 0  | 0  |
| <b>TOTAL (NET BUDGET REQUIREMENT)</b>  | <b>95,569</b>                                    | <b>80,247</b>                        | <b>80,229</b>                                    | <b>-18</b>   |
| Grant Funding                          | - 56,192   | -48,026                              | -48,026  | 0  |
| <b>TOTAL (COUNCIL TAX REQUIREMENT)</b> | <b>39,377</b>                                    | <b>32,221</b>                        | <b>32,203</b>                                    | <b>-18</b>   |

**FIREFIGHTERS' PENSION SCHEMES**

| NON-FINANCIAL<br>INFORMATION  | 2017/18 PROJECTION |             |             |       | ACTUAL POSITION AS AT<br>JANUARY 2018 |             |             |       |
|---|--------------------|-------------|-------------|-------|---------------------------------------|-------------|-------------|-------|
|   | 1992<br>FPS        | 2006<br>FPS | 2015<br>FPS | TOTAL | 1992<br>FPS                           | 2006<br>FPS | 2015<br>FPS | TOTAL |
| <b>Members of FPS at<br/>1<sup>st</sup> April 2017</b>                                | 361                | 13          | 912         | 1,286 | 361                                   | 13          | 912         | 1,286 |
| <b>New Members</b>  | -                  | -           | 60          | 60    | -                                     | -           | 48          | 48    |
| <b>Opt-In</b>   | -                  | -           | -           | -     | -                                     | -           | -           | -     |
| <b>Transitional Members<br/>during year</b>   | -34                | -2          | 36          | -     | -29                                   | -2          | 31          | -     |
| <b>Transfers from Other<br/>Pension Schemes</b>                                       | -                  | -           | -           | -     | -                                     | -           | -           | -     |
| <b>Transfers to Other<br/>Pension Schemes</b>   | -                  | -           | -           | -     | -                                     | -           | -           | -     |
| <b>Retirements</b>  | -45                | -           | -           | -45   | -24                                   | -           | -           | -24   |
| <b>Opt-Out</b>  | -                  | -           | -           | -     | -1                                    | -1          | -19         | -21   |
| <b>Leavers</b>  | -                  | -           | -12         | -12   | -                                     | -           | -20         | -20   |
| <b>Ill-Health Retirements</b>   | -2                 | -           | -1          | -3    | -                                     | -           | -           | -     |
| <b>Members of the Fire<br/>Pension Schemes as<br/>at 31<sup>st</sup> January 2018</b> |                    |             |             |       | 307                                   | 10          | 952         | 1,269 |

**CAPITAL MONITORING STATEMENT 2017/18**

| <b>Scheme</b>                          | <b>Year<br/>2017/18</b> | <b>Latest<br/>Budget<br/>£'000</b> | <b>Actuals<br/>January<br/>2018<br/>£'000</b> | <b>Forecast<br/>£'000</b> | <b>Variance<br/>£'000</b> |
|--|-------------------------|------------------------------------|---|---------------------------|---------------------------|
| <b><u>LAND &amp; BUILDINGS</u></b>     |                         |                                    |   |                           |                           |
| Training at Height Facilities          | 11 of 11                | 317                                | 326   | 326                       | +9                        |
| Boiler Replacement Programme           | Ongoing                 | 264                                | 5   | 100                       | -164                      |
| Roof Replacements                      | Ongoing                 | 66                                 | 0   | 83                        | +17                       |
| Windows/Door Replacement               | Ongoing                 | 553                                | 102   | 553                       | -                         |
| Rewires                                | Ongoing                 | 332                                | 229   | 272                       | -60                       |
| Coventry Fire Station                  | 3 of 5                  | 4,954                              | 896   | 1,964                     | -2,990                    |
| Primary Control Primary                | 1 of 2                  | 50                                 | 26  | 50                        | -                         |
| Aston Fire Station                     | 3 of 5                  | 3,910                              | 120   | 200                       | -3,710                    |
| Secondary Control Room Relocation      | 2 of 2                  | 42                                 | 40  | 42                        | -                         |
| <b><u>VEHICLES</u></b>                 |                         |                                    |   |                           |                           |
| Vehicle Replacement Programme          | Ongoing                 | 3,130                              | 811   | 1,035                     | -2,095                    |
| <b><u>ICT &amp; EQUIPMENT</u></b>      |                         |                                    |   |                           |                           |
| MDT Upgrade/Replacements               | 4 of 4                  | 46                                 | 23  | 46                        | -                         |
| Oracle Licensing                       | 9 of 9                  | 25                                 | 0   | 0                         | -25                       |
| Fire Control C+C Upgrade               | 5 of 5                  | 98                                 | 98  | 98                        | -                         |
| Other Equipment                        | 1 of 1                  | 36                                 | 35  | 36                        | -                         |
| <b>Grand Total</b>                     |                         | <b>13,823</b>                      | <b>2,711</b>                                  | <b>4,805</b>              | <b>-9,018</b>             |
| <b><u>Funded By</u></b>                |                         |                                    |   |                           |                           |
| Prudential Borrowing                   |                         | 0                                  |   | 0                         | 0                         |
| Capital Grants / Contributions         |                         | 129                                |   | 129                       | 0                         |
| Capital Receipts to be Applied         |                         | 0                                  |   | 0                         | 0                         |
| Revenue Financing / Earmarked Reserves |                         | 13,694                             |   | 4,676                     | -9,018                    |
| <b>TOTAL</b>                           |                         | <b>13,823</b>                      |   | <b>4,805</b>              | <b>-9,018</b>             |
| <b>SURPLUS(-)/DEFICIT(+)</b>           |                         |                                    |   |                           |                           |

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**19 FEBRUARY 2018**

1. **THE PLAN 2018 - 2021**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Authority approve the amendments to the Outcomes in The Plan for 2018 - 2021 as set out in Appendix 1.

2. **PURPOSE OF REPORT**

This report is submitted to set out the revised Outcomes, which support the Vision statement and Priorities of The Plan for 2018-2021, which derive from our Integrated Risk Management Plan (IRMP). They are designed to enable West Midlands Fire Service to be sufficiently responsive to react to the increasingly changing environment of the public sector.

3. **BACKGROUND**

- 3.1 In accordance with its strategic planning framework, the Service has reviewed its rolling three-year corporate strategy – The Plan. As part of this approach the Service has reviewed its Vision Statement, Annual Priorities and Outcomes which are enablers to achieving our vision of Making West Midlands Safer, Stronger and Healthier. Our Community Safety Strategy sets out in detail the risk based analysis that has informed the recommendation above. Following a review of the risk analysis, there has not been any significant change to risk in the West Midlands and as such our priorities and outcomes remain appropriate to achieve our vision, as does the Service Delivery Model that is currently in place.

- 3.2 The Vision statement and the Priorities continue to appropriately reflect our ongoing ambition to support wider improved outcomes in other areas, in particular health and well-being, in addition to providing clarity to employees, partners and the community alike, as to the core services that we deliver to our communities. As part of the review of The Plan, the Outcomes have been refreshed and refined, reflecting the continued evolution of the Priorities. These are shown in Appendix 1 (those approved for 2017 – 20 are shown at Appendix 2).
- 3.3 The Vision statement remains “*Making the West Midlands Safer, Stronger and Healthier*”, which reflects how our prevention and protection agenda has and is continuing to widen through the services we provide and the influence we have, as part of our approach to an integrated Service Delivery Model. It also continues to provide clarity as we progress relationship alignment to the devolved West Midlands Combined Authority; and to continue to support through effective partnerships and our commissioning model, wider and improved health and well-being outcomes for our community.
- 3.4 The Service remains committed to its Priority statements that focus on our core services and their delivery through the Service Delivery Model - Prevention, Protection and Response, along with its commitment to ‘Effective delivery through collaboration’, (the section introduced in the 2016 refresh of The Plan), which includes outcome statements on Value for Money, People, and ICT.
- 3.5 The Outcome statements aligned to these priorities have been refreshed and refined to ensure they are reflective of the direction of the Service over the rolling three years. Key considerations in their refresh have focused on:
- Operational excellence leading to assertive, effective and safe response
  - Health, social care as a key connector to vulnerability and fire risk
  - Ensuring public safety focusing on the outcomes of Grenfell
  - Improving resilience within communities
  - Increasing partnerships and collaboration in delivery of public safety

They provide clarity in what the Service is seeking to achieve, with an increased focus on the collaborative delivery of services, maximising outcomes for our communities and in particular, vulnerability.

3.6 The recommendation in this report have considered the following factors:

- Risk analysis
- The budget 2018-19
- The external environment (political and financial)

3.6.1 Risk analysis provides the evidence base and informs the Service as to what its priorities and outcomes should be and whether any changes are required to these or our Service Delivery Model, to enable the optimum achievement of improved outcomes for our community.

3.6.2 In determining its priorities and outcomes the Service has considered and understands the challenges presented by and the scale of continued central Government grant reductions during the period of The Plan. In December 2016, the Service received its provisional finance settlement, broadly this indicated that central funding will be reduced by £10M between 2016/17 and 2019/20. The Authority's Efficiency Plan, aligned to the proposed budget as set out in the 'Budget and Precept' Authority report, will support the delivery of the vision, priorities, and outcomes set out in The Plan.

3.6.3 The Service carried out a public consultation on its IRMP during the period 1 December 2016 to 10 January 2017. The responses to the consultation strongly support the Services approach to Prevention, Protection and Response. In particular, the consultation strongly supported the category 1, average risk based, five-minute attendance standard for incidents posing a high risk to life or property. This category 1 risk based attendance standard is currently being achieved on an average of 4.40 minutes. This has been integral in the development and refresh of The Plan 2018/2021 and the review of the Priorities and Outcomes.

Further information on the public consultation, including the outcomes, is available within the report 'Public Consultation (IRMP) Outcomes', submitted to the Authority on 20 February 2017.

- 3.6.4 The ever evolving external financial and political environment has been considered as part of the review of The Plan, reflecting the potentially significant changes locally and nationally. These include greater emphasis on collaboration, the embedding of Fire Reform programme and the development national fire policy to the Home Office. The outcomes of the revision of the National Fire and Rescue Framework for England and the first Inspection of the Service by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services.
- 3.6.5 The progression of devolution across the West Midlands, facilitated by the West Midlands Combined Authority, continues to provide progress in the Services contribution to the wider health and Public Service Reform agenda and significantly, in enabling proposed changes to the governance arrangements of the Service for 2019 onwards.
- 3.6.6 Subject to Member approval of the recommendation, Officers are currently considering the corporate performance indicators that will be put in place, to enable the effective management and performance monitoring of The Plan. The Chair of the Scrutiny Committee will meet with Officers to discuss corporate performance indicators in February 2018. A report on the proposed indicators will be presented to Executive Committee at its meeting on 26 March 2018. It is intended that The Plan 2018-2021 will go live on 3<sup>rd</sup> April 2018.
- 3.6.7 The Plan is a rolling three-year document. It is supported by a robust programme, project and performance reporting framework (3PT) that provides the intelligence for change as and when it is required. The Plan is responsive to change as and when it is required.



3.6.8 Members should be assured that should any change to The Plan be required, the Service has the intelligence systems and performance reporting framework to respond accordingly.

#### 4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is required and has been carried out. The initial Equality Impact Assessment did not raise issues which required a full Equality Impact Assessment to be completed.

#### 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 approved budget for 2018/19 will support the delivery of the priorities, strategic objectives and outcomes.

#### 7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications as an outcome of the proposals in this report.

### **BACKGROUND PAPERS**

PPF presentation 05 February 2018 – The Plan Priorities & Outcomes

Authority report 20 February 2017: Agenda item No.7 The Plan 2017-2020

Authority Report 20 February 2017: Agenda item No. 15 Public Consultation (IRMP) Outcomes

The contact name for this report is Karen Gowreesunker, Strategic Enabler Strategic Hub, 0121 380 6678

PHIL LOACH  
CHIEF FIRE OFFICER

**2018-2021 proposed Priority and Outcome statements****Prevention: Safer and Healthier Communities**

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

**Protection: Stronger Businesses and Safer Communities**

- We will ensure high risk buildings including residential high rise, are assessed to ensure public safety and provide reassurance from the risks of fire.
- We will ensure Businesses become safer from fire through interaction with our people delivering integrated Prevention, Protection and Response services.
- We will enhance economic growth by providing clear advice and flexible support in collaboration with other regulators and partner agencies.
- We will utilise an evidence based approach to risk reduction to enable effective engagement with the most vulnerable businesses and members of the community.

- We will reduce the impact of Automatic Fire Alarms, to minimise unnecessary disruption and costs to businesses, other organisations and our communities.

## **Response: Dealing Excellently with Emergency Incidents**

- The most serious emergency incidents will be attended, on average, within 5 minutes to save life, protect homes and businesses and keep our transport networks moving.
- Our commitment to Operational Excellence will reduce risk to life and property and enable an assertive, effective and safe emergency response to all incidents whilst supporting firefighter safety.
- At all incidents, we attend we will lead and co-ordinate rescue operations whilst working collaboratively with other agencies to deliver an excellent response and meet public safety and expectations.
- We will enhance resilience & deliver a local, national and international response to major incidents, emerging threats, and humanitarian situations through our specialist response teams.

## **Effective Delivery through Collaboration Outcomes**

### **Value for Money**

- Government funding reductions will be met and our Service Delivery Model, which focuses on public safety and vulnerability, will be maintained.
- Assets will be used effectively and efficiently in support of delivering Service priorities.
- Alternative funding and efficiency opportunities will be identified and delivered through collaborative activities and by exploring Commercial, Social Value and Sponsorship commissioned opportunities, to support the delivery of our strategy and public safety, through targeting the most vulnerable.

## People

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

## ICT

- Provide assurance and intelligence for evidence based decisions with accurate, useful and timely information provided to our communities and our mobile workforce.
- The secure and reliable sharing of data with our partners will enable the cost-effective and joined-up delivery of services to the most vulnerable people in our communities.
- Our Digital Strategy will enable us to improve user experience and enable assertive, effective and safe delivery of services through collaboration with individuals, teams and partners.

## MAKING THE WEST MIDLANDS SAFER, STRONGER AND HEALTHIER

### Prevention Priority

#### Safer and Healthier Communities

- The number of people killed or seriously injured by fire-related incidents will reduce as we focus, with our partners, on the risks faced by the most vulnerable people in our communities
- Arson-related incidents will fall, supporting safer and stronger communities, as a result of our collaborative partnership working
- Fewer people will be killed or seriously injured on West Midlands roads, as we work with a range of organisations to develop and deliver interventions
- The safety, health and wellbeing of the most vulnerable people in our communities, many with multiple complex needs, will improve through our interventions delivered as part of an integrated care system

### Protection Priority

#### Stronger Business Communities

- Business communities will become safer from fire through our work with a range of our people, including fire safety specialists where appropriate

- We will strengthen economic growth by providing clear advice and flexible support alongside other regulators
- We will ensure a targeted and consistent approach to ensure we engage with the most vulnerable businesses and members of our business communities
- We will reduce the impact of Automatic Fire Alarms, to minimise unnecessary disruption and costs to business and other organisations

## Response Priority

### Dealing Effectively with Emergencies

- High-risk emergencies will be attended, on average, within 5 minutes to save life, protect homes and businesses, and to keep our transport networks moving
- Risk to life and property will be reduced through our operational excellence and delivery of assertive, safe and effective emergency response, supporting our communities and economic growth
- At all emergencies we attend we will demonstrate our ability to lead and co-ordinate rescue operations, whilst working closely with other agencies to deliver a co-ordinated and effective response
- We will continue to provide a local, regional, national and international response to large-scale emergencies and humanitarian situations through our integrated specialist teams

## Effective Delivery through Collaboration

### Value for Money Outcomes

- Government funding reductions will be met and our Service Delivery Model will be maintained
- Alternative and innovative funding opportunities will be identified and adopted through sponsorship, commissioning, social value and commercial activities, supporting the effective delivery of cross-sector services and results for our communities
- Assets will be used as effectively and efficiently as possible

## People Outcomes

- The provision and support of leadership and personal accountability at all levels will enable individuals and teams to deliver services with adaptability, authenticity and cohesion
- An environment of wellbeing will be developed and maintained by supporting our workforce's resilience so that they can respond positively to opportunities for change
- Diversity, Inclusion, Cohesion and Equality (DICE) will be achieved for the most vulnerable people in our communities by addressing social and health inequalities
- Through an approach known as 'positive action' we will attract; and recruit and support progression for individuals with protected characteristics.

## ICT Outcomes

- Emergency 999 systems will support the mobilisation and rapid response of our resources whenever and wherever needed
- Accurate, useful and timely information will be provided to our communities and our mobile workforce
- The secure and reliable sharing of data with our partners will enable the cost-effective and joined-up delivery of services to the most vulnerable people in our communities

Technology and innovation will enable us to improve outcomes for our communities and to deliver assertive, safe and effective firefighting through collaboration with individuals, teams and partners. Using existing resources more effectively will mean added value for our communities



**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**19 FEBRUARY 2018**

1. **PAY POLICY STATEMENT 2018/2019**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approves the Pay Policy Statement for the financial year 2018/2019.

2. **PURPOSE OF REPORT**

This report is submitted for the Authority to approve the Pay Policy Statement for the financial year 2018/2019.

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 2018/2019 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 Authority this covers the posts of Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer (Service Delivery).

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

- 3.5 There are supplementary provisions relating to statements as follows:-
- 3.5.1 A relevant Authority's Pay Policy Statement must be approved by a resolution of the Authority before it comes into force.
  - 3.5.2 The statement must be prepared and approved before the end of 31<sup>st</sup> March 2018.
  - 3.5.3 Each subsequent statement must be prepared and approved before the end of 31<sup>st</sup> 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](http://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](http://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 as required.

#### **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 31<sup>st</sup> March 2018. The Service will then complete a review of the Pay Policy Statement each year which must be approved by the Authority before 31<sup>st</sup> 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 19 February 2018.

## 7. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

## **BACKGROUND PAPERS**

Localism Act 2011

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

PHIL LOACH  
CHIEF FIRE OFFICER





# **AUTHORITY REPORT**

## **PAY POLICY STATEMENT 2018/2019**

**April 2018**  
**People Support Services**

**PAY POLICY STATEMENT 2018/2019**

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## **Pay Policy Statement 2018/2019**

### **The level and elements of remuneration for each Chief Officer**

The basic pay details of all Chief Officers will be available on the West Midlands Fire Service website [www.wmfs.net](http://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.

### **Remuneration of Chief Officers on recruitment**

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

### **Increases and additions to remuneration for each Chief Officer**

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

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

## Remuneration of all other employees of the West Midlands Fire Service

### Living Wage

The Fire Authority is an accredited Living Wage employer and is committed to ensuring that all employees are paid, as a minimum, the Living Wage.

### Green Book Employees

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

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

### Grey Book Employees

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

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

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

### The use of performance related pay for Chief Officers

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

### The use of bonuses for Chief Officers

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

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

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

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

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

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

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

- Green Book Employees

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

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

- Grey Book Employees

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

In the case of any redundancy payments to be made to Grey Book Employees eligible to join the firefighter's pension scheme, these

payments will be set using the existing regulations for Grey Book employees. Redundancy payments will be calculated based on the statutory maximum weekly pay.

- Employees in Fire Control

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

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

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

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

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

### **Definitions used within the Pay Policy Statement**

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

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

## **IMPLEMENTATION OF A LOCAL SALARY STRUCTURE GUIDANCE**

### **Introduction**

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

### **Local Salary Structures**

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

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

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

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

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

## **APPENDIX 1A**

### **STATEMENT OF POLICY**

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

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

#### **Regulation 5 - Power to increase statutory Redundancy payments**

##### **Explanation**

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

##### **Policy**

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

#### **Regulation 6 –Discretionary Compensation**

##### **Explanation**

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

##### **Policy**

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

## **STATEMENT OF POLICY**

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

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

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

#### **Explanation**

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

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

#### **Policy**

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

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



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

**Explanation**

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

**Policy**

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

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

**Explanation**

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

**Policy**

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

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

**Explanation**

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

**Policy**

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

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

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

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

**Explanation**

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

**Policy**

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

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

**Explanation**

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

Policy

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

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

Explanation

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

Policy

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

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

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

8. **The Internal Dispute Resolution Procedure**

Explanation

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

Policy

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

*Phil Hales*

Deputy Chief Fire Officer  
West Midlands Fire Service HQ  
99 Vauxhall Road  
Birmingham  
B7 4HW

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

**STATEMENT OF POLICY**

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

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

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

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

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

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

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

**Policy**

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

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

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

## **STATEMENT OF POLICY**

Under Rule K4 of the 1992 Firefighters' Pension Scheme:

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

Part LA Section 9 of the scheme rules states that:

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

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

### **Policy**

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

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

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

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

**STATEMENT OF POLICY**

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

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

**Power to Delegate**

**1. Delegation (Regulation 5)**

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

**Statement of Policy**

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

**Opting Out**

**2. Opting into this scheme (Regulation 12)**

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

**Statement of Policy**

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



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

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

#### Statement of Policy

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

### **Pensionable Pay**

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

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

#### Statement of Policy

Continual Professional development payments will be pensionable.

### **Retirement Benefits**

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

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

#### Statement of Policy

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

## **Pensions Accounts**

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

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

#### **Statement of Policy**

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

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

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

#### **Statement of Policy**

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

## **Retirement Benefits**

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

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

### Statement of Policy

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

#### **9. Employer initiated retirement (Regulation 62)**

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

### Statement of Policy

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

#### **10. Exercise of partial retirement option (Regulation 63)**

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

### Statement of Policy

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

### **III-Health Benefits**

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

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

##### **Statement of Policy**

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

#### **12. Consequences of review (Regulation 69)**

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

##### **Statement of Policy**

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

#### **13. Commencement of pensions (Regulation 70)**

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

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

#### Statement of Policy

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

### **Allocation**

#### **14. Allocation election (Regulation 72)**

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

#### Statement of Policy

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

#### **15. Adjustment of allocated benefit (Regulation 75)**

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

### Statement of Policy

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

### **Death Benefits**

#### **16. Meaning of "surviving partner" Regulation 76)**

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

### Statement of Policy

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

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

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

### Statement of Policy

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

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

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

Statement of Policy

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

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

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

Statement of Policy

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

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

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

Statement of Policy

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

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

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



### Statement of Policy

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

### **Contributions**

#### **22. Member contributions (Regulation 110)**

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

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

### Statement of Policy

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

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

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

Statement of Policy

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

**24. Deduction and payment of contributions (Regulation 114)**

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

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

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

Statement of Policy

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

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

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

## **Transfers**

### **25. Statement of entitlement (Regulation 135)**

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

#### **Statement of Policy**

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

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

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

Statement of Policy

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

**27. Transfer statement (Regulation 142)**

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

Statement of Policy

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

**28. Club transfer value statement (Regulation 144)**

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

Statement of Policy

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

## **Appeals and Determinations**

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

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

#### **Statement of Policy**

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

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

### **30. Determination by the Scheme Manager (Regulation 151)**

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

#### **Statement of Policy**

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

### **31. Role of IQMP in determinations by the Scheme Manager**

## **(Regulation 152)**

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

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

### Statement of Policy

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

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

## **32. Review of medical opinion (Regulation 153)**

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

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

### Statement of Policy

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

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

#### **33. Notice of appeal (Regulation 155)**

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

### Statement of Policy

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

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

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

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

#### Statement of Policy

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

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

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

#### Statement of Policy

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

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



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

**36. Expenses of each party (Regulation 161)**

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

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

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

Statement of Policy

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

### **37. Appeals on other issues (Regulation 163)**

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

#### **Statement of Policy**

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

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

### **Payment of Pensions**

### **38. Commutation of small pensions (Regulation 167)**

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

### Statement of Policy

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

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

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

### Statement of Policy

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

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

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

Statement of Policy

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

**Forfeiture**

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

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

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

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

### Statement of Policy

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

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

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

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

### Statement of Policy

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

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

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

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

### Statement of Policy

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

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

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

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

#### Statement of Policy

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

#### **45. Set-off (Regulation 175)**

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

#### Statement of Policy

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

#### **Payment and Deduction of Tax**

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

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

#### Statement of Policy

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

#### **47. Evidence of Entitlement (Regulation 184)**

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

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

#### **Statement of Policy**

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

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



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

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

Statement of Policy

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

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

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

Statement of Policy

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

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

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

Statement of Policy

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

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

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

Statement of Policy

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

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

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

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

Statement of Policy

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

**Pay Policy Statement 2018-2019 - Remuneration and relationship between Chief Officer's and Lowest Paid Employees**

**Appendix 1D**

| Job  | Remuneration<br>(including<br>allowances) | Base Salary Range<br>(excluding<br>allowances) |          | Pay Relationship to CFO       |
|--|---|--|----------|-------------------------------|
|  |   | Min  | Max      |                               |
| <b>BRIGADE MANAGERS</b>                            |   |  |          |                               |
| Chief Fire Officer **                              | £167,527                                  | N/A  | N/A      | Set by Appointments Committee |
| Deputy Chief Fire Officer **                       | £134,227                                  | N/A  | N/A      | Set by Appointments Committee |
| Assistant Chief Fire Officer (Service Delivery) ** | £125,227                                  | N/A  | N/A      | Set by Appointments Committee |
| <b>Lowest Paid Employees (Grey Book)</b>           |   |  |          |                               |
| Firefighter (Control)                              | £27,601                                   | £22,237  | £27,601  | 0.16                          |
| <b>Lowest Paid Employees (Green Book)</b>          |   |  |          |                               |
| Cleaner  | £16,881*                                  | £16,881*                                       | £16,881* | 0.09                          |
| <b>GREY BOOK EMPLOYEES (Operational)</b>           |   |  |          |                               |
| Firefighter  | N/A                                       | £23,162  | £29,638  | 0.14-0.18                     |
| Crew Manager                                       | N/A                                       | £31,501  | £32,858  | 0.19-0.20                     |
| Watch Manager                                      | N/A                                       | £33,569  | £36,745  | 0.20-0.22                     |
| Station Manager ***                                | £50,854                                   | £38,220  | £42,154  | 0.23-0.25                     |
| Group Manager ***                                  | £58,555                                   | £44,018  | £48,796  | 0.27-0.29                     |
| Area Manager ***                                   | £68,022                                   | £51,677  | £56,685  | 0.31-0.34                     |
| <b>GREY BOOK EMPLOYEES (Fire Control)</b>          |   |  |          |                               |
| Firefighter (Control)                              | £33,787                                   | £21,125  | £28,156  | 0.13-0.17                     |
| Crew Manager (Control)                             | N/A                                       | £29,926  | £31,215  | 0.18-0.19                     |
| Watch Manager (Control)                            | N/A                                       | £31,891  | £34,908  | 0.19-0.21                     |
| Station Manager (Control)***                       | £48,055                                   | £36,309  | £40,046  | 0.22-0.24                     |
| Group Manager (Control)***                         | £55,627                                   | £41,817  | £46,356  | 0.25-0.28                     |

## GREEN BOOK EMPLOYEES

|   |     |         |         |           |
|---|-----|---------|---------|-----------|
| Pay Point 102   | N/A | £99,524 | N/A     | 0.51      |
| Pay Point 101   | N/A | £62,358 | N/A     | 0.38      |
| Pay Point 100   | N/A | £56,560 | N/A     | 0.35      |
| Pay Band Manager 1 – SCP 51-59  | N/A | £45,752 | £54,957 | 0.27-0.33 |
| Pay Band Manager 2 and Professional 1 - SCP 42-50                     | N/A | £37,306 | £44,660 | 0.22-0.27 |
| Pay Band Manager 3, Professional 2 and Technical 1 - SCP 33-41        | N/A | £29,323 | £36,379 | 0.18-0.22 |
| Pay Band Professional 3, Technical 2 and Administrative 1 - SCP 24-32 | N/A | £21,962 | £28,485 | 0.13-0.17 |
| Pay Band Technical 3 and Administrative 2 - SCP 15-23                 | N/A | £17,072 | £21,268 | 0.10-0.13 |
| Pay Band Administrative 3 and Operative 1 - SCP 8-14                  | N/A | £16,881 | £16,881 | 0.10-0.10 |
| Pay Band Administrative 4 and Operative 2 - SCP 5-7                   | N/A | £16,881 | £16,881 | 0.10-0.10 |

### NOTES:

\*WMFS is committed to ensuring all employees are paid no less than the National Living Wage which on 2 November, 2017 increased to £8.75 per hour, equivalent to £16,881 per annum. Lowest paid employees salary was increased in November to the Living Wage and they will continue to benefit from this increase but will not be entitled to any increase applied to NJC rates unless this results in their existing spine point exceeding the National Living Wage. All these figures are subject to change if/when pay awards are determined.

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

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

## **WEST MIDLANDS FIRE AND RESCUE AUTHORITY** <sup>Item 9</sup>

**19 FEBRUARY 2018**

### 1. **2018/2019 PROPERTY ASSET MANAGEMENT PLAN**

Report of the Chief Fire Officer

RECOMMENDED

THAT the Authority approve the 2018/2019 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 2018/2019 Property Asset Management Plan is attached to this report as Appendix A.

### 3. **BACKGROUND**

- 3.1 Considerable work has taken place over the last 12 months to assess the appropriateness of existing property assets and consider where any 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 £0.6m would be incurred on planned maintenance of building related assets in 2018/2019.

## **BACKGROUND PAPERS**

Report to the Fire Authority – 20 February 2017

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

PHIL LOACH  
CHIEF FIRE OFFICER

**APPENDIX A****2017/18 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 are completed and a thorough 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 2018/2019.

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

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

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

In addition, it is anticipated that there will be a significant impact on the HQ/Safeside site as a result of development work associated with the HS2 project. Some of the specific work that will need to be undertaken as a result of this will include; the relocation of staff/functions to alternative locations, relocation of the water storage and sprinkler tank and the provision of alternative staff and visitor car parking arrangements. This issue is included as a specific action within Section 10 of this report.

### **Residential and non-operational buildings**

The building known as the 'Old Bank' situated in front of Bloxwich Fire Station is a detached building with both the station and old bank building situated within a conservation area. These factors will dictate both its future use and level of restoration required to bring it back to a reasonable building standard. The property has had essential maintenance work undertaken with advanced discussions underway to explore the possibility of renting the building to a company who train young people construction trades.

Terraced houses located at Perry Barr are subject to further investigation during 2018/2019 to explore further the possibility of altering site layouts and disposal opportunities.

Longer term plans regarding non-operational buildings include giving consideration to:-

- Kings Norton - Utilising the houses and flats for cold training, demolishing the houses and flats in preparation for a new station to be built, which incorporates the listed station similar to the proposed Aston development (subject to resolving issues around secure tenancies) or alternatively relocating to an appropriate site as identified within the integrated risk management plan criteria which will involve selling the existing site.

- Possible use of the flats at Erdington for cold training, offices or hospitality accommodation.

## **One for One Station Replacement Update**

### **Aston**

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

Currently planning has been approved with a proposed start date for redevelopment of June 2018, with completion estimated in Autumn 2019.

In addition, a number of meetings have been held with prospective partners such as the Police and Birmingham City Council's Library Services which are progressing well at this stage.

### **Coventry**

The Fire Authority gave approval on 16 February 2015 to the redevelopment of Coventry Fire Station. Extensive work has been undertaken into the design considerations for the new station. In support of the Authority's Service Delivery Model, the layout of the facilities has been designed to minimise the time it takes to respond to operational incidents.

The West Midlands Ambulance Service were consulted and will base three ambulances at the new station. Community partners have also been consulted and will be able to use the facilities when they open in late 2018.

Construction work commenced in October 2017 with completion estimated at December 2018. During redevelopment a temporary fire station has been provided at the old ambulance station located on the Foleshill Road approximately half a mile from the existing station.

As part of the redevelopment the hot fire training building will remain in situ and benefit from upgrades to provide a significantly

improved training facility, designed to ensure the most realistic and effective scenarios can be replicated.

#### **4. Community Safety Strategy and Dynamic Cover Tool**

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

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

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

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

When managing the IRMP on a daily basis, risk and resource is modelled in the live environment, the DCT takes the analysis from

circa 150k historical incidents and models them along with 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, a purpose-built ford to practise vehicles trapped in water, Training at Height Facility

### **Command Development Centre (CDC)**

CDC delivers Incident Command Training. XVR incident command suite.

### **Coventry**

The current training facility is under redevelopment with a number of alterations to improve the 'hot' fire training facility including a compartment for Fire Investigation.

### **Hay Mills**

Hay Mills Training Facility is able to deliver RTC and First Aid Trauma management. Fire Behaviour Unit (however I believe further planning permission is needed).

### **Oldbury**

Oldbury Training Facility has a Fire House and a purpose-built High Rise facility. Further development includes the proposed provision of a compartment/container allowing Fire Investigation to run courses there.

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

**West Bromwich**

Training at Height Facility

**Driver Training**

West Bromwich and Solihull fire stations.

**Solihull**

Training at Height Facility

**Fallings park**

Training at Height Facility

## 6. **Environmental Impact**

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

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

New builds will endeavour to utilise eco-friendly products and low carbon or renewable technologies where possible, and will be built in a responsible and sustainable manner. A robust approach will continue to be undertaken on energy management and reporting, helping to highlight and focus attention on properties to ensure that they compare favourably with energy benchmark targets. Utilities sub-metering has been introduced to further improve energy

monitoring and control. Additionally, Display Energy Certificates (DECs) and the Associated Advisory Reports continue to be undertaken for each of the Authority's buildings (non-domestic) and can now be used to ensure continual improvement.

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

This has been achieved by:-

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

## 7. **Equality Act (DDA) Compliance**

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

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

## 8 **Community Facilities**

The provision of Community Safety Facilities contribute 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 2018/2019 and beyond. WMFS are fully engaged with the West Midlands Police Service (WMPS) with a view to establishing a police presence on a number of fire station sites, with negotiations at an advanced stage on four pilot sites (Kings Norton Fire Station, Northfield Fire Station, Billesley Fire Station and Haden Cross Fire Station. Initial discussions have also taken place regarding the possibility of an asset transfer between the two Services.



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

During 2018/2019 there will be further work carried out by WMFS staff to evaluate community facilities on stations. This will demonstrate how they are utilised and also identify any further opportunities to enhance community partnerships without undermining existing community arrangements.

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 regarding the 'one estate' Government initiative, having had discussions with other Local Authorities such as Walsall, Wolverhampton and Dudley, possible opportunities have arisen for the LAs to relocate services within WMFRA Estate, such as the Fire Safety Block at Wolverhampton.

In addition, 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.

#### 10. **Specific Actions**

During the financial year significant Facilities Management related projects were successfully carried out within the property portfolio. 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 the key Specific Actions for the forthcoming 2018/19 financial year.

- Five yearly stock condition surveys to be carried out on all sites.
- Continue working on partnership arrangements with the WMPS to provide a combined presence on a number of Fire Station sites and explore the possibility of any land transfer arrangements.
- Continued work with operational staff providing one for one Fire Station replacements at Aston and Coventry.
- Evaluate space optimisation within West Midlands Fire Service Headquarters, facilitating a move towards a more mobile and flexible working environment, creating efficiencies by consolidating and relocating staff/sections within the HQ/Safeside locations.
- Continued work with Operational staff to evaluate Wednesbury Fire Station as a specialist USAR location. This may include redevelopment of the site or possible relocation within the close vicinity.
- Work with Operational staff to evaluate Bickenhill Fire Station regarding redevelopment options.
- Undertake all planned maintenance work during 2018/2019 in line with the outcome of the Building Condition Surveys as summarised on Appendix 2.
- Continue to assess building stock other than Fire Stations (residential buildings) evaluating space utilisation.
- Boiler replacements will be undertaken over the next financial year at Northfield, Willenhall, Erdington and Woodgate Valley fire stations. This will further the Authority's efforts in reducing its overall carbon emissions.
- To work closely with energy providers in our continued effort to reduce our carbon footprint and reduce utility costs.
- Rewires at Willenhall and Handsworth Fire Stations.

- Re-roofing at Erdington, Wolverhampton, Highgate stations and Highgate Annex
- Refurbishment of ablutions at seven sites across the Brigade.
- Replacement of windows and doors at Canley Fire Station.
- Assist CDC staff with alternative internal alterations to improve the multi-agency training facilities.
- In line with HSG264 (Management of Asbestos) all applicable sites have Management Surveys undertaken and that any highlighted works are addressed.
- Ensure consideration continues to be given to the appropriate provision of partnership and community working.
- Continue to explore further collaborative opportunities with other public services/public organisations within the asset base of the Fire Service in order to demonstrate value for money and more joined up, effective services.
- Delivering enhancements to community facilities to enable wider availability for the community.
- To assist in developing plans in conjunction with the Emergency Response Planning Team pertaining to the estate to ensure resilience for the Authority (IRMP), including evaluations on existing stations such as Kings Norton to assess their effectiveness as modern fit for purpose stations.
- Continued involvement with HS2 to mitigate the impact of the HS2 railway works to the HQ and Safeside site.

**APPENDIX 1****WMFRA Age Profile of Buildings**

| <b>Building</b>                         | <b>Construction/<br/>Acquisition Date</b> |
|---|---|
| Aston Fire Station                      | 1924                                      |
| Perry Barr Fire Station <sub>1</sub>    | 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 <sub>2</sub>    | 1958                                      |
| Fallings Park Fire Station <sub>4</sub> | 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 <sub>5</sub>   | 1969                                      |
| Binley Fire Station                     | 1970                                      |
| Bournbrook Fire Station <sub>3</sub>    | 1970                                      |
| Tettenhall Fire Station                 | 1970                                      |
| Solihull Fire Station <sub>7</sub>      | 1972                                      |

| <b>Building</b>                   | <b>Construction/<br/>Acquisition Date</b> |
|-----------------------------------|---|
| Highgate Fire Station             | 1972                                      |
| West Bromwich Fire Station        | 1973                                      |
| Walsall Fire Station <sup>8</sup> | 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 <sup>6</sup>                  | 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             | Under Construction                        |

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

**APPENDIX 2****ESTIMATED PLANNED MAINTENANCE REQUIREMENT**

| Site                       | 2018/2019<br>£ | 2019/2020<br>£ | 2020/2021<br>£ | 2021/2022<br>£ | 2022/2023<br>£ |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Command Development Centre | £37,500        | £32,500        | £2,100         | £0             | £8,000         |
| Aldridge                   | £14,700        | £10,750        | £5,800         | £35,850        | £64,900        |
| Aston Station              | £0             | £0             | £0             | £0             | £0             |
| Aston Annex                | £0             | £850           | £0             | £950           | £0             |
| Bickenhill Station         | £29,400        | £25,900        | £35,750        | £21,000        | £13,500        |
| Bickenhill USAR            | £850           | £900           | £950           | £1,000         | £19,050        |
| Billesley                  | £18,750        | £5,250         | £31,250        | £48,300        | £16,350        |
| Bilston                    | £17,650        | £32,700        | £61,900        | £23,900        | £12,100        |
| Binley                     | £27,750        | £35,600        | £43,850        | £36,800        | £11,950        |
| Bloxwich                   | £23,950        | £1,000         | £22,100        | £1,100         | £12,150        |
| Bournbrook                 | £26,900        | £51,500        | £2,550         | £9,100         | £8,750         |
| Brierley Hill              | £20,550        | £16,150        | £600           | £600           | £16,600        |
| Canley                     | £5,150         | £43,750        | £1,550         | £1,950         | £31,650        |
| Coventry                   | £0             | £0             | £0             | £0             | £0             |
| Dudley                     | £2,000         | £38,900        | £80,900        | £38,900        | £900           |
| Erdington                  | £1,350         | £1,500         | £1,600         | £21,700        | £41,800        |
| Fallings Park              | £6,200         | £20,600        | £83,150        | £40,700        | £19,600        |
| Foleshill                  | £56,500        | £30,900        | £8,500         | £51,000        | £8,900         |
| Handsworth                 | £21,900        | £125,950       | £62,100        | £1,050         | £25,300        |
| Hay Mills Station          | £68,000        | £26,950        | £1,300         | £62,150        | £10,200        |
| Hay Mills Annex            | £18,000        | £15,000        | £1,050         | £1,100         | £11,150        |
| Haden Cross                | £10,000        | £800           | £0             | £800           | £0             |
| Headquarters               | £79,700        | £16,250        | £6,800         | £11,350        | £57,600        |
| Highgate Station           | £43,950        | £28,200        | £950           | £1,700         | £9,000         |
| Highgate Annex             | £450           | £500           | £500           | £500           | £18,550        |
| Kings Norton               | £3,500         | £1,950         | £800           | £2,100         | £11,900        |
| Ladywood                   | £32,000        | £900           | £600           | £1,000         | £46,600        |
| Northfield                 | £26,900        | £2,400         | £2,000         | £8,700         | £18,200        |
| Oldbury Station            | £7,950         | £14,100        | £2,000         | £22,300        | £10,150        |
| Oldbury Annex              | £20,900        | £1,000         | £7,000         | £7,700         | £2,000         |
| Oldbury Fire House         | £31,550        | £33,600        | £31,650        | £32,000        | £49,550        |
| Perry Barr                 | £6,300         | £2,200         | £1,750         | £47,550        | £25,950        |
| Sheldon                    | £700           | £21,950        | £800           | £2,150         | £17,900        |
| Smethwick                  | £1,300         | £17,450        | £2,600         | £2,750         | £15,900        |

| Site                     | 2018/19<br>£      | 2019/20<br>£    | 2020/21<br>£    | 2021/22<br>£    | 2022/23<br>£    |
|--------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| Solihull Station         | £21,800           | £60,800         | £70,800         | £1,000          | £1,000          |
| Solihull Annex           | £1,000            | £20,000         | £1,100          | £0              | £1,200          |
| Stourbridge              | £2,100            | £2,900          | £2,200          | £58,250         | £37,450         |
| Sutton                   | £34,800           | £16,400         | £1,500          | £41,100         | £35,700         |
| Tettenhall               | £8,700            | £51,000         | £0              | £1,100          | £24,000         |
| Tipton                   | £24,100           | £2,450          | £56,800         | £42,750         | £2,000          |
| Walsall                  | £15,300           | £2,950          | £60,900         | £15,250         | £62,100         |
| Ward End                 | £66,500           | £26,850         | £55,000         | £2,050          | £12,000         |
| Wednesbury               | £27,600           | £2,750          | £17,900         | £38,050         | £28,200         |
| West Bromwich            | £1,250            | £1,800          | £850            | £26,100         | £22,000         |
| Willenhall               | £17,450           | £3,000          | £66,150         | £37,300         | £13,750         |
| Wolverhampton Station    | £44,350           | £47,450         | £2,350          | £22,650         | £11,650         |
| Wolverhampton Annex      | £5,650            | £700            | £10,750         | £800            | £15,850         |
| Woodgate Valley          | £27,450           | £13,100         | £55,100         | £15,900         | £11,300         |
| Workshops                | £48,650           | £65,700         | £750            | £1,600          | £8,850          |
| Perry Barr-Residential   | £1,000            | £2,200          | £1,000          | £1,050          | £2,250          |
| Kings Norton-Residential | £3,000            | £5,000          | £0              | £0              | £0              |
| Bloxwich-Residential     | £0                | £0              | £0              | £8,000          | £0              |
| Erdington-Residential    | £5,000            | £0              | £8,000          | £0              | £0              |
| Harborne-Residential     | £30,000           | £5,000          | £0              | £0              | £0              |
| <b>Total Spend</b>       | <b>£1,048,000</b> | <b>£988,000</b> | <b>£915,600</b> | <b>£850,700</b> | <b>£905,450</b> |

|                                      |                   |                   |                   |                   |                   |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Lighting                             | £3,450            | £450              | £500              | £500              | £500              |
| PartL2B                              | £9,800            | £5,950            | £9,350            | £4,250            | £9,800            |
| Boilers                              | £50,000           | £165,000          | £170,000          | £0                | £0                |
| Rewires                              | £130,000          | £430,000          | £200,000          | £380,000          | £130,000          |
| Roof                                 | £310,000          | £190,000          | £160,000          | £120,000          | £145,000          |
| Windows & Doors                      | £63,000           | £325,000          | £197,500          | £240,000          | £152,500          |
| Other (Above)                        | £1,048,000        | £988,000          | £915,600          | £850,700          | £905,450          |
| <b>TOTAL FORECAST SPEND</b>          | <b>£1,614,250</b> | <b>£2,104,400</b> | <b>£1,652,950</b> | <b>£1,595,450</b> | <b>£1,343,250</b> |
| <b>TOTAL FUNDING AVAILABLE</b>       | <b>£1,614,250</b> | <b>£2,104,400</b> | <b>£1,652,950</b> | <b>£1,311,000</b> | <b>£900,000</b>   |
| <b>Funding Surplus(+)/Deficit(-)</b> | <b>£0</b>         | <b>£0</b>         | <b>£0</b>         | <b>-£284,450</b>  | <b>-£443,250</b>  |

**APPENDIX 3****Key Activities**

During 2017/2018 significant Estates related works were successfully carried out across the property portfolio. Below is a list of some key achievements.

- Working collaboratively with the West Midlands Police - negotiations are at an advanced stage for four pilot locations.
- Disposal of the Academy site.
- Progress relocation of Primary Fire Control within WMFS HQ.
- Construction work commenced on Coventry Fire Station.
- Planning approval obtained for Aston Fire Station.
- Training at Height Facilities completed at Canley and Sutton Coldfield.
- Re-roofing at Bilston Fire Station
- Window and external door replacements to seven sites across the Brigade.
- Boiler replacement at Dudley Fire Station.
- Refurbishment of ablutions at Tettenhall, Wolverhampton, Bickenhill, Erdington and Northfield Fire Stations.
- Automated gates installed to increase station security at Perry Barr and Foleshill 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, Safeside and Fire Control.
- Assist with continued delivery of the Distributed Training Model and relocation of training assets.
- Continued upgrading of lighting to energy efficient LED systems at Foleshill.



**WEST MIDLANDS FIRE SERVICE AND RESCUE AUTHORITY**

**19 FEBRUARY 2018**

1. **PROPOSED VEHICLE REPLACEMENT PROGRAMME  
2018/19 to 2020/21**

Report of the Chief Fire Officer

RECOMMENDED

- 1.1 THAT the Authority note the proposed Brigade Vehicle Replacement Programme (VRP) for the financial years 2018/19 to 2020/21, the detail of which is set out in the main body of the report. Appendices 1, 2 and 3 identify 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 2018/19.
- 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 2018/19, 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 2018/19:-

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

|                          | <b>Review Period<br/>(Years)</b> |
|--------------------------|----------------------------------|
| Coach                    | 12                               |
| Driver Training Lorry    | 15                               |
| Trailers/Fuel Bowser     | 15                               |
| Command Support Vehicles | 12                               |
| Motorbike                | Review                           |

### 3.3 Operational Fire Appliances (PRLs/BRVs)

In relation to operational fire appliances, the service currently has an operational fleet of 81 appliances as follows:

- 41 Pump Rescue Ladder Vehicles (PRLs) frontline
- 8 PRL reserve
- 10 PRL training
- 19 Brigade Response Vehicles (BRVs) frontline
- 3 BRV reserve

As stated in paragraph 3.2, PRLs have a proposed replacement life of 13 years (10 years' frontline, 3 years' reserve fleet) and BRVs currently have a proposed replacement life of 10 years.

- 3.4 To achieve a fleet replacement of the operational appliances within current budget constraints there will be a requirement to replace 5 PRLs in 2018/19, 5 PRLs in 2019/20 and 6 PRLs together with 3 BRVs in 2020/21.
- 3.5 Due to the expanding range of services provided by West Midlands Fire Service and the way those services are delivered, consideration will be given over the next 12 months to the type and range of vehicles required to most effectively meet these demands. Any potential partnership arrangements that would support the appropriate acquisition of vehicles would also be considered.
- 3.6 The replacement of vehicles within the scope of this report will all be current with the latest vehicle technology on emissions which is currently Euro 6. Environmental standards applicable for city usage both now and future will also be considered on light vehicle applications and Petrol/ Electric technology and full electric vehicles. This issue has increasing relevance with the Government's drive across the UK to tackle air pollution in urban areas and the expanding number of 'Clean Air Zones' which have been identified, one of which is Birmingham.

### 3.7 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 three years

### 3.8 Brigade Support Vehicles (BSV's)

Currently there are 3 BSV's in the fleet, one of which is provided by an external company. The two Fire Authority owned BSV's are due for replacement within the next three years. The type and number of BSV's will be reviewed as part of this proposed Replacement Programme.

### 3.9 Ancillary Vehicles

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

3.10 Following a full review of the ancillary vehicles during 2017/18, Appendices 1, 2 and 3 show the vehicles that fall due for replacement within the next 3 years. Pending the outcome of a feasibility study into sharing Station vans between more than one location, 24 Station vans due for replacement in 2016/17 and 2017/18 have been deferred to 2018/19 and 2019/20.

3.11 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. The matters contained in this report do not relate to a policy change

4.2 The tender and evaluation process will encompass equality and diversity issues in relation to requirements of the companies invited to tender.

## 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 The estimated cost of the proposed VRP is as follows:

|         | £'000 |
|---------|-------|
| 2018/19 | 3,705 |
| 2019/20 | 1,883 |
| 2020/21 | 2,512 |

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

## **BACKGROUND PAPERS**

VRP Review 2018/19 to 2020/21 Documentation – TEW files

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

P LOACH  
CHIEF FIRE OFFICER

## APPENDIX 1

### 2018/19

### Estimated Replacement Value

£'000

|          |  |       |
|----------|--|-------|
| PRLs     | x 5 @ £251.9k                            | 1,260 |
| CSV 106  | Command Support Vehicle                  | 500   |
| D-FD361  | Foam Distribution Unit                   | 70    |
| D-FD363  | Foam Distribution Unit                   | 70    |
| MRV 281  | Workshops Service Van                    | 55    |
| Van 162  | Warehouse and Distribution               | 40    |
| TLR 343Z | Wednesbury Tech Rescue Boat Trailer      | 10    |
| TLR 346Z | Bickenhill Technical Rescue Boat Trailer | 10    |
| TLR 347Z | Bickenhill Technical Rescue Boat Trailer | 10    |

### Prior Years Slippage

|         |                                |       |
|---------|--------------------------------|-------|
| PRLs    | x 5 @ £244.8k                  | 1,224 |
| Van ND4 | DIM Vehicle                    | 80    |
| POD317  | Welfare Pod                    | 60    |
| MPV 141 | Business Support Vehicle       | 40    |
| PCV 254 | Driver Training Minibus        | 38    |
| Car 147 | Pool Car                       | 23    |
| Car 148 | Pool Car                       | 23    |
| Van 172 | Billesley                      | 16    |
| Van 173 | Coventry                       | 16    |
| Van 175 | Kings Norton                   | 16    |
| Van 176 | Binley                         | 16    |
| Van 179 | Oldbury                        | 16    |
| Van 180 | Equipment Maintenance Services | 16    |
| Van 181 | Wednesbury                     | 16    |
| Van 186 | Bloxwich                       | 16    |
| Van 193 | Bournbrook                     | 16    |
| Van 196 | Tipton                         | 16    |
| Van 197 | Ward End                       | 16    |
| Van 198 | Woodgate Valley                | 16    |

### **Estimated Total**

**3,705**



**APPENDIX 2**

**2019/20**

**Estimated Replacement Value**

**£'000**

|           |                             |       |
|-----------|-----------------------------|-------|
| PRLs      | x 5 @ £259.2k               | 1,296 |
| PMB/G 258 | Wednesbury Technical Rescue | 80    |
| VAN 350   | Hydrant Technician          | 55    |
| D-WSU343  | Water Support Unit          | 50    |
| MRV283    | TEW Service Van             | 50    |
| TRL230    | Road Show trailer           | 40    |
| Car 135   | Emergency Response          | 25    |
| Car 136   | Driver Training             | 25    |
| TLR 356   | Community Safety            | 20    |
| TRL 357   | Community Safety            | 20    |
| TRL 358   | Community Safety            | 20    |
| TRL 270   | Water Rescue Instructors    | 10    |

**Prior Years Slippage**

|         |               |    |
|---------|---------------|----|
| Van 177 | Erdington     | 16 |
| Van 178 | Brierley Hill | 16 |
| Van 182 | Aston         | 16 |
| Van 183 | Dudley        | 16 |
| Van 190 | Fallings Park | 16 |
| Van 191 | Foleshill     | 16 |
| Van 210 | West Bromwich | 16 |
| Van 211 | Northfield    | 16 |
| Van 213 | Highgate      | 16 |
| Van 214 | Wolverhampton | 16 |
| Van 217 | Tettenhall    | 16 |
| Van 218 | Smethwick     | 16 |

**Estimated Total**

**1,883**

**APPENDIX 3**

| <b><u>2020/21</u></b>                  | <b><u>Estimated Replacement Value</u></b> | <b>£'000</b> |
|--|---|--------------|
| PRLs x 6 @ £270k                       |   | 1,620        |
| BRV149 Brigade Response Vehicle        |   | 100          |
| BRV150 Brigade Response Vehicle        |   | 100          |
| BRV151 Brigade Response Vehicle        |   | 100          |
| PMB 250 Youth Services                 |   | 60           |
| PMB 251 Youth Services                 |   | 60           |
| BSV143 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 CFO Pool                       |   | 25           |
| Car 133 CFO Pool                       |   | 25           |
| MPV207 Fire Research Investigation     |   | 25           |
| <b>Estimated Total</b>                 |   | <b>2,512</b> |

**19 FEBRUARY 2018**

**1. ENABLING PAPER – DEVELOPING CFO ACCOUNTABILITIES**

Report of the Clerk

RECOMMENDED

THAT the Authority:

- 1.1 note the changing landscape of governance for Fire and Rescue Services and the impact on the role of the Chief Fire Officer (CFO),
- 1.2 note the changes which are to be proposed around CFO and officer accountabilities,
- 1.3 agree the progression of the proposed changes to enable local engagement and full recommendations to April Authority.

**2. PURPOSE OF REPORT**

- 2.1 This report sets out the rationale for proposed changes to CFO accountabilities, which seek to establish a widening of the current delegations in the Authority constitution.
- 2.2 These accountabilities aim to support the Authority in the transformational development of its strategy, The Plan 2017-2020 and moving forward, as well as setting a sound basis for the anticipated transfer of governance from the Authority to the Mayoral West Midlands Combined Authority.

### **3. BACKGROUND**

- 3.1 The Authority was legally created by the Local Government Act (LGA) 1985 as a joint Authority. The LGA establishes the Authority as a 'supervisory body' for the Fire Service, which is accountable to local communities for the services delivered.
- 3.2 The Fire and Rescue Services Act 2004, National Framework for Fire and Rescue Services 2012, Regulatory Reform Order, Civil Contingencies Act and other enabling legislation set out the statutory duties and functions the Authority is accountable for.
- 3.3 The Chief Fire Officer (CFO) is the Head of Paid Service (Local Government in Housing Act 1989) and as such along with officers, is accountable to the Authority for making decisions which enable the delivery of the aforementioned functions. The Authority's Constitution (the Constitution) sets out the parameters of this decision making before approval is sought from the Authority.
- 3.4 The Constitution sets out the current roles, responsibilities and accountabilities of both the Authority, as well as the CFO and officers.
- 3.5 The implementation of the Policing and Crime Act 2017 and government legislation around devolution have begun to change the status quo for Fire and Rescue Authorities. New models of governance for Fire and Rescue Services are emerging as can be seen from the most recent changes in the Essex Police and Fire Crime Commissioner (PCC), Greater Manchester Combined Authority Fire Function and pending changes for the London Fire Commissioner (LFC). Each model whilst different, provides single accountability for the Fire Service through either a Police and Crime Commissioner, Mayor and/or a Fire Commissioner.
- 3.6 Each of the above arrangements are new, indeed the LFC has yet to be implemented, however as these different arrangements are being embedded they have begun to create inconsistencies in the accountability of the CFO role.

- 3.7 Where a Fire Authority is transferred to a PCC a section 4a order sets out the arrangements for this change and where roles and responsibilities sit. The Essex Fire Order 2017, identifies the CFO as the only person that can be delegated the role of preparing and publishing the IRMP. It also stipulates that the CFO will be held to account for the exercise of CFO functions, or those provided by those under the 'direct control' of the CFO.
- 3.8 The Greater Manchester Combined Authority (Fire and Rescue Functions) Order 2017 provides a broad framework for governance of the Greater Manchester Fire and Rescue Service covering the role of the Combined Authority, Mayor and the Fire Committee.
- 3.9 The LFC will be both the CFO and the Fire Authority. The LFC will employ staff, own London Fire Brigade Assets and take on all liabilities of the Authority. The LFC will be a Corporate Sole, however the Mayor of London is still accountable for the budget and IRMP and the LFC will be accountable to the Mayor.
- 3.10 These current and future changes need to be considered alongside the developing draft National Framework for Fire and Rescue Service (England). This has recently been consulted upon and now proposed to more overtly identify the role of the CFO as *'the individual who has responsibility for managing the fire and rescue service, accountable for the delivery of the fire and rescue service and the functions of persons under their direction and control'*.

#### 4. **CURRENT GOVERNANCE CONSIDERATIONS**

- 4.1 The proposed model for the transfer of Authority functions to the Mayoral WMCA in 2019, establishes widened accountabilities for the CFO role.
- 4.2 As Head of Paid Service it is currently and will continue to be the CFO's responsibility to determine the staffing model and structure for the Service. This is designed to deliver prevention, protection and response services to communities in the most efficient and effective way, ensuring the highest levels of public safety. The broad roles and responsibility framework for the proposed Mayoral

WMCA governance model, seeks to provide a more agile approach to decision making in support of this, enabling the CFO to lead and manage the Service and staff with clear and established lines of accountability to the Mayor. The Mayoral WMCA governance framework is detailed in Appendix 1.

4.3 Currently Authority and CFO/Officer roles, responsibilities and delegations are set out in the Constitution articles 4, 15 and part 3: Scheme of Delegations.

#### 4.4 **Article 4**

- Sets out clear responsibilities for the FRA, intrinsically linked to the approval of the budget, strategy and IRMP. Finance and land matters are part of this.
- Also sets out CFO delegations, further supported by officer delegations in the scheme of delegations:

*To control all matters relating to the administration of the Authority's functions under the Fire and Rescue Service Act 2004 and any other enabling legislation which shall include taking and implementing decisions that are:*

- (a) *Concerned with maintaining the operational effectiveness of the Service, including varying the deployment of resources in order to ensure the effective delivery of The Plan;*
- (b) *Matters incidental to the discharge of the Authority's functions which fall within a policy decision taken by the Authority.*

4.5 **Article 15** sets out decision making by officers

**Part 3, Scheme of delegations** breaks these down into more detail covering head of paid staff responsibilities, regulatory fire safety roles, etc.

In support of these delegations and recognising the role of both the Authority and the CFO, the Employee Relations Framework (ERF) aims to provide timely and effective co-operation and consultation between the employer, employees and Trade Unions/Representative Bodies. This supports the successful delivery of the Authority's strategy, The Plan 2017-2020 and the management of change.

The delegations are broad in description and in some areas lack clarity. Therefore they have been considered against the context of the changing governance landscape as outlined in paragraphs 3.5-3.10, as well as the priorities and aspirations of the Authority's strategy The Plan 2017-2020. In addition, the proposed changes in governance for the Service have highlighted a need to now review current CFO and officer delegations to support:

- The transformation of services to enable the efficient and effective delivery of the Integrated Risk Management Plan (IRMP) and The Plan within a balanced budget.
- Effective workforce reform and development through the delivery of a staffing structure & model supporting current and future strategy (recruitment and management of staff)
- The effective deployment of all resources to meet risk – personnel, equipment and fleet

4.6 With wider CFO accountabilities it will be important to ensure the Authority remain updated either through reports to inform and/or for decision making, aligned to roles and responsibilities but also to ensure awareness. The latter will also be enabled through regular engagement between the Clerk, CFO and Chair and SET as appropriate.

4.7 In support of these accountabilities and as identified further in the next section the ERF will be also be an important enabler to ensuring discussions, consultation and negotiation around employment issues are followed through using an established and jointly agreed approach.

## 5. **PROPOSED CFO ACCOUNTABILITIES**

- 5.1 The proposed changes to the Constitution and CFO delegations as set out below, provide an overview of the widened accountabilities for the CFO role when compared with the current delegations provided in the constitution as detailed in paragraphs 4.4-4.5
- 5.2 These proposals create clear lines of responsibility for the CFO role and aim to identify the role of the Strategic Enabling Team (SET) in the decision making process.
- 5.3 These proposals acknowledge the role of the Authority as a 'supervisory body' that ensures that West Midlands Fire Service performs efficiently and in the best interests of the public and community it serves. It means therefore that the Service is answerable for its actions and performance to the general public through the Authority.
- 5.4 The Authority remains a Corporate Body with the legal responsibility for making decisions (as set out in the constitution) about matters concerning the functions, powers, duties and responsibilities of the Authority, which are invested in it by statute and/or common law.
- 5.5 The proposed CFO accountabilities which will enable the most effective and efficient delivery of services to local communities are as set out below:
  - 5.5.1 **Full CFO accountability for leading the Fire Service, setting the direction and culture of the service.** *This will be achieved with direct involvement of the Strategic Enabling Team providing for a more cohesive working environment.*
  - 5.5.2 **The CFO is accountable to the Authority for delivering against the requirements of the Fire and Rescue Services Act, National Framework, Regulatory Reform Order, Civil Contingencies Act and other appropriate enabling legislation.** *These responsibilities will be achieved with direct involvement of the Strategic Enabling Team providing for a more cohesive working environment.*



**5.5.3 The CFO is accountable for the preparation of the Integrated Risk Management Plan and the Strategy (The Plan) for the Authority to consider and approve.**

**5.5.4 Aligned to 5.5.3 above, the CFO and Section 151 Officer will propose an annual budget to enable effective and efficient delivery of the strategic priorities, for the Authority to consider and approve.**

**5.5.5 Operational independence of the CFO to deliver the strategic priorities as agreed by the Authority, aligned to the IRMP and The Plan. This will be achieved through the efficient and effective delivery of prevention, protection and response services to communities, enabled through accountability for decisions which, aligned to both organisational strategy and budget, will determine:**

- a) **The staffing structure of all fire service workforce.** *Changes to this will be determined within the existing processes and policies of the Service and managed with the SET. The Employee Relations Framework provides a robust and transparent framework for engagement, consultation and/or negotiations regarding the future shape and structure of the workforce. Any changes which will (or has the potential to) impact on the delivery of the strategy will be communicated to inform the Authority using existing and/or reformed governance structures.*
- b) **Workforce planning and development to support Service transformation in the delivery of both current and future strategy.** *Workforce development is a national priority as the type, number and scale of incidents are changing. The workforce of the future for many fire services needs to be capable of providing prevention, protection and response services that stretch wider than the traditional and will see fire fighters working with and alongside other professions*

*to deliver core services (i.e. police, ambulance, healthcare).*

*SET will work with the CFO to determine an evidence based approach to the transformation of services enabled through the development of the workforce, which enables the delivery of the Authority's strategy aligned to the agreed efficiency plan and budget.*

*As with a) the ERF will provide the established procedure by which staff and representative bodies will be engaged, consulted and negotiated with. The Authority will be engaged as appropriate through the Joint Consultative Committee as set out in the ERF.*

- c) The CFO is accountable for the management and allocation of assets and fleet to support the most effective staffing structure, delivery of services and SDM.** *The CFO will be accountable for the approval, movement and usage of these. The SET will support the delivery of these accountabilities as delegated by the CFO.*
- d) The delivery of added value through the development and management of agile digital solutions.** *Driving change through moving from managing assets to services.*

**5.5.7 CFO engagement in collaborative partnerships with other emergency services, as defined in the Policing and Crime Act 2017, and public service providers, aligned to enabling the delivery of strategic priorities, where it is in the interests of efficiency and effectiveness and public safety to do so.**

The CFO will engage with the Authority through Policy Planning Forum and Fire Authority to vary the strategic objectives if needed and to inform of progress.

The above areas of proposed accountabilities will be reviewed against the Authority's standing orders to ensure each provides sufficient flexibility to enable effective decision making.

Any changes to Authority procedures will be reported into April Fire Authority for approval.

These widened accountabilities will remain open to the same transparency and scrutiny arrangements which currently exist within the Authority governance committee framework, as well as that provided for by both internal and external audit services.

## 6. **TIMELINE FOR CHANGE**

The timeline below will enable the proposed changes to be sufficiently considered and implemented following April Fire Authority, in preparation for the constitution of the Reformed Fire Authority at the June AGM 2018.:

**11 January** – consideration of areas of increased accountability for CFO

**5 February** – **members receive** broad overview of proposals

**19 February** – enabling paper to Authority

**23 February** – informal WMCA CEx awareness of proposals around CFO accountabilities

**9 March** – informal WMCA leaders (as above)

**16 April** – Authority approval of changes to CFO accountabilities in constitution in line with new planning year and refresh of 2018-2021 Plan.

## 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 enabling paper will not lead to a policy change.

## 8. **LEGAL IMPLICATIONS**

This report does not have any legal implications and retains the legislative role and responsibilities of the Authority.

9. **FINANCIAL IMPLICATIONS**

This enabling paper does not have any financial implications.

10. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications

**BACKGROUND PAPERS**

Fire Authority Constitution 2017  
WMCA paper 8 December – Route to Future Governance

Karen Gowreesunker  
Clerk, West Midlands Fire and Rescue Authority

The contact name for this report is Karen Gowreesunker, Clerk of WMFRA, tel. no. 0121 380 6678

# Appendix 1

## Appendix 8 – Proposed Future Governance Framework for Mayoral model

|  | ROLES & RESPONSIBILITIES  | WHAT WILL THIS MEAN?  |
|--|---|---|
| <b>Mayor</b><br><br>Single elected accountable figure                          | <ul style="list-style-type: none"> <li>Governance (supervisory body) for the Service, guided by LGA and LGiH Acts</li> <li>Exercises all 'fire and rescue' functions – FRS Act 2004 and enabling:</li> <li>Accountable for the:               <ul style="list-style-type: none"> <li>Integrated Risk Management Plan (National Framework)*</li> <li>the Corporate Strategy – The Plan*</li> <li>Budgets (Capital and revenue)*</li> </ul> </li> <li>Raises precept</li> <li>Responsible for Senior &amp; Statutory Officer appointments</li> </ul>  | <ul style="list-style-type: none"> <li>The WMCA owns all properties rights and liabilities of the former Authority and all functions</li> <li>The WMCA employ all staff including the CFO</li> <li>The Mayor <b>only</b> can exercise all fire and rescue functions and can delegate these to a committee and/or officers other than* functions</li> <li>The Mayor is accountable figure to the communities for services provided, as set out in the FRS Act and other enabling legislation</li> <li>The Mayor provides strategic policy direction</li> <li>The Mayor oversees the efficiency and effectiveness of the Service</li> </ul> |
| <b>WMCA</b><br><br>(governing body)  | <ul style="list-style-type: none"> <li>Owns all <b>functions</b>, properties, rights and liabilities, including employment contracts of the Service staff</li> </ul>  |   |
| <b>Mayoral Fire Advisory Committee (Specialist review and advice to Mayor)</b> | <ul style="list-style-type: none"> <li>Leadership for WMFS priorities across seven constituent councils</li> <li>Enabling development of local authority and health care partnerships</li> <li>Review functions - i.e. reviewing decisions made against the local risk plan and the corporate strategy (statutory functions)</li> <li>Enabling regional fire and local government relationships</li> <li>Lobbying functions with other FRSs through AMFRA</li> <li>A voice and representation within LGA and NJC working with alongside NFCC</li> <li>Ceremonial support for Mayor for the Service</li> </ul> | <p>The Committee has clear delegations around scrutiny of Mayoral decisions, providing reports to the WMCA</p> <p>Supports the Mayor both locally and nationally as the political 'voice' for the Service</p>   |
| <b>Chief Fire Officer/Officers</b><br><br>Accountable to the Mayor             | <p>Head of Paid Service for the Service</p> <p>Accountable to the Mayor for the delivery of services with a balanced budget:</p> <ul style="list-style-type: none"> <li>The delivery of the Service Strategy (incl. matters relating to exercising functions of the fire and rescue services act, etc)</li> <li>The delivery of a staffing structure &amp; models supporting current and future Strategy</li> <li>The deployment of resources to meet risk</li> <li>The transformation of services to meet the Service's and the Mayor's/WMCA priorities</li> </ul>   | <p>Accountability for the delivery of Strategy and Integrated Risk Management Plan, enabled through robust decision making at the right level. Delivering operational effectiveness through the right:</p> <ul style="list-style-type: none"> <li>Allocation of resources</li> <li>Recruitment and management of staff</li> <li>Workforce reform &amp; development</li> </ul>   |



**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**19 FEBRUARY 2018**

1. **REPRESENTATION OF THE WEST MIDLANDS POLICE AND CRIME COMMISSIONER ON WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

Report of the Clerk.

RECOMMENDED

- 1.1 THAT the Authority consider the request from the West Midlands Police and Crime Commissioner (WMPCC) to nominate a second deputy to attend Authority meetings.
- 1.2 THAT the Authority determine whether to approve the representation of the WMPCC at Authority meetings can be made to a second deputy.

2. **PURPOSE OF REPORT**

This report is submitted for the Authority to consider the WMPCC's request to delegate his Authority role, where required, to a second deputy, in the event that the first nominated deputy cannot attend.

3. **BACKGROUND**

- 3.1 On 20 November 2017 the Authority considered a formal request from the WMPCC received on 1 September 2017 to take up a representative position on the Fire Authority aligned to the representation model as set out in the Policing and Crime Act 2017.
- 3.2 This request highlighted that the WMPCC's role on the Authority would be delegated to an officer on behalf of the WMPCC.
- 3.3 The Authority approved the request on 20 November 2017 for a position on the Fire Authority on the basis that:
  - A full member voting position would only be provided if the PCC as an elected member attends.

- The WMPCC's nominated deputy would be the deputy PCC, but this would not provide full member voting rights.
- There would be consistency from the PCC's representative for continuity purposes.
- The WMPCC would not be paid expenses for undertaking this position.

- 3.4 Following this approval, the Authority received a further letter from the WMPCC on 23 November 2017 (the letter being written prior to the Authority decision on 20 November 2017) stating that the WMPCC would, when the deputy PCC was not available, want to delegate his position further to an officer of the WMPCC's office. This letter is detailed in Appendix 1. Our response to this letter is set out in Appendix 2.
- 3.5 Section 18 of the Policing and Social Responsibility Act 2011 enables, under the representation model defined by the Policing and Crime Act 2017, a PCC to delegate functions. There are no definitions within these Acts as to who the PCC should delegate functions.
- 3.6 Advice received from the Home Office states that whilst there is no provision for the Deputy PCC or a deputy of the Office of the PCC to be a member of the Authority, this wouldn't prevent this. The arrangement of interchangeable representatives sitting on the Authority would be for the Authority and PCC to consider.
- 3.7 The Authority may also want to take into account the consultation that has recently taken place with Combined Fire and Rescue Authorities. Due to different legislative frameworks, the Home Office have been consulting on provisions to enable a PCC to delegate to a deputy the ability to attend and speak at Fire Authority meetings. This deputy does not have any voting rights and will not be treated as a member of the Authority for any purpose. This is owing to Fire Authorities comprising of elected individuals, who do not themselves have similar rights to delegate to an unelected official as exists for PCCs. Consultation outcomes have yet to be released.

#### 4. **EQUALITY IMPACT ASSESSMENT**

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



5. **LEGAL IMPLICATIONS**

There are no direct legal implications arising out of this report. However, consideration of the Home Office advice provided and the Home Office consultation with Combined Fire and Rescue Authorities is relevant.

6. **FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications arising from this report.

**BACKGROUND PAPERS**

Route to Future Governance – A Reformed Fire Authority, 11 April 2017  
Route to Future Governance – Representation of the West Midlands  
Police and Crime Commissioner on WMFRA, 20 November 2017

The contact name and telephone number for this report are:

Karen Gowreesunker  
0121 380 6678

KAREN GOWREESUNKER  
CLERK TO THE AUTHORITY

**Please ask for :** Jonathan Jardine  
**Telephone Number:** 0121 626 6060  
wmpcc@west-midlands.pnn.police.uk



**west midlands  
police and crime  
commissioner**

Our reference: 2017-01138

Councillor John Edwards  
Chair  
West Midlands Fire and Rescue Authority  
Fire Service Headquarters  
99 Vauxhall Road  
Birmingham  
B7 4HW

15 November 2017

Dear 

Thank you for your letter in September and subsequent communications. I would be pleased to reinstate our regular meetings, and will ask colleagues in my Office to make the necessary arrangements.

I remain committed to seeing progress in operational collaboration between fire and police services. While reformed Fire Service governance would probably assist in this regard, it is not essential. As you will be aware, Deputy Chief Constable Rolfe and Deputy Chief Fire Officer Hales have been working on a paper setting out areas for operational collaboration between West Midlands Police and West Midlands Fire Service. I understand that this paper will be available shortly, and I would propose that we bring it as a joint report - from the Chief Fire Officer and Chief Constable - to both the Fire Authority and the Strategic Policing and Crime Board. This is an important step in demonstrating our shared commitment to the "duty to collaborate". The report will set out progress on some operational matters, and sharing of our collective estate. As you and I know, there are further opportunities beyond this, and together we can push for these.

To answer the question you asked on 4 September, I have sought advice, which has confirmed that a Police and Crime Commissioner can delegate membership of a Fire Authority. As a directly elected individual, I would be publicly and democratically accountable for this decision to the entire electorate of the West Midlands, and I, while recognising the conventions of the Fire Authority, do not feel bound by your preference for an "elected Councillor", and this has not been a factor in my decision-making. I therefore propose to delegate my membership of the Fire Authority to Assistant Police and Crime Commissioner, Cllr Dr Lynnette Kelly. In the event that Cllr Dr Lynnette Kelly is not available to attend a meeting of the Fire Authority, I delegate my membership to my Strategic Adviser, Tom McNeil whose portfolio includes matters concerning fire governance. It remains regrettable that you do not see membership of the Fire Authority as requiring any additional resource by my Office. I should be grateful if you would reconsider your position on this, so that we can more easily manage the addition to our administration.

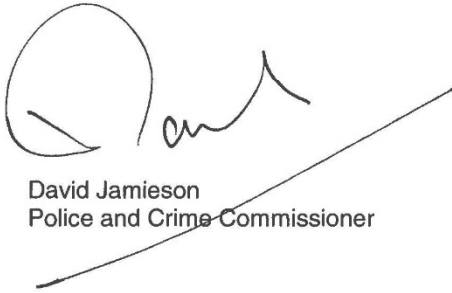
It would be helpful if you would clarify to which Fire Authority committees you understand I would be offered membership, were the Authority to accept my request. I assume this would include the Executive Committee. I note, for the sake of clarity, that if I were to become a member, the activities and decisions of the Fire Authority do not supersede my statutory duties and responsibilities as Police and Crime Commissioner.

Lloyd House, Colmore Circus Queensway, Birmingham, B4 6NQ  
0121 626 6060 [www.westmidlands-pcc.gov.uk](http://www.westmidlands-pcc.gov.uk) [@WestMidsPCC](https://twitter.com/WestMidsPCC)

I remain of the view that the proposals put forward by the Fire Authority and Combined Authority for the future governance of West Midlands Fire Service are unlikely to further the economy, efficiency and effectiveness of the Service. Accountabilities are confused, reporting lines muddled, statutory responsibilities impinged and blurred, and the proposal is unworkably complex and expensive. I would hope that as a member of the Authority, we would be able to work to develop proposals that offer the sort of focused strategic direction, clear accountability and statutory protection that the public of the West Midlands expects.

I therefore await the Authority's decision regarding my request for membership.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Jamieson', is written over a long, thin horizontal line that extends from the left margin towards the right.

David Jamieson  
Police and Crime Commissioner



Fire Service Headquarters,  
99 Vauxhall Road, Birmingham B7 4HW

Mr. David Jamieson,  
West Midlands Police and Crime Commissioner,  
Lloyd House,  
Colmore Circus Queensway,  
Birmingham B4 6NQ

**Date:** 29 November 2017  
**Your Ref:**  
**Our Ref:** A2911171/JE/JAC  
**Tel No:** 0121 380 6906  
**Please ask for:** John Edwards

Dear David,

Thank you for your letter dated 15<sup>th</sup> November which was not received until 23<sup>rd</sup> November, 3-days after West Midlands Fire and Rescue Authority considered your request for membership. The Authority specifically referred to the need for consistency in any delegation you may choose to make in connection with your membership. Your letter is at odds with that. Nor do I believe it to be appropriate or within the spirit of the Act for you to delegate your role on the Fire Authority to a paid employee in your office who has no elected accountability. The Clerk to the Authority will respond to you on these matters once we have taken further advice.

I note that you again raise the request for payment to your office in connection with your membership. The Authority at its meeting on 20<sup>th</sup> November welcomed the fact that there would be no financial implications arising from your membership. If you would like further consideration of this then it would be useful to understand the cost implications. Could I ask that you outline the numbers and roles of staff currently within your office and its total annual costs, along with your estimate of any extra resources you will require and the cost. This will help the Authority to put your request into context should we decide to reconsider.

In connection with your reference to membership of Authority Committees, there is no requirement for this in the Act and no consideration has been given to it by the Authority. The establishment and membership of Committees is decided at the Authority AGM in June of each year. Your membership therefore will be limited to Authority meetings and to the all-member Policy Planning Forum.

I note and disagree with your views on the current arrangements that are being progressed for future WMCA/Mayoral governance of West Midlands Fire Service. The proposals quite clearly set out that the Mayor has overall accountability for

setting the strategy for the West Midlands Fire Service and approving the budget. The Chief Fire Officer is directly accountable to the Mayor for leading and managing the fire service.

The Chief Fire Officer is responsible and will be held accountable for planned and robust decision making around workforce, fleet and finance to enable the effective delivery of the 3 year rolling corporate strategy and Integrated Risk Management Plan/Community Safety Strategy

The Mayoral Fire Advisory Committee will provide a scrutiny role around decisions taken by the Mayor in the exercising of fire functions, represents the priorities and strategy of the Mayor and WMFS locally, regionally and nationally, works to influence the government on behalf of the Mayor with respect to the funding and delivery of fire and rescue service functions and enables the development and delivery of partnerships to local communities.

There is clear support and local agreement for the above proposals from each of the constituent councils and each have sought to enhance this further through ensuring the ring fencing of funding for WMFS under the Mayor and the composition of the committee. It's a model that could well lend itself to governance of policing after 2020 following the abolition of the role of the PCC.

As you will know from our previous conversations, I fully agree with your comments on the need to continue developing collaborative opportunities between WMFS and WMP.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Edwards', written in a cursive style.

Councillor John Edwards, Chair  
**West Midlands Fire and Rescue Authority**

Copies to: Phil Loach, CFO, WMFS  
Karen Gowreesunker, Clerk, WMFRA



**06 November 2017 at 10.30 am  
at Fire Service Headquarters, Vauxhall Road, Birmingham**

**Present:** Members of the Authority  
Councillor Edwards (Chair)  
Councillor Idrees (Vice Chair)  
Councillors Allcock, Atwal Singh, Barlow, Barrie, Booth,  
Brackenridge, Cartwright, Clinton, Craddock, Davis,  
Eustace, Male, Miks, Mottram, P Singh, T Singh,  
Spence, Tranter, Walsh, and Young

**Officers:** West Midlands Fire Service  
Chief Fire Officer (P Loach)  
Assistant Chief Fire Officer (G Taylor)  
B Brook, J Campbell, S Taylor  
S Timmington

**Clerk and Monitoring Officer**

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

**Apologies:** Councillors Aston, Hogarth, Sealey, and Williams  
Mr Ager

Deputy Chief Fire Officer (P Hales)

**Observers:** P Fellows, H Nightingale, M Pym

**23/17 Chair and CFO Announcements**

The Chair welcomed all attendees to the Policy Planning Forum.

The Chief Fire Officer advised Members of the passing away of Kevin Pearson, Chief Fire Officer of Avon Fire and Rescue Service.

## **Policy Planning Forum 06 November 2017**

The Chair and Chief Fire Officer had released a joint press release regarding the complications of fire funding.

A new briefing document was due to be launched by the Association of Metropolitan Fire and Rescue Authorities. The document would be distributed to key stakeholders including Members of Parliament and the Government.

The relocation of Fire Control within Headquarters was due to commence over the next few months.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services would come into effect on 1 April 2018. The introduction of the inspectorate would coincide with the refresh of the Fire and Rescue National Framework which would include changes regarding to governance, assurance, and the powers of the Secretary of the State to intervene.

### **24/17 Governance Update**

Cllr John Edwards, Chair of WMFRA, provided an update on the subject of future governance:

A hard copy of the draft West Midlands Combined Authority Scheme was distributed at the meeting. It provided details of what governance would look like beyond 2018.

The report on the future governance of the Service was currently going through all seven Local Authorities and had already been presented at some Cabinets (not all Local Authorities were intending to take the report to full Council, opting to deal with via their Cabinet).

A number of key 'red-line' areas were raised as fundamental to the Scheme including:

- Effective ring fencing of future core funding and precept income (essential for protecting the budget for the delivery of prevention, protection and response activities by the Service)



## **Policy Planning Forum 06 November 2017**

- Establishment of the Mayoral Fire Advisory Committee (MFAC) of 15 Members (essential for retaining and broadening Local Authority connections with the Service, retaining lead member principle, and retaining links with other fire service influencing bodies e.g. Local Government Association, Association of Metropolitan Fire and Rescue Authorities, National Fire Chiefs Council)
- Appointment of the Chair of the MFAC (ensuring due regard to the views of the leaders of the 7 WMCA constituent member councils, the Committee, and the political balance across the West Midlands)
- Ensuring the Chief Fire Officer maintains full accountability for operational functions of the Service

Members were encouraged to engage with their Local Authority chief executives and legal officers in these items.

Members were advised that if there were any questions or issues raised related to the key 'red-line' areas, that they should be addressed to John Edwards, Chair of WMFRA, and Karen Gowreesunker, Clerk to the Authority.

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

- It was confirmed that there was intention for reserves to be protected from transfer to wider use by the West Midlands Combined Authority. Reserves were currently earmarked for the Aston Fire Station and Coventry Fire Station rebuilds, and the vehicle replacement programme.
- In the event that the Home Office was to reject the outcomes of the public consultation of the governance scheme and local authority endorsement, it was currently an unknown and options would be investigated into the relevant action to take. However, it was noted that the government did have a desire for local agreement.
- The Service had received a letter from the Police and Crime Commissioner (the PCC) to exercise his right to sit on the Authority. The request would be considered

## **Policy Planning Forum 06 November 2017**

at the Authority meeting scheduled for 20 November. The PCC had indicated that he wished to delegate his attendance to an officer. This request was being checked with the Home Office for clarification regarding possibility to do this and implications regarding voting rights.

- The political balance of the MFAC would be directed by the controlling group of each council. It would need to be proportionate to the numbers sitting on all external and advisory bodies (as required by legislation).

### **25/17 How we are Progressing in Delivering the Objectives of The Plan**

Phil Loach, Chief Fire Officer, delivered a presentation on how the Service was progressing in delivering the objectives of The Plan:

The Plan was underpinned by the five minute risk based attendance standard, backed up by survivability evidence. However, demand was starting to increase. Forecasting also indicated that the increase in demand was speeding up.

As part of the Service's commitment to transparency, the Community Safety Strategy, available via the Service's website ([www.wmfs.net](http://www.wmfs.net)), was an interactive tool which allowed members of the public to enter their postcode to discover what was going on in their local area, for example, types and numbers of incidents (including road traffic collisions), response times, and other activities.

The five minute attendance time was not a flat rate for all. Attendance times are risk based targeting specific areas regarding vulnerability, and linked to survivability. Some areas experience higher attendance times. This is delivered through The Plan and the Service Delivery Model (SDM).

Resources and fire stations were located where there was a high risk of emergency incidents. Sometimes a resource would be moved temporarily due to demand / risk. The dynamic positioning of resources and the risk based

**Policy Planning Forum  
06 November 2017**

attendance times were also a contributing factor to why there were fewer large scale fires. This was reinforced by assertive and effective firefighting, underpinned by extensive training, in what is a technical role (firefighter safety remained paramount to the Service along with the safety of its communities). This was further supported by 99.28% fleet availability and the fact that crews remain available to respond to emergencies whilst undertaking non-emergency tasks such as training and delivering Safe and Well visits.

Prevention work supported safer and healthier communities. The Service works further upstream to tackle issues to reduce fires and vulnerability, which has seen the Service move closer to the health agenda. The safety check that has been developed evolving into its current form of the Safe and Well visit. The Service continues to deliver 30,000 Safe and Well visit across the county however, a reduction in the SDM would likely lead to a reduction in the number delivered.

Protection work supported businesses within the county and delivered the requirements of the Regulatory Reform Order. Business Support Vehicles have been introduced to the SDM, supporting businesses in fulfilling their obligations. This forms part of the Service's commitment to supporting businesses to remain in business safely. Protection was under the spotlight following the Grenfell Tower incident. The Service has managed the communication cell on behalf of the National Fire Chiefs Council regarding building safety and cladding. The aftermath of the Grenfell Tower incident has led to an increase in the workloads within Fire Safety, which was now at tipping point in terms of capacity. An upturn in fire safety work was anticipated. Additionally, fire safety could be involved in more social issues via houses of multiple occupation.

In terms of Response work, the Service has bucked the national trend by responding quicker to emergencies at a time when the majority of response times were increasing. This was due to the contribution and cooperation of all staff.

Service support functions were struggling. These functions including research, policy and procedures. These were all areas that the incoming inspectorate would examine.

## **Policy Planning Forum 06 November 2017**

In terms of finance, the Service's core funding had reduced by £28M with a further £10M remaining, resulting in a reduction of £38M by March 2020. It was a testament to the Fire Authority who had committed to the requirements of the Government but continued to provide services.

Meeting the £10M deficit was based on the following:

- £2M increase to Council Tax and Business Rate Distribution
- £1M General Budget Reductions
- £1M Internal Restructures
- £2M Alternative Funding
- £4M Staffing

The monitoring of finances indicated that the general budget reductions and internal restructures were on track, along with the increases to council tax and business rate distribution. However, there needed to be a focus on the other two areas:

- Staffing:
  - Voluntary Additional Shifts (VAS) and the disturbance allowance was working effectively. It was important that firefighters received recognition and reward for the extra work involved. If a firefighter chose to volunteer for VAS, on average they would receive approximately £2200 per annum extra.
  - However, the collective agreement regarding VAS was due to expire on 31 December 2017, and there was the requirement for a new agreement to be in place.
- Alternative funding, in particular falls response:
  - A falls response service was currently delivered in the Dudley, Coventry and Wolverhampton areas. Response times averaged at 14 minutes. With a

## **Policy Planning Forum 06 November 2017**

60% reduction in emergency calls over the last 10 years, the Service had embraced a prevention approach. The Service had a low conveyance rate to hospital, Ambulance Service a high rate. It also provided the Service the opportunity to deliver a Safe and Well visit when attending a falls response. However, there was no national agreement in place for falls response, and it was currently being delivered via business continuity arrangements (which included a mixture of uniformed and non-uniformed staff).

- It was also noted some firefighters had struggled to adjust to delivering the service (in that it was markedly different to the typical circumstances around responding to emergency incidents).

The national picture had seen a rejection of the pay offer, further compounded by the withdrawal of the Fire Brigades Union (FBU) from a range of trials including emergency medical response trials which falls response fell within. In the absence of a national agreement, there were no local agreements in place. Although work was ongoing to achieve a local agreement, it was proving difficult due to the national stance of no such agreements.

There were a number of things that the Service could do. The aims and objectives were being enabled via a more robust SDM. New recruits were being issued new contracts which included a commitment to the delivery of The Plan, meaning that they would be available and expected to deliver wider prevention work. Additionally, there was a need to rebalance where firefighters were located as part of a more robust SDM (although contracts stated that an individual could work at any location in the West Midlands, custom and practice did not necessarily follow this with staff working at the same location for lengthy periods of time, and therefore it was acknowledged that this proposal could be met with some resistance).

Current forecasts estimated a £1M deficit in the Efficiency Plan. Commissioning, with a forecast of £400K for 2017/18, was not meeting the target.

## **Policy Planning Forum 06 November 2017**

There was a certain degree of complexity with regard to commissioning, with the majority of commissioning comprising falls response which was currently carried out via business continuity arrangements.

It was acknowledged that the current approach to delivering falls response was not sustainable.

There was a need to invest money to maintain current arrangements and to enable continued transformation. However, to enable this, it would most likely involve the releasing of funds from reserves. The services would be delivered within a balanced budget but there would a requirement to pump prime one or two areas.

In terms of alternatives; no balanced budget would impact upon the SDM. It might be possible to explore a possible reduction in second appliances and some firefighter posts to squeeze the SDM further, but this would have an effect on the five minute risk based attendance standard. Some Fire and Rescue Services had done similar but the Service would see an increase in attendance times, which would lead to an impact upon the vulnerable within our communities, compromise of the Service's whole time model which supports the SDM and move to an increasingly response focus with a corresponding reduction in prevention activity. Additionally, it would have a detrimental effect upon the credibility of the Service, including with the West Midlands Combined Authority / Mayor.

Next steps:

- 20 November – meeting of the Fire Authority (submission of the report 'Delivering Strategy – The Plan 2018 – 2021')
- 22 November – Autumn Budget
- 01 January 18 – New Staffing Local Agreement (investment from reserve)
- 19 February 18 – meeting of the Fire Authority (Approval of The Plan and budget)

## **Policy Planning Forum 06 November 2017**

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

- The new contract issued to new recruits would become the standard contract. It was hoped that this would eliminate some of the barriers to other types of work. However, it should be noted that over 1100 members of staff would still be remaining on the existing contracts.
- Savings to accommodate the cuts in funding had been made largely from how the Service implemented its SDM including the introduction of new vehicle types (Brigade Response Vehicles) and dual staffing of specialist appliances such as hydraulic platforms. Additional savings had been made via the change in size and makeup of the senior management team (equating to a saving of approximately £250K), efficiencies made in procurement and processes, and the absorption of workloads internally (which had affected all staff). The Service had built upon the Building upon Success (BuS) programme to become a better organisation. However, there was no more room for 'salami slicing' style cuts.
- When attending fires and road traffic collisions everything tended to happen very fast, with little personal contact. However, falls response were carried out in a very different environment, with greater personal contact, family and friends present, and possibly end of life circumstances. Additionally, firefighters could often attend repeat calls which could lead to a connection being formed between them and the individual. As a result, some firefighters had struggled to adapt to this type of work. The Service had a number of support mechanisms in place including on station diffusing, a variety of services provided by Occupational Health, and a Health and Safety Committee was in place to look at how the Service could maintain and improve such services.
- The Service was committed to ensuring all staff, including firefighters were equipped to fulfil their roles.

## **Policy Planning Forum 06 November 2017**

Training was provided to all staff who deliver falls response services. A working group had been setup to identify and solve issues before they happened.

- Policies and procedures were consistent across emergencies. However, falls response and similar work could see firefighters responding to medical issues which were not controllable and there was a need for policies and procedures to be flexible to reflect the different scenarios. Falls response calls were triaged and the Service would not attend if an emergency scenario (call would be passed to Ambulance to attend).
- The Service had employed a Medical Director who provided clinical governance.
- The Safe and Well visits carried out as part of the falls response service featured two extra elements; taking an individual's temperature, and taking an individual's blood pressure. This allowed the collation of information to build a picture over time. An ambulance would be requested in the event of any concerns.
- The Service had not received a single complaint from a commissioner about the services delivered, which reflected the high quality of the services delivered.
- No firefighters had left the Service due to the introduction of falls response. However, it was acknowledged that there was a higher level of dissatisfaction amongst a small group of people with regard to the work.
- In terms of commissioning activity, the Service had not focussed purely on falls response and there were a variety of options available with regard to income generation. However, the Service would only consider commissioning related to reducing vulnerability.
- In reference to the fire at the recycling centre in Walsall, recycling fires had become more common (as were such facilities) and due to their nature, were resource intensive.



**Policy Planning Forum  
06 November 2017**

- It was agreed that a briefing note on fires at recycling centres would be distributed to Section 41 Members.
- There was no form of recovering costs, even if the Service had attended a premises or site previously and raised concerns with the owner / occupier and relevant organisations, with the exception of incidents of such a size or cost implication that would trigger the appropriate cost recovery scheme.
- The Grenfell Tower incident had put fire safety regulations under the spotlight. Members were in a position to lobby regarding fire safety regulations including those relating to houses in multiple occupation. All new homes built in Wales now featured sprinkler systems whereas not one new home in England did.

The meeting closed at 12:45 hours.

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| Contact Officer: Stephen<br>Timmington<br>Strategic Hub<br>West Midlands Fire Service<br>0121 380 6680 |
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## Minutes of the Audit Committee

13 November 2017  
at Fire Service Headquarters, Vauxhall Road, Birmingham  
B7 4HW

**Present:** Councillors T Singh (Chair), Mottram, Idrees,  
Sealey, P Singh, Williams  
Mr M Ager (Independent)

**Apology:** Councillor Aston

42/17 **Minutes of the Audit Committee held on 4 September 2017**

**Resolved** that the minutes of the meeting held on  
4 September 2017 be approved as a correct record.

43/17 **Pension Treatment of Temporary Allowance – flexibility allowance (Falls Response) final**

The Committee received a report in its role as Scheme Manager requesting that it confirmed that the Flexibility Allowance being paid to employees undertaking work under the Business Continuity arrangements is pensionable.

To enable West Midlands Fire Service to continue to respond to Falls Response Incidents, following the decision of the Fire Brigades' Union to withdraw their support for the service, a team of volunteers has been seconded to deliver the work.

The seconded employees will be paid the higher of their own salary or that of a firefighter, plus a 25% flexibility allowance. This is to encourage staff to apply to work on the Falls Response service.

As the Secondment is a temporary arrangement the additional 25% flexibility allowance is only pensionable for members of the 1992 and 2005 Firefighters' Pension schemes at the discretion of the Scheme Manager. For members of the 2015 the payment is not pensionable. There are 7 firefighters who are in the 1992 Firefighters Pension scheme currently undertaking work under the Business Continuity arrangements for Falls Response. Making the allowance pensionable for these staff would incur costs of approximately £1,4000 per month based on the number of staff undertaking the work.

**Resolved** that the Flexibility Allowance being paid to employees undertaking work under Business continuity arrangements for Falls Response is pensionable.

44/17 **Treasury Management – Mid Year Review Report 2017-18**

The Committee considered the Treasury Management Mid Year Review Report 2017/18.

The Authority agreed its Treasury Management Strategy Statement and Annual Investment Strategy and its Prudential Indicators in February 2017 and part of the requirements of the Treasury Strategy and Prudential Code are that periodic reports are presented to Members. The Mid Year update was presented to the Audit Committee with the key areas being:

Capital Expenditure was approved in February 2017 at £13.1m. This has been updated and now reflects the outturn position and financing decisions for 2017/18. The Forecast outturn has been revised to £7.2m. The decrease is mainly due to slippage in the refurbishment of Coventry and Aston Fire Stations and Vehicle Replacement Programme.

The Authority had outstanding Debt of £38.6m as at 31 March 2017. Borrowing of £35.2m has been undertaken with the Public Works Loan Board (PWLb) and the remaining £3.4m relates to the ex-West Midlands County Council. The estimated average rate of interest payable on this debt in the current financial year is 5.4%

The Authority held £73m investments as at the 30 September 2017 with Sandwell MBC as part of the pooling of bank account arrangements. The interest received for the first six months of the year was 0.232% against a benchmark of the average 7 day LIBID rate at 0.110%. On the 2 November 2017 the bank rate had increased from a ¼% to a ½% and it is anticipated that the rate increase will result in a slightly greater interest received return in the second half of the year.

**Resolved** that the Treasury Management – Mid Year Review Report 2017/18 be noted.

#### 45/17 **Annual Audit Letter 2016-17**

The Audit Committee received and noted the Annual Audit Letter (AAL). The letter is intended to communicate key messages to the Authority and external stakeholders including members of the public.

The key messages included the financial statements audit, (Including audit opinion) the Value for Money conclusion and the Audit fees charge for audit and non-audit services and the titles and dates of when reports had been issued.

The Annual Findings Report had been presented to the Audit Committee on 24 July 2017 and outlined the findings of the audit work undertaken.

Following the meeting on 24 July 2017, the auditor had issued an unqualified opinion on the Authority's 2016/17 financial statements included in the Authority's Statement of Accounts.

As part of the external audit work programme, the auditor was also required to provide a value for money conclusion.

As a consequence of this work the audit concluded that for 2016/17 the Authority had proper arrangements in all significant respects to secure economy, efficiency and effectiveness and to ensure it delivered value for money in its use of resources.

The final fees charge for the audit and provision of non-audit services was just over £38,000.

#### 46/17 **Audit Committee Update**

The Committee noted the contents of the Audit Committee Update. The Update included a summary of emerging national issues and developments that may be relevant to the Fire and Rescue Authority. The External Auditors progress to date was reported and the Key dates were set out in the report:

Accounts Audit Plan January 2018  
Interim accounts audit January - March 2018  
Final accounts audit June – July 2018

The Value for Money conclusion will run alongside the work plan.

Members attention was drawn to the following Sector Issues:

the National Fire Chiefs Council (NFCC) Hackett Review, and independent review of the building regulations and fire safety;

the NFCC call for sprinklers to be fitted to new build schools;

Local Authority 2016/17 revenue Expenditure and Financing report produced by the Department of Communities and Local Government;

And Grant Thornton's Publication – The Board: creating and protecting.

A discussion followed on the fitting of sprinklers and how the building regulations have been interpreted. The government have not committed any additional money for the fitting of sprinklers and discussions are on going.

It was noted that Birmingham City Council had made a decision to fit sprinklers to all of its high rise buildings.

The Fire Service strategy was that new buildings or those significantly altered should have sprinklers fitted and it was felt timely for a review of building regulations to take place and it was felt they were no longer fit for purpose. The Service also supported retrospective fitting of sprinklers where they are needed, subject to appropriate risk analysis. It was noted that the Regulations do not make the fitting of sprinkler enforceable in all buildings.

In response to a Members enquiry about the cost of fitting sprinklers in schools, the DCFO responded stating generally not only was the cost of the building, but also a big loss to the community, education of the children, children's work, finding somewhere else to provide the education and the trauma to parents and children.

The cost to install sprinklers could be absorbed into the costs of a new build, and the fitting of sprinklers can provide for more design flexibility, creating a special and open plan design.

It was noted that the Fire Service attend Planning Committees and often state the benefits of fitting sprinklers. When the Fire Service are consulted under the building regulations the benefits of sprinklers are always reinforced with developers and planners.

The DCFO agreed to provide information on the costs on the fitting of sprinklers in schools.

**47/17 Internal Audit Update**

The Committee noted a report which detailed the progress made against the delivery of the 2017/18 Internal Audit Plan. The information contained within the report included a summary of the work completed, with no significant issues being raised.

**48/17 The Pension Regulator – Scheme Returns 31 March 2017 - Firefighters Pension Scheme**

The Committee noted the contents of the annual returns to the Pension Regulator in relation to the Firefighters Pension Scheme and that the return was submitted during September 2017.

**49/17 Assessment of Good Practice and Effectiveness**

The Audit Committee agreed to discuss this item at its next meeting.

**50/17 Work Programme**

The Committee noted and agreed its Work Programme for 2017/18 and that the next meeting of the Audit Committee would be on 15 January 2018.

**51/17 Update on Topical, Legal and Regulatory Issues**

There was no new information to be presented.

**52/17 Exclusion of the Public and Press**

**Resolved** that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to the financial or business affairs of any particular person (including the authority holding that information).



53/17 **Emergency Services Mobile Communications Programme Update**

The DCFO introduced Group Fire Control Officer Gill Cook. GFCO Cook gave a presentation alongside the report to provide a better insight into the Corporate Risk in respect of the Emergency Services Mobile Communications Programme (ESMCP) which is a national project to replace the Airwave radio system, and will deliver the Emergency Services Network (ESN), a national communication system that will be used on the fireground and include the Police and Ambulance Services.

It was noted that there are three national strategic change drivers influencing the scope and timing of the proposed replacement mobile radio communication system for the three emergency services (3ES).

The strategic objectives of the government's national ESN programme are that it is better, smarter and cheaper.

The local programme is being managed through the establishment of a Regional Management Team and Local Project Teams. They will be guided by the Programme Board (Regional Deputies).

The top 3 current risks to the project are:

- the significant number of financial unknowns which means funding requirements cannot be confirmed.
- Transition schedule review/programme slippage – there are a currently a significant number of timing unknowns and therefore local scheduling cannot be confirmed.
- The timing and funding of proposed deliverables are of concern with regard to enabling organisations to make timely and informed, effective and efficient decisions.

Members openly discussed the programme and the associated risks to increase understanding.

(The meeting ended at 1118 hours)

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

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**13 November 2017 at 10:30 p.m.**  
**at Fire Service Headquarters, Vauxhall Road, Birmingham**

**Present:** Councillor Tranter (Chair),  
Councillors Barlow (substitute), Barrie, Brackenridge,  
Male, Miks, Spence and Young

**Apologies:**

Councillor Hogarth

**Observer:**

Nil

**32/17 Declarations of Interests**

There were no declarations of interest.

**33/17 Minutes of the Scrutiny Committee held on 09 October 2017**

**Resolved** that the minutes of the meeting held on 09 October 2017, be approved as a correct record.

**34/17 Scrutiny of Positive Action and Firefighter Recruitment**

Sarah Warnes, Strategic Enabler People Support Services, and Wayne Roe, Crew Commander Diversity, Inclusion, Cohesion, Equality (DICE) provided an overview of the report:

It was noted that the workforce profile of the Service and the working population of the West Midlands did not match. There was an opportunity to change the workforce profile due to

approximately 29% of the workforce due to retire over the next four years.

Ambitious recruitment targets had been set as follows:

2017/2018 - 20% of new starters will be women  
- 35% of new starters will be Black Minority Ethnic (BME)

2018/2019 - 40% of new starters will be women  
- 35% of new starters will be BME

2019/2020 - 50% of new starters will be women  
- 35% of new starters will be BME

2020/2021 - 60% of new starters will be women  
- 35% of new starters will be women

An intelligence gathering exercise had been undertaken, focussing on the Community Members, with specific regard to understanding the potential barriers faced by underrepresented groups. It found that many women did not believe they were fit / strong enough to undertake the role of a firefighter, and people from Black Minority Ethnic (BME) backgrounds cited the lack of positive role models within the Fire Service as a reason to not apply.

The Service had developed a new approach to its recruitment, based on three phases; attraction, selection, and onboarding.

All recruitment marketing was now targeted at specific groups. A series of taster days had been developed (these were targeted by holding them in the most diverse areas of the West Midlands which naturally led to more diverse attendance). A pre-recruitment course specifically for women had also been run which allowed some of the attendees' areas of concern to be addressed. It was noted that following this course, all attendees had applied and the success rate was high. Fitness sessions had also been held to help address areas of concern, where delegates were offered advice on fitness and nutrition.

The Service was also working in partnership with a number of organisations to help reach underrepresented groups such as Airwaves Media which features bespoke taster sessions targeted at the South Asian communities.

The Diversity, Inclusion, Cohesion, Equality (DICE) station initiative had been designed to embed equality objectives across the organisation, helping to drive cultural change and to capture evidence and good practice (providing real measurables around the DICE objectives).

Assessment and selection criteria previously featured a requirement for GCSE grades A - C in English and Maths. This requirement had been removed and changed to an online assessment which would remove a barrier that had been identified. In liaison with the Fire Service College, the Service had developed a new set of tests which would enable a new way of sifting candidates to ensure that they were likely to pass the tests and be successful in the process.

The online assessment would be followed by a newly developed assessment day which involves group discussion and roleplay enabling behavioural assessment. The interview had now been changed so that it was based around a candidate's personal statement.

To date, 50 people had progressed to the assessment day, of which 48% were female and 29% were from a BME background.

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

- 22 new recruits were due to start in January 2018, of which ten were female and seven were from a BME background, which was a large improvement on previous recruitment processes.
- The nurturing pool was an important addition to the process particularly as a number of candidates may not have engaged with the Fire Service previously.
- The removal of the requirement for GCSE grades A – C in Maths and English was applicable to all candidates.

- There were no national entry requirements for new recruits. Fire Services could set their own requirements for new recruits.
- All applicants and new recruits were expected to meet the same standard, however how applicants got to that standard could differ, for example a lot of the issues raised were often confidence related and hence support provided by the Service could help applicants who would have potentially exited the process previously.
- It was acknowledged that positive action initiatives could alienate some groups, however there had been no evidence of this to date. Indeed, the pre-recruitment courses and fitness sessions were supported by stations and staff, providing them with a greater understanding of the process.
- A 'buddying' approach to training would be developed and introduced to the recruitment process.
- It was acknowledged that the previous recruitment process had resulted in only two women joining, out of a total of 27 recruits. However, it was noted that the recruitment process had been based on the previous approach. The most recent recruitment process which had resulted in ten women and seven people from BME backgrounds (out of a total of 22 recruits), was based on the new approach and represented a positive improvement.

### 35/17 **Diversity, Inclusion, Cohesion, Equality (DICE) Update**

Sarah Warnes, Strategic Enabler People, provided an overview of the report:

The Community Members initiative continued to be successful and represented a good cross section of people. Working with Community Members helped the Service to break down barriers. Engagement had been sought on a number of issues including recruitment, consultation around the Integrated Risk Management Plan, and other key consultations.

The DICE Station initiative was designed to embed the approach to DICE in the organisation and was currently being piloted across 11 stations, before being rolled out across the wider organisation.

A new Lesbian, Gay, Bisexual and Transgender support forum, 'FireOut', had been launched through the commitment of staff. A Crew Commander had featured in a video promoting the support forum.

The Service had joined the Disability Confidence Scheme, a national scheme which provided external assessment of the Service. The Service was currently at level one and aspired to be at level two. The Service had also reapplied for the top 50 employers list again, after attaining 31<sup>st</sup> on the list last year. The process had been completed and the Service were now waiting for feedback.

Declaration rates amongst staff in the Service regarding protected characteristics was high, reflecting that staff felt they could declare. It also allowed the Service to better understand its workforce.

The Service was working in partnership with the Fire Service College regarding recruitment. Very stringent targets had been set by the Service which were aspirational and pushing the boundaries.

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

- It was agreed that a link to the FireOut promotional video would be circulated to Members of the Committee.
- It was noted that the recruitment questionnaire sent to Community Members had resulted in only 270 responses (out of a possible 3000). This reflected a learning curve for the Service and the questionnaire was a starting point regarding engagement about recruitment. Focus groups were being considered as an alternative means of engagement in addition to striving for a larger number of responses to future questionnaires.

### 36/17 **Analysis of Progress of Quarterly Performance against The Plan Quarter Two 2017/18**

Gary Taylor, Assistant Chief Fire Officer, provided an overview of the report:

Performance Indicator (PI) 1 'Risk Based Attendance Standard' recorded a median average of 4 minutes 38 seconds for category one type incidents during quarter two. Over performance was recorded for category two, three and four incident types, protecting the category one response.

PI 2 'The number of accidental dwelling fires' were within the tolerance levels and therefore on target. It was noted that performance was bucking the national trend, however the figures were tight and close to the upper tolerance level.

There had been four fatalities during quarter two. Although the number was relatively low compared to previous years, every one fatality was one too many.

PI 5 'The percentage of Safe and Well referrals' although the target had not been met (having been raised to 50% for this year), progress had been made. Reasons for missing the target had been examined and a few changes to processes had been made to help improve performance and as a result, the direction of travel was positive.

PI 7 'Number of people killed or seriously injured in road traffic collisions': the national trend was observing an increase in the numbers. The Service was looking at hotspots differently, including the use of technology and the implementation of legislation. The number of killed and seriously injured remained significant and the Service continued to work hard to reduce the figures but recognised that the actions of the Fire Service were only part of the solution.

Arson related incidents had been a problem over the last two years. PI 8 'The number of arson fires in dwellings' remained over target and above the upper tolerance level but the direction of travel had slowed down. An arson plan had been developed and all domestic arson incidents were fully investigated as the stance of the Service was that such incidents were an attempt on life.



PI 9 'The number of arson fires in non-domestic premises': performance was over target and above tolerance. The Service continued to liaise with HMP Birmingham. The number of incidents were significantly less than they were previously, however issues continued.

PI 10 'The number of arson vehicle fires' was a priority within the arson plan. The number of incidents had reduced significantly and performance was rated as within the tolerance levels and therefore green. This was a success story and the aim would be to maintain this performance and then to focus on other areas.

PI 11 'The number of arson rubbish fires': performance was above target and the upper tolerance level and therefore red. This was largely attributed to a warm summer.

PI 12 'The number of arson fires in derelict buildings': performance had moved back to within the tolerance levels and therefore rated as green. The Local Authority model had proved successful and continued to be rolled out.

PI 13 'The number of accidental fires in non-domestic premises': performance remained below target and within the tolerance levels. The Service was focussing on the most vulnerable.

PI 14 'The number of false alarm calls due to fire alarm equipment in dwellings and non-domestic premises': performance remained below target and within the tolerance levels. 99% of incidents were false alarms. The Business Support Vehicles continued to attend automatic fire alarms to provide fire safety advice and to protect PRLs (ensuring those appliances were available to respond to category one incidents).

Sarah Warnes, Strategic Enabler People Support Services, provided an overview of the performance indicators for People Support Services and Facilities Management:

PI 15 'The percentage of employees that have disclosed their disability': performance was within the tolerance levels and therefore rated green. A declaration rate of 93% was high, and the Service continued to target individuals advising them of the importance of declaring their status.

PI 16 'The number of female uniformed staff': performance remained within the tolerance levels with two female new recruits joining in July, with more due to join the Service over the coming months / quarters. In terms of progression, 28% of female uniformed staff were in management roles, compared to 14% in 2012/13, representing a positive direction of travel.

PI 17 'The percentage of all staff from BME communities': performance remained on target with a slight increase in the percentage observed during quarter two.

PI 17a 'The percentage of uniformed staff from BME communities': performance remained on target. In terms of progression 29% of uniformed BME staff were in management roles, compared to 20% in 2012/13.

PI 18 'The average number of working days / shifts lost due to sickness – all staff': performance was above target and above the upper tolerance level, and therefore rated red.

It was noted that the Service had set challenging targets for both uniformed and non-uniformed staff.

PI 19 'The average number of working days / shifts lost due to sickness – uniformed and Fire Control staff': performance was above target but within the tolerance levels and therefore rated as green. It was noted that the National Fire Chiefs Council published a report every six months which provided a breakdown of sickness levels across the sector. The report indicated that the Service had the best attendance levels of all metropolitan fire services and was rated eighth across the whole sector. It was important that the Service was compared against other metropolitan fire services as it was noted that different fire services experienced different drivers, particularly those with higher percentages of on call firefighters.

The number of individuals on restricted duties had increased in quarter two, however the number of days had decreased.

PI 20 'The average number of working days / shifts lost due to sickness – non-uniformed staff': performance was above target and above the upper tolerance level and therefore rated red.

PI 21 'The total number of injuries': performance was above target but within the tolerance levels and therefore green. An issue with ten reports of skin reddening / burns being experienced during tactical ventilation training had been reported during the previous quarter. The Health and Safety Committee had assessed the tactical ventilation training and guidance had been issued reaffirming firefighting skills and how they are applied, reminding staff to take two lots of fire kit with them when attending the training, and to undertake regular kit resizing to ensure kit fitted correctly.

PI 22 'The total number of RIDDOR injuries': with four injuries, performance remained below target and below the lower tolerance level.

PI 23 'To reduce the Fire Authority's carbon emissions' was reported on annually.

PI 24 'To reduce gas use of Fire Authority premises' and PI 25 'To reduce electricity use of Fire Authority premises': the performance of both PIs were below target and below the lower tolerance level, reflecting the high standards achieved to date.

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

- The pre-alert system worked on the same principle as the system used by organisations such as the AA which enabled call handlers to determine almost immediately which resource would be going to a call 99% of the time. The system used telephone signals to locate the nearest resource to the origin of the call. This would enable Fire Control to pre-mobilise whilst a call was being taken (calls were handled in approximately 80 seconds). The pre-mobilisation would allow the relevant crew to get ready, knowing that a call was incoming, and be in the appliance in preparation for Fire Control to state where the incident was. This could save up to one minute in the response time. In terms of progress, the pre-alert system would be trialled following the go-live of the Vision 4 mobilising system.
- The Service used the median figure for measuring the response times as it was the accepted standard across Fire

Services and the methodology was consistent with the Home Office returns provided by the Service. In answer to a question regarding the total number of category one incidents, it was noted that it was an average risk based attendance that was recorded and that the exact numbers would be reported back to the Committee as part of the next quarterly performance update.

- The total number of Safe and Well points achieved broken down by Command showed that the amount achieved by Coventry and Solihull was lower than other Commands, although an increase had been observed compared to the previous quarter. However, this did not necessarily reflect the differences between the Commands, in that Coventry was comparatively unique compared to others due to the commissioned work carried out within the area such as falls response and hospital discharge services. These took longer than 'regular' safe and well checks but did score very high in terms of vulnerability.
- Safe and Well checks took approximately one hour and require regular maintenance.
- Services such as falls response were helping to build relations with other organisations which was resulting in high quality referrals.
- Food banks provided an opportunity to engage with vulnerable individuals and it was important that referral mechanisms were in place at such facilities. Fire stations were also available to be used as neutral locations for food banks. Members were encouraged to promote what the Service could offer to organisers and users of food banks.
- The number of arson incidents could be higher than the number of accidental dwelling fires, however accidental dwelling fires often posed a higher risk and therefore were a focus of the Service. The most significant impact on public areas were arson vehicle fires and arson rubbish fires and a variety of approaches were taken by Commands to tackle these types of incidents including target hardening, engaging with communities, and multi-agency working. With regard to abandoned vehicles, pump priming funding used to be

available but not anymore, and the responsibility for dealing with such a vehicle was often unclear but the Service's approach was to remove the vehicle first and then ascertain responsibility, thereby removing the problem and ensuring it did not escalate. A breakdown of the percentage of incidents that were accidental or arson related would be provided in the next quarterly performance update.

- The Service was committed in its approach to wellbeing and was actively raising awareness of mental health and other issues. The Service had linked in to Mind and had a plan to increase its support to promote mental wellbeing. Additionally, mental health first aiders had recently been introduced in the Service which provided individuals the opportunity to speak with peers who could be seen as more approachable than more formal contacts such as line managers. Occupational Health also continued to offer a variety of support to individuals. The Service would continue to build upon and develop the support available to staff.
- Display Screen Equipment user would be a classification for a firefighter (having previously not been) and this would allow firefighters to claim for eye tests, etc.
- In reference to the injuries sustained during tactical ventilation training, it was acknowledged that situations where firefighters received injuries whilst training was a very serious issue. The training facilities featured temperature monitors and alarms would trigger if a maximum temperature was reached. However, burns could be negated via the application of an individual, for example applying water cooling in the correct manner to reduce the amount of steam generated, and acknowledging positioning in the room and maintaining an awareness of any hotspots developing on their fire kit.

### **37/17 Scrutiny Committee Work Programme 2017/18 – November 2017**

Progress against the work programme was noted by the Committee.

Councillor Tranter advised that following his attendance at the Service's Quarterly Performance Review meeting as Chair of Scrutiny Committee, he wished to recognise the excellent work undertaken by the Service. The Members of the Committee all agreed and wished to express their appreciation as well.

Meeting ended at 12.20 hours

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| Contact Officer: Stephen<br>Timmington<br>Strategic Hub<br>West Midlands Fire Service<br>0121 380 6680 |
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| <b>Minutes of the Executive Committee</b> |
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19 December 2017 at 1000 hours

Fire Service Headquarters, Vauxhall Road, Birmingham

**Present:** Councillor John Edwards (Chair)  
Councillor Mohammed Idrees (Vice Chair)  
Councillors Allcock, Aston, Hogarth, Sealey, P Singh

**Apologies:** Councillors Davies, Cartwright, Mottram

11/17 **Declarations of Interest**

There were no Declarations of Interest.

12/17 **Minutes of the Executive Committee held on 12 June 2017**

**Resolved** that the minutes of the meeting held on 12 June 2017, be approved as a correct record.

13/17 **Minutes of the Executive Committee held on 7 August 2017**

**Resolved** that the minutes of the meeting held on 7 August 2017, be approved as a correct record.

14/17 **National Fire Chief's Council Community Risk Programme**

The Committee noted the details around the National Fire Chief Council's (NFCC) Community Risk Programme.

On 1 October 2017, the NFCC set out a series of commitments that will provide the basis of all engagement with stakeholders, guiding the objectives for the Central Programme Office, work plans and objectives for the co-ordinating committees.

The NFCC need to initiate the Community Risk Programme with a series of projects to assist the NFCC. The Chief Fire Officer has been appointed as the Programme Executive with technical experts also required to support project leads.

The NFCC will work with the Inspectorate to provide a benchmark and a toolkit for the Community Risk Management Programme, however this project requires resources. No single approach exists at present and the toolkit will enable the identification, assessment and mitigation strategies for community risks.

The Authority will benefit from this in its Integrated Risk Management Planning through accessing a consistent national methodology that will inform its delivery of Prevention, Protection and Response priorities to its communities.

The NFCC agreed for the CFO to approach the Authority for an initial tranche of funding so that that resources can be put in place to begin the Community Risk Programme (CRP).

The CRP is a three-year plan and initial deliverables will be provided in April 2018. The WMFS will be in the 2<sup>nd</sup> Tranche of Inspections and these are scheduled to take place in the late Summer/Autumn of 2018 and it is anticipated the toolkit will be embedded by this time and provide a more consistent approach to Integrated Risk Management for other services.

WMFRA agreement was required to provide the initial funding of £250,000 for the national project on the basis that there would be a repayment to the Authority at the rate of £83,000 per year or as a block at the end of the three-year period in a Gain Share arrangement.



This Gain Share would involve national savings from the collaborative procurement programme (Fire Commercial Transformation Programme), an example of which was the national contract for smoke detectors that West Midlands Fire Service had set up, which officers were confident could generate enough savings in isolation to repay the initial £250,000 funding by WMFRA.

A risk impact assessment had been considered and it was felt that with the appointment of CFO Phil Loach as the Programme Executive, there would be close scrutiny and monitoring of expenditure and appropriate contributions from Fire and Rescue Services via the national contracts to ensure value for money for WMFRA.

A number of Members enquired about the procurement savings being made on the national smoke alarm contract and the Treasurer confirmed that since the contract went 'live' in June 2017 there had been savings of £325,000 with the approximate total savings being £500,000 per year.

The details of the principles were yet to be agreed by the NFCC, but the Treasurer was comfortable that the Authority would be refunded through the NFCC Share arrangements.

The CFO stated that the initial funding to undertake the research was not intended to produce cashable savings but would validate the Authority's model of the 5 minute attendance time and research about vulnerability and survivability and would produce a body of evidence to influence other Services.

The Treasurer stated that WMFS were closely linked with the NFCC Fire Commercial Transformation programme and a range of contracts were being looked at across other Fire Services and tangible savings could be made through procurement and a mechanism was in place to repay the Authority.

The NFCC would need to establish the mechanism to repay the £250,000 initial funding over the three-year period which would come from the Authority's general reserves.

No other Authorities would be investing in the research, but it was noted that London Fire and Emergency Planning Authority had made a similar investment for the work on the National Operational Guidance and this had been repaid by the NFCC.

On the advice of the officers, the Committee unanimously agreed to the recommendation.

**Resolved** that the proposed funding arrangements for the NFCC Community Risk Programme be approved.

The meeting finished at 1023 hours.

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| Julie Connor<br>Strategic Hub<br>0121 380 6906<br>Julie.Connor@wmfs.net |
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Minutes of the Audit Committee

19 December 2017  
at Fire Service Headquarters, Vauxhall Road,  
Birmingham B7 4HW

**Present:** Councillors T Singh (Chair), Aston, Idrees, Sealey,  
P Singh  
Mr Ager (Independent)

**Apology:** Cllr Williams

**54/17 Declarations of Interests in contracts or other matters**

There were no declarations of interest.

**55/17 Minutes of the Audit Committee held on 13 November 2017**

**Resolved** that the minutes of the meeting held on the 13 November 2017 be approved as a correct record.

Members confirmed that they had received a briefing note on Sprinklers as agreed at the meeting on the 13 November 2017.

**56/17 Update on Topical, Legal and Regulatory Issues**

The Deputy Chief Fire Officer advised that the Provisional 2018/19 Financial Settlement was due to be published on the 19 December 2017.

The Treasurer stated that he had received official confirmation by email that the External Auditors for the Authority were Grant Thornton for the years 2018/19 – 2022/23.

(Official – WMFS – Low)

#### 57/17 **Exclusion of the Public and Press**

**Resolved** that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to information which was likely to reveal the identity of an individual.

#### 58/17 **Decision on Qualifying Injury**

The Payroll and Pension Manager informed the Audit Committee, who act as the Scheme Manager, that the Regulator required the Scheme Manager to confirm their decision on a qualifying injury under the compensation regulations.

The Committee were informed of the details of the case and received the formal diagnosis from the Medical Adviser.

If confirmed, the Authority would be liable for the costs of any ill health injury claim and that these payments would be made by the Authority and not the Pension Scheme.

The Committee considered the specific points in relation to this case and it was confirmed that each case should be considered on its own merits and on the medical evidence provided. A decision in this case would not set a precedent for future cases.

The Committee also discussed the Injury benefits legislation and the future possible outcomes of confirming the case as a qualifying injury.

**RESOLVED** that the ill-health absence of the firefighter referred to the Committee be confirmed as a result of a qualifying injury under the rules of the 1992 Firefighters' Pension Scheme.

The meeting finished at 1218 hours.

(Official – WMFS – Low)

Julie Connor  
Strategic Hub  
0121 380 6906  
[Julie.Connor@wmfs.net](mailto:Julie.Connor@wmfs.net)

(Official – WMFS – Low)



**19 December 2017 at 10.30 am  
at Fire Service Headquarters, Vauxhall Road, Birmingham**

Present: Members of the Authority  
Councillor Edwards (Chair)  
Councillor Idrees (Vice Chair)  
Councillors Allcock, Aston, Barrie, Booth,  
Brackenridge, Eustace, Hogarth, Male, P Singh, T  
Singh, and Tranter  
Mr Ager

Officers: West Midlands Fire Service  
Chief Fire Officer (P Loach)  
Deputy Chief Fire Officer (P Hales)  
Assistant Chief Fire Officer (G Taylor)  
A Afsar, B Brook, J Connor, P Fellows, J Round, P  
Shergill, H Sherlock, N Spencer, S Taylor, S  
Timmington, M Ward-White

**Clerk and Monitoring Officer**

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

Apologies: Councillors Atwal Singh, Barlow, Cartwright, Clinton,  
Craddock, Davis, Miks, Mottram, Sealey, Spence,  
Walsh, Williams and Young

Observers: Nil

**26/17 Chair and CFO Announcements**

The Chair welcomed all attendees to the Policy Planning Forum.

The Chief Fire Officer, along with all Members and Officers present, paid tribute to the families of those who had been

## **Policy Planning Forum 19 December 2017**

involved in the road traffic collision which had occurred at the weekend. It had been a traumatic incident for all concerned.

The Chair noted the correspondence received from the Fire Brigade's Union (FBU) which raised a number of concerns, principally regarding the contracts for new entrant firefighters.

The Chair had acknowledged the correspondence via letter including that it would be discussed at the Policy Planning Forum. The Chair and the Chief Fire Officer would be writing back to the FBU in due course.

All Members were encouraged to raise any questions that they may have with the Chair and the Chief Fire Officer.

A briefing note would be distributed to Members.

### **27/17 Governance Update and Public Consultation**

Cllr John Edwards, Chair of WMFRA, provided an update on the subject of future governance:

The Reformed Fire Authority (RFA) would commence on 25 June 2018 and the reduction to 15 Members had been confirmed. The RFA would consist of one Member from Solihull Council, two Members from Dudley, Coventry, Sandwell, Walsall and Wolverhampton Councils, and four Members from Birmingham Council. Additionally, the RFA would feature co-optees including representation from the Ambulance Service, the Police and Crime Commissioner, and health.

The Mayoral governance proposals had been approved through the constituent councils during October to December 2017, and by the West Midlands Combined Authority (WMCA) on 8 December 2017. The transition to Mayoral governance would commence in spring 2019.



## **Policy Planning Forum 19 December 2017**

The Scheme had been approved subject to a number of amendments including:

- Ring fencing of budget and reserves
- Mayor to appoint chair of committee in consultation with council leaders
- Composition of Mayoral Fire Advisory Committee (MFAC)

Additionally, a number of key areas would be acknowledged including:

- Importance of enhanced and clear Chief Fire Officer accountabilities
- Importance of the MFAC
- Role of scrutiny

The approval of the Scheme would be taken forward next year, with the amendments made as outlined above. Public consultation would commence in January 2018 on behalf of the Secretary of State, running from 11 January to 8 March. Upon its conclusion, analysis would be undertaken locally and the results of the consultation would be presented back to the constituent local authorities for final approval of the proposals (in April / May, prior to submission to the Secretary of State).

It was expected that the Scheme would be reviewed by the Secretary of State in June 2018. The Government will develop an Order which will abolish the Fire Authority and enable the move to the Mayoral governance model.

The draft Order will be made available to the constituent local authorities and WMCA, allowing the opportunity to ensure the Order meets requirements. It was noted that although there was no legal requirement for the Home Office to do this, indications suggested that they were happy to do so (as of October / November 2017).

The Order would be resubmitted to the Government following any amendments made locally in December 2018 / January 2019 where it would enter the parliamentary process.

## **Policy Planning Forum 19 December 2017**

It was envisaged that the Secretary of State would approve the Order in February 2019 enabling the transfer of the Fire Authority functions to WMCA during March / April of that year.

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

- The West Midlands Mayor had been involved in the development of the Scheme.
- The RFA would be the Fire Authority until it was abolished following the implementation of the Order.
- Members of the MFAC would be nominated by the constituent local authorities. The Mayor would have no veto on Council Members nominated to MFAC but would appoint its chair.

Karen Gowreesunker, Clerk to the Authority and Strategic Enabler Strategic Hub, provided an overview of the public consultation:

Following the approval of the development of the governance review and Scheme, there would be a requirement to hold a consultation on the proposals.

The consultation would be on behalf of the Home Secretary and owned by WMCA. The consultation would cover two key areas:

- Governance Scheme
- Cities and Local Government Devolution Act 2016 (statutory requirements)

The consultation will consist of five questions; three focussing on the Scheme, and two focussing on the statutory requirements. A number of other questions regarding personal details will also be asked to aid the collation of data.

A web based approach will be taken to the consultation, led by WMCA and supported by the Local Authorities. Hard copies will also be made available, including for use by firefighters / on fire stations.

## **Policy Planning Forum 19 December 2017**

Internal and external communications had been planned to cover the three phases; raising awareness, the consultation, and analysis of results.

WMCA will analyse the results of the consultation, the findings of which will be summarised, however, no recommendations are allowed to be made.

It was noted that the consultation would require support from Members to help engage with communities.

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

- The results of the consultation was important and it was considered that any resounding difference of opinion to the proposals raised as a result of the consultation could not be ignored.

### **28/17 How we are Progressing in Delivering the Objectives of The Plan**

Phil Loach, Chief Fire Officer, presented two videos to Members:

- A video by the Royal Society for Public Health which demonstrated the WMFS Back Home Safe & Well initiative.
- A 'Year in Pictures' – a video which provided a look back of the previous 12 months.

The first episode of the new television show called 'Into the Fire', exclusively featuring West Midlands Fire Service (using footage from helmet and body worn cameras), would be broadcast on 8 January (at 22:00 pm on the Really Channel). All were encouraged to promote the new series.

Phil Loach thanked all Members on behalf of the Strategic Enabling Team for their support and work undertaken throughout 2017.

**Policy Planning Forum  
19 December 2017**

The meeting closed at 11:40 hours.

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| <p>Contact Officer: Stephen<br/>Timmington<br/>Strategic Hub<br/>West Midlands Fire Service<br/>0121 380 6680</p> |
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Minutes of the Audit Committee

15 January 2018  
at Fire Service Headquarters, Vauxhall Road,  
Birmingham B7 4HW

**Present:** Councillors T Singh (Chair), Cartwright, Idrees, Sealey,  
P Singh, Williams and Mr Ager (Independent)

**Apology:** Councillor Aston

1/18 **Declarations of Interest in contracts or other matters**

There were no declarations of interest.

2/18 **Minutes of the Audit Committee held on 19 December 2017**

**Resolved** that the minutes of the meeting held on the  
19 December 2017 be approved as a correct record.

3/18 **Internal Audit Charter 2018**

The Committee reviewed the Internal Audit Charter and noted that there had been no changes made to the Internal Audit Charter since the last annual review in February 2017. The Internal Audit Charter was introduced in 2014 and was based on the national model for local government organisations.

In response to a Member's question about the General Data Protection Regulation (GDPR), it was confirmed that the Fire Authority are responsible for this area. The Authority will be adding processes to meet the legislation and it will form part of this year's Audit Plan, when the Auditor will be conducting a risk based assessment of requirements and expectations.

(Official – WMFS – Public)

The Treasurer confirmed that this also featured as part of the Auditor's Update and arrangements were in place to ensure that the organisation was well positioned to meet the legislation.

#### 4/18 **Audit Committee Update**

The Auditor updated the Committee on the progress made to date in respect of the Financial Statement Audit, Value for Money and meetings and events.

In respect of the Financial Statements Audit, an interim audit would commence in January and initial testing would take place in February and March 2018. Any significant findings would be reported to the next meeting of the Audit Committee and the Auditor was confident that the work would be completed in early June to meet the end of July deadline. The Auditor was confident that this deadline would be met as it had been met in 2017.

It was confirmed that the Deputy Treasurer would be attending one of the two Chief Accountant Workshops being run by Grant Thornton in Birmingham on the 7 and 28 February 2018.

The Update provided the Committee with a summary of emerging national issues and developments. The Committee noted:

- DCLG Publication – Independent Review of Building Regulations and Fire Safety: interim report

Dame Judith Hackitt's interim report had been published on 18 December 2017 and the work had found that the current regulatory system for ensuring fire safety in high-rise and complex buildings is not fit for purpose. The National Fire Chief's Council had welcomed the findings of the report and the interim recommendations clarified their concerns in the areas of clarity of guidance, competence, timing, procedures to hand over safety information and Fire Risk Assessments and the lack of qualifications.

(Official – WMFS – Public)

A final report would be published in Spring 2018.

- Grant Thornton Publication – Combined Authorities: Signs of Success

The four key findings from the report were:

- To reduce Institutional blurring
  - Add value through targeted investment and strategic co-ordination
  - There was no one single checklist or set of criteria
  - Creation of a balanced set of benchmarks
- Commercial Healthcheck
  - Overview of General Data Protection Regulation (GDPR)
  - CIPFA Publications:
    - The Guide to Local Government Finance
    - An introductory guide to local government finance 2017
    - Pooled Budgets and the Better Care Fund: A practical Guide for Local Authorities and Health Bodies 2017
  - DCLG Consultation on proposed changes to the prudential framework of capital finance

Member's commented on the risks to tenants in Birmingham where a number of high rise residential buildings were being built and the impact this would have on the Fire Service. The Treasurer agreed to forward the details of the planning applications to the protection officers, but stated that some of the applications may have come through prior to the incident at Grenfell Tower. The Treasurer also stated that any building should not rely on one fire prevention measure and should not be considered in isolation.

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#### 5/18 **Internal Audit Progress Report**

The Committee noted the Internal Auditor's regular Progress Report on the 2017/18 Audit Plan. The Committee were pleased to receive the outcomes of the audits that had been undertaken so far and noted the other audits to be completed by the end of the financial year.

It was noted that the Management of Fuel audit report was still in draft form. Three issues had been identified and the Auditor was awaiting feedback from management, although one Member thought that the contents of the report were an improvement on the 2016/17 audit.

#### 6/18 **Audit Committee - Self-assessment Evaluating the Effectiveness**

The Committee had completed the CIPFA recommended self-assessment and Member's knowledge and skills framework and felt they had a good knowledge of Audit Committee member requirement and appropriate skills. The Committee were now required to complete stage three of their self-assessment of good practice and effectiveness exercise.

The Committee were requested to return Appendix A of the report to [Julie.Connor@wmfs.net](mailto:Julie.Connor@wmfs.net) in the Strategic Hub by end of January 2018. Members were requested to leave blank any answers of which they were unsure and the outcome of the Evaluation would be reported to the next Audit Committee in March 2018.

#### 7/18 **Audit Committee Work Programme 2017/18**

The Committee noted its Work Programme for the remainder of 2018.



8/18 **Update on Topical, Legal and Regulatory Issues (Verbal Report)**

The Treasurer stated that a response to the Consultation on the Provisional Financial Settlement was due to be returned on Tuesday 16 January 2018 and Members were reminded to respond by the close of Monday 15 January 2018.

The Internal Auditor stated that details of an Audit Committee Forum taking place at Wolverhampton Art Gallery on the morning of Thursday 15 March 2018 would be circulated to Members of the Audit Committee.

The meeting finished at 1221 hours.

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