

FIRE AUTHORITY POLICY AND RESOURCES COMMITTEE



**CAMBRIDGESHIRE
& PETERBOROUGH
FIRE AUTHORITY**
Working together to improve community safety

Date: Thursday, 04 October 2018

10:30hr

**Fire and Rescue Service Headquarters
Hinchingsbrooke Cottage, Brampton Road, HUNTINGDON,
PE29 2NA**

AGENDA

Open to Public and Press

1. Apologies for Absence

2. Declarations of Interest

Guidance for Councillors on declaring interests is available at:

<http://tinyurl.com/ccc-conduct-code>

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- 20 December 2018

The Fire Authority Policy and Resources Committee comprises the following members:

Councillor Kevin Reynolds (Chairman)

Councillor Mohammed Jamil and Councillor David Over Councillor Simon Bywater Councillor Derek Giles Councillor Lucy Nethsingha Councillor Terence Rogers Councillor Mike Shellens and Councillor Mandy Smith

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

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The Fire Authority is committed to open government and the public are welcome to attend from the start of the meeting.

It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol which can be accessed via the following link below or made available on request.

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer at least three working days before the meeting.

Full details of the public speaking scheme for the Fire Authority is available at

http://www.cambsfire.gov.uk/fireauthority/fa_meetings.php

CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY
POLICY AND RESOURCES COMMITTEE: MINUTES

Date: 26th July 2018

Time: 10.30 am – 12.noon

Place: Fire and Rescue Services HQ, Hinchbrooke Cottage, Brampton Road, Huntingdon

Present: Councillors: D Giles, M Jamil, L Nethsingha, D Over (Vice Chairman), K Reynolds (Chairman) and M Smith

60. APPOINTMENT OF CHAIRMAN / WOMAN

It was resolved to appoint Councillor Reynolds as the Chairman of the Policy and Resources Committee for 2018/19.

61. APPOINTMENT OF VICE CHAIRMAN / WOMAN

It was resolved to appoint Councillor Over as the Vice-Chairman of the Policy and Resources Committee for 2018/19

62. APOLOGIES FOR ABSENCE

Apologies for absence received from Councillors Bywater, T Rogers and M Shellens.

63. DECLARATIONS OF INTEREST

None.

64. MINUTES OF THE MEETING HELD ON 12th APRIL 2018

The minutes of the meeting held on 12th April 2018 were confirmed as a correct record and were signed by the Chairman.

65. POLICY AND RESOURCES COMMITTEE MINUTE ACTION LOG

With reference to the published Log and Minutes from the 12th April meeting the following oral updates were provided:

From the Minutes:

- Minute 57 – ‘Integrated Risk Management Plan Refresh Update’ with reference to the discussion on fire assessments for schools and the request for further assurances that those schools located furthest from fire stations were visited as often, it was orally reported that 72 full audits had been carried out to primary and secondary schools, with 68 being fully compliant. There had also been 160 engagements with other

schools. Councillor Bywater had been provided with the details. **Action completed**

From the Action Log:

- Page 11 Update on Strategic Workforce Objectives - b) the action to start scoping a Membership Review had been progressed at the Fire Authority on 21st June when it had agreed to convene a Member-led working group to review governance arrangements and therefore it was more appropriate to change the status of action b) as being **Action completed**.
- Page 12 Minute 32 Annual Review of the Operation of ICT Shared Service Agreement – the pay structures with Bedfordshire had now been aligned. In terms of the Chairman meeting with his opposite Chairman / woman in Bedfordshire, it had still not been possible to commit the latter to a meeting date despite the Officers best efforts. **Matthew Warren had now taken personal responsibility to progress the action.**

The Minute Action Log was noted.

66. MINUTES OF 29TH MARCH OVERVIEW AND SCRUTINY COMMITTEE

The minutes for the Overview and Scrutiny Committee meeting held 29th March were noted.

67. CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY BDO EXTERNAL AUDIT COMPLETION REPORT – AUDIT FOR THE YEAR ENDED 31ST MARCH 2018 AND STATEMENT OF ACCOUNTS

Using the Chairman discretion available to him under 100B (4) (b) of the Local Government Act 1972, the Chairman agreed to receive both the Audit Completion report (Item 7) and the Accounts Report for the year ending 31st March 2018 (item 8) that had not been available at the time of the original despatch agenda and had been published less than five working days before the meeting, The reasons for lateness for both accounts reports had been the earlier date for their production with the reason for urgency being the need to sign off by 31st July.

The report at Agenda Item 7 summarised the results of completing the planned audit approach, specific audit findings and areas requiring further discussion and/or attention in relation to the Authority's financial statements and use of resources for the year ended 31 March 2018.

The final Statement of Accounts at Agenda Item 8 provided information on all aspects of income and expenditure in the financial year 2017/18.

The Annual Governance Statement, covering for the same period, had been approved by the Overview and Scrutiny Committee in March 2018, and had

been published on the website via the following link
http://www.cambsfire.gov.uk/Annual_Governance_Statement_17-18.pdf

In introducing the Audit Completion Report and apologising for the late submission, Zoe Thompson highlighted the challenge for both the Authority and BDO in aiming to achieve the much earlier sign off date for the Fire Authority accounts of 31st July (Previously the deadline was the end of September). She thanked the Finance Team for their close co-operation and responsiveness to queries raised, on what had been a very pressured environment.

The key issues highlighted were:

Audit Status: BDO had substantially completed their audit procedures in accordance with the planned scope and their objectives had been achieved. Oral updates on the 'Outstanding Matters Schedule' since the report's publication included:

1. **Receipt of outstanding Information** – confirming none were now outstanding.
2. **Completion of audit procedures relating to valuation of Land and Buildings** – Some information on values were awaited relating to calculations on floor plans.
3. **Receipt of bank an investment confirmation from Lloyds PLC and National Westminster bank PLC** – these were still awaited.
4. **Receipt of final draft of statement of accounts and completing of audit procedures to confirm all agreed amendments had been made** – this had been received.

Audit Risk Update: No additional significant audit risks were identified during the course of BDO's audit procedures subsequent to their Audit Plan dated 9th January 2018.

Materiality: Following receipt of the draft financial statements, showing gross expenditure lower than that used to calculate materiality at the planning stage, the final materiality threshold had reduced from £890,000 to £800,000.

Materiality misstatements – subject to the completion of the outstanding matters set out on page 5 of their Report – BDO's audit had not identified any material misstatements.

Unadjusted Audit differences - The Committee's attention was drawn to the following audit differences that BDO had identified, but which Fire Authority officers were not proposing to adjust as they did not have a material impact These included:

- £105,000 relating to unadjusted misstatements identified by their 2016/17 audit.

- £583,000 relating to overstatement of the net pension liability associated with the Local Government Pension Scheme due to a difference between the value of the investments used by the Actuary to calculate the net pension liability and the value of investments recognised in the Pension Fund's financial statements. (The difference between the value at 31st December to 31st March).
- An identified £165k overstatement of the revaluation reserve - this had no material effect on the overall reserve and would be adjusted in the financial year.

Control Environment - There had been a substantial number of deviations from the Code in the draft accounts which was linked to the introduction during the year of a new software package. The unaudited statement of accounts certified by the Treasurer and published on 31 May 2018 contained a number of material departures from the requirements of the Code. BDO indicated that Management had been unable to demonstrate that the unaudited statement of accounts was subject to robust checks or an appropriate level of review by a senior officer prior to publication. The same issue had been reported on the completion of last year's audit.

Use of Resources Risk assessment: BDO's risk assessment had not identified any use of resources significant risks. No additional work was required.

BDO's Audit Opinion was set out as follows:

Financial Statements: As an update BDO confirmed that they would be issuing an unqualified opinion on the financial statements for the year ended 31st March 2018.

Regarding the section from page 6 onwards on Key Audit and Accounting Matters and the significant risk section, the following were highlighted;

- Management Override of Controls – No matters to report.
- Other Income Fraudulent Revenue Recognition - No matters to report.
- Valuation of Land and Buildings – The audit was largely complete with no expectation of any issues
- Pension Liability Assumptions – already referred to earlier.
- Production of Financial Statements compliant with CIPFA's Code of Practice. The Deputy Chief Executive would be working with CIPFA to ensure the points highlighted in this section would not be an issue.
- Faster close timetable and capacity of the Finance Team – The former had not happened for the reasons as detailed, including the introduction of the new CIPFA software package. The Deputy Chief Executive explained that the Fire Authority was statutorily required to undertake the faster close timetable and had chosen to implement the software this

year as the Head of Finance would be going on maternity leave and therefore the decision had been taken to implement early.

Page 21 Recommendations and Action Plan – these had been accepted and responded to by Fire Authority Management.

In discussion the following issues were raised:

- There was a request for further explanation on who valued the Fire Authority's land and buildings. It was explained that a professional valuer was employed to do this, but that they changed every year as the Fire Authority's buildings were unique and a different valuer would estimate a different valuation. As he was not a professional valuer, the Deputy Chief Executive could only challenge valuations so far. It was highlighted that the value of property and land for the Accounts was estimated differently from a commercial valuation.
- Concern was expressed by the Chairman on the lateness of the accounts reports. He explained that two members of the Committee were absent as they were attending a County Council Pensions Committee meeting at the same time as this Committee, and would have provided a more detailed challenge if they had been able to view the Accounts at an earlier point. The officers involved in the accounts production were however congratulated by the Committee for having received such a clean bill of health from the external auditor. **Action: The Deputy Chief Executive was requested to pass on the thanks of the Committee to all the relevant staff involved.**
- Democratic Services to review the timing of the meeting in terms of clashes with other Committees for the next year. **Action: D Cave**

It was resolved to:

- 1) Approve the Audit Completion Report.
- 2) Approve the final Statement of Accounts and to authorise the Chairman to sign them following the meeting.

68. FIRE AUTHORITY RESERVE STRATEGY

This report provided the Committee with an outline of the current position with regard to reserves held by the Service, and seek approval for the use of reserves to reduce revenue expenditure.

The proposals were:

- ***The utilisation of reserves to invest in property.*** As the current rate of return on cash investments continued to be poor it was more beneficial for the Authority to utilise reserves rather than borrow.

- ***The utilisation of reserves to avoid borrowing.*** As the cost of borrowing was greater than the return on cash investments, it was more cost effective to use funds currently held. Officers would regularly review this, to ensure the policy remained beneficial.
- ***The utilisation of reserves to meet future demands on revenue.*** It was anticipated that there would be no additional Government funding in the future to allow for significant investment in the Authority's asset portfolio. The purpose of the General Reserve was to allow flexibility when managing the financial challenge. Having assessed the level of the General Reserve, officers recommended that it was utilised to offset borrowing in the short- term, reducing it to a still prudent level.
- ***The utilisation of the On-Call Operations Reserve to create a Wholetime Recruitment Reserve.*** The On-Call reserve was created to fund potential changes to the On-Call system. However as the project progressed it was apparent that this reserve would not be utilised to invest in one-off areas of expenditure and had consistently underspent. It was therefore proposed to re-name the reserve and use it to fund investment in additional wholetime firefighters. The aim was to help address the significant firefighter recruitment required over the coming three to four years as firefighters retired. At the current time the Service was still four below establishment.
- ***The Community Safety Reserve.*** This reserve would be managed as a fund on behalf of the Authority. Release of funds would be subject to a successful bidding process made by partner organisations. Any bid would have to meet success criteria based around community risk reduction.

In discussion:

- As it was recognised that while in the past firefighters tended to stay for a considerable number of years in the Service, as a result of better pay opportunities elsewhere, (especially for drivers leaving to become train drivers) a question was raised regarding what was the age range of new recruits and what was the wastage level in particular age groups. In reply the average age of recruits was under thirty. In terms of leavers in particular age bands, this information would be collected and provided to the Member outside of the meeting. **Action: John Anderson to provide Councillor Nethsingha with leaver figures broken by age groups.**
- It was confirmed that the numbers added by the recent wholetime recruitment exercise had been more than balanced out by leavers. Projections estimated that by 2022 the average service of firefighters would be seven years - it was currently 14 years. The Chairman added that historically the average service length had been between 20-25 years and it was issues with pay and pensions which now made the

Service a less attractive career choice. Sixty to seventy current staff were expected to be lost in the next five years.

It was resolved:

To approve the reallocation and utilisation of the On-Call Operations Reserve as detailed in Paragraph 5 of the report to be re-named Wholetime Recruitment Reserve to be used to invest in wholetime firefighters.

69. PROPERTY UPDATE – JULY 2018

This report provided an update on police and fire collaborative schemes under the following headings:

Monkswood Training Centre Update

The formal pre-application advice was received in March 2018. It was anticipated that all reports required for the planning application would be completed by August 2018 with the intention being for a full application to be submitted in September 2018 and approval anticipated by the end of the year. It was confirmed in reply to a question on consultations undertaken, that English Nature were not objecting to the proposals as the plans did not involve chopping down trees or affecting the surrounding habitat.

Huntingdon Fire Station

The police were currently undertaking an assessment on land within their Headquarters site to establish whether a fire station could be accommodated. A full report would be prepared in the autumn detailing whether it was a viable project.

St Neots Fire Station

The police and fire property teams continued to work collaboratively to fully understand the requirements for the police station to be incorporated into the fire station at St Neots. Currently building plans were anticipated to be available for October.

Wisbech Fire and Police Station

In respect of the police developed scheme to extend Wisbech fire station to enable the creation of a joint facility, a revised planning application had been submitted to Fenland District Council with an expectation that planning approval would be received over the coming weeks.

In discussion:

- The Chairman confirmed that what-ever the outcome of the current judicial review regarding merging the police and fire services, the

intention from the Fire Service was that the highlighted schemes would continue.

- In respect of the progress on the judicial review, the monitoring officer advised that unless a decision to confirm whether the Fire Authority could go ahead with a full hearing was taken by the next day, it would not then be ruled on until September due to the forthcoming summer recess, and therefore any hearing date would not be until January.

It was resolved:

- a) To note the progress made to date.
- b) To approve the next steps as set out in the report.

70. STRATEGIC RISK AND OPPORTUNITY MANAGEMENT REGISTER

This report provided an update highlighting those risks that were considered above the risk appetite of the Authority with the distribution of risk from the strategic risk register shown in Appendix 1 to the report.

The following risks were highlighted, with the report detailing the mitigations in place:

- ICT cyber-attacks - this remained the highest risk posed to the Service.
- The Service had a collection of risks detailing the threat posed to the organisation through the decline of operational calls resulting in a lack of operational experience and a higher turn-over of staff. This along with the reliance on On-Call staff to maintain operational cover and retention and recruitment challenges meant this was a significant risk area for the organisation.
- The introduction of the General Data Protection Regulations.
- The lack of clarity on the project timescales around the Emergency Services Mobile Communications Programme (run by the Home Office) and the potential for costs to increase to support the existing system. The programme was now taking forward an options appraisal to decide on how it was to progress, with options to either cancel the project or to take forward a phased implementation.
- Risks relating to health and safety.
- Two risks relating to the ICT shared service, the joint administration and also the continued investment required in ICT to maintain currency.
- The reliance on key members of staff and resources levels - could result in delays to the achievement of Service deliverables if absent.

- The potential reputational risk as a result of the new Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspectorate process. The inspection had taken place the previous week and appeared to have gone well with the expectation that a draft report would be produced in October and a final report in December.
- The ongoing discussions around a national pay award with a financial risk should the final award be higher than the 2% budgeted for.
- The reliance on a number of suppliers to provide core ICT systems.

Details were provided of the Community Safety activities being progressed to help reduce the risk posed by the increase in more vulnerable and isolated older people in the community and the potential for increased fire deaths and injuries. Portable misting systems had been procured and deployed and had already saved two lives. In reply to a question on whether these were considered a more affordable alternative to sprinkler systems the reply was that at £10ka unit, the Service was only able to afford 6-8 at the current time and deploy them to those considered most vulnerable through effective data sharing with Social Care services staff. The preference would still be for sprinkler systems to be installed in buildings.

Work remained ongoing for the introduction and adoption of the National Operational Guidance (NOG).

In discussion:

- Councillor Nethsingha who was attending the National Social Care conference in the Autumn indicated her willingness to highlight the brilliant work already achieved by the deployment of the portable misting systems.
- Regarding the Government announcement the previous day on substantial increases in in other areas of Public Sector Pay, this represented a high risk that the Government would announce a pay deal for the Fire Service above 2%. It was suggested that this should be used as an example of why the Fire Service required to hold a larger reserve than some people might think was required. .

Having reviewed the Strategic Risk Report the Committee:

Noted both the report and the Risk Distribution as set out in Appendix 1 to the Officer's report.

71. FIRE AUTHORITY PROGRAMME MANAGEMENT – MONITORING REPROT

This report presented an update against the projects for 2018-19.

Officers highlighted the following areas and provided an oral update in respect of the following Type 3 (High) Projects:

- **P0105 General Data Protection Regulation Implementation Project** – green - as the Authority was ready in May and assurances were put in place.
- **P108 Replacement ICCS and Mobilising Solution** – the procurement documents were being prepared to enable tendering to be undertaken in September. It was believed it would be broadly in line with budget and the Government grant available. Bedfordshire were also looking to buy the system.
- **P0104 Implementation of Wholetime Shift System** - This was going well with the roving pumps proving a great success. A significant number of home visits had been carried out. In reply to a question on whether the firefighters liked working with them, there had been no complaints from the stations as they were receiving calls and could see the benefits.
- **P073 Asset Management Software** – The Authority was the first in the Country to use it replacing a very old data base. There was now interest from the London Fire Service.
- **P084 - Review of Reporting** – The Authority had fulfilled all requests from of HMICFRS and had been achieved in a timely manner.
- **P089 ESMCP - Emergency Services Mobile Communications** – This was still awaiting the Home Office announcement.
- **P109 – Virtual Desk [op Infrastructure Project (VDI) Upgrade Shared Service Project** - The tender process was complete with the contractor due to start in September Cambridgeshire
- **P088 – On-Call Project Stage 2** – The alternative appliances were now to be delivered in September. There were to be a number of events being arranged to celebrate the On-Call Service. **Action: Rick Hylton to send Members with dates when known.**
- **P098 – Cambridgeshire Public Services Network (CPSN)** – Discussions had been undertaken with the successful tenderer. A report would come back in September as there were risks around transition arrangements and the associated costs. This was an ongoing piece of work.
- **P102 – Unified Comms (Shared Service Project)** This was expected to be fully implemented by next Month (August) but would not go operational until later in the year.
- **P111 Day Crewed Shift System Project** - Two business cases involving seven and five day shift system was being looked at.

Type 2 Projects – request for updates on the following:

- **P101 CFRMIS (Community Fire Risk Management Information Systems)** – the job description for the administrator had been signed off with advert out in July and a projected start date of early September.
- **P093 Co-Responding Project** – three firefighters from March were still awaiting the East of England Ambulance Service (EEAS) to complete their CBS checks and so were currently unable to attend any co-responding calls. As an update on the project and the three pilots, as

previously explained St Neots Station had dropped the scheme due to Union issues. The scheme was still operating at Ramsey and Wisbech but there had been a 50% drop off in calls. It was explained that the EEAS originally had fifteen stations involved in the project, but this had now reduced to two. The Union was still unhappy for their Members to continue without a National Agreement. The options on whether to continue with the scheme or drop it completely might require a report for decision in October.

It was resolved:

To note the Programme Status Report as at July 2018 as attached at Appendix 1 to the report and including any oral updates provided.

72. WORKFORCE DIVERSITY

This report had not been available at the time of the original despatch agenda and had been published less than five working days before the meeting. The Chairman having taken into account that the report had been requested by the Committee and that the delay in its production had been due to technical issues agreed to take this report using the Chairman discretion available under 100B (4) (b) of the Local Government Act 1972.

As Members had, had little time to read the report with hard copies being tabled at the meeting, Jon Anderson the report presenter read out all the relevant paragraphs from 4.1 to 6.6 of the Officer's report. They have been included as an appendix to these Minutes.

In discussion:

- The Officers were congratulated on producing an excellent report. One Member while welcoming the increase in the proportion of female operational staff and managers, noted that operational staff were still dominated by white males and suggested that as the "Have a go" sessions had proved very successful, a session needed to be targeted to Black and Minority Ethnic (BME) Communities.
- Councillor Nethsingha requested details outside of the meeting of the numbers of BME people who had attended tests and then gone on to join the Service. - **Action Jon Anderson / Alison Scott.** Whilst accepting the number of applicants from BME was low, it was known that there was a 50% drop out from the test sessions. If it could be shown this drop out rate was consistent, whatever the person's ethnicity, it would not be such an issue. It was suggested and agreed that the qualification requirements of Five GCSE's including English should be reviewed by officers as potentially being a barrier.

- Another Member suggested that the report should be widely publicised to highlight the strides that had been made to make the Service workforce more diverse.

Another Member while also agreeing that the report showed progress and was going in the right direction, highlighted that for the BME communities the Fire Service was still not seen as being as attractive as joining the Police. There needed to be more publicity highlighting that the Service was a lot more than just fighting fires and should include a percentage breakdown of the different elements of the job. As an attempt to widen recruitment it was explained that the Service were working closely with the Regional Colleges to include the Fire Service in their Public sector studies.

It was resolved:

To note the progress made as at June 2018.

73. POLICY AND RESOURCES COMMITTEE WORK PROGRAMME

The work programme was noted.

74. DATE OF NEXT MEETING

Members noted that the next meeting was scheduled for 4th October 2018.

Councillor Giles asked in advance that his apologies be given for the October and December meetings.

75. FIRE AUTHORITY CALL OUTS DURING JUNE-JULY

At the request of the Chairman using his discretion, officers were asked to provide details the additional pressures placed on the Service during June and July as a result of the increase in the number of fires resulting from the extended period of extreme hot weather. Amongst the figures reported was that there had been a total of 2032 calls to fire stations with 1,577 mobilisations, mainly in rural areas. There had been 320 fires in the open compared to 4 to 6 in a normal six month period.

There was a request that the Fire Service increase publicity regarding the need to ensure that outside BBQ's were properly extinguished after use.
Action

Chairman
4th October 2018

FIRE AUTHORITY
POLICY AND
RESOURCES
COMMITTEE

Minutes - Action Log

This is the updated action log as at 26th September 2018 and captures the actions arising from the most recent Policy and Resources Committee meetings and updates Members on the progress on compliance in delivering the necessary actions.

MINUTES OF THE JANUARY 2017 COMMITTEE					
<u>Minute No.</u>	<u>Report Title</u>	<u>Action to be taken by</u>	<u>Action</u>	<u>Comments</u>	<u>Status</u>
101.	UPDATE ON STRATEGIC WORKFORCE OBJECTIVES	R Hylton / D Thompson	There was a request for a Member Briefing regarding progress in relation to the age related claim due to pension changes.	Outcome expected early 2019.	Action ongoing
MINUTES FROM THE 14 th DECEMBER COMMITTEE 2017					
<u>Minute No.</u>	<u>Report Title</u>	<u>Action to be taken by</u>	<u>Action</u>	<u>Comments</u>	<u>Status</u>

32.	ANNUAL REVIEW OF THE OPERATION OF THE ICT SHARED SERVICE AGREEMENT	Matthew Warren	a) Current constraints – aligning the pay structures with Bedfordshire. The Chairman to assist by meeting with his opposite number in Bedfordshire to try to move things on, Action Matthew Warren had now taken over this action.	Meeting between chairpersons scheduled for 17 October 2018.	Action ongoing
MINUTES FROM THE JULY COMMITTEE 2018					
67.	CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY BDO EXTERNAL AUDIT COMPLETION REPORT – AUDIT FOR THE YEAR ENDED 31ST MARCH 2018 AND STATEMENT OF ACCOUNTS	Matthew Warren	a) The officers involved in the accounts production were congratulated by the Committee for having received such a clean bill of health from the external auditor and The Deputy Chief Executive was requested to pass on the thanks of the Committee to all the relevant staff involved.		Action completed
		Dawn Cave	b) Democratic Services asked to look to avoid clashes between this Committee and Pension Fund Board.		Action Completed
68.	FIRE AUTHORITY RESERVE STRATEGY	John Anderson to provide Councillor Nethsingha with leaver figures broken by age groups.	A question was raised regarding what was the age range of new recruits and wastage level in particular age groups. In reply the average age of recruits was under thirty. In terms of leavers in particular age bands, this information		Action Ongoing

			would be collected and provided to the Member outside of the meeting.		
71.	FIRE AUTHORITY PROGRAMME MANAGEMENT MONITORING REPORT	Rick Hylton	P088 On-Call Project Stage 2 – send Members dates of On-Call engagement events, dates were 17, 18, 24 and 25 September 2018.	Members advised of dates by email on 28 th August 2018.	Action Completed
72.	WORKFORCE DIVERSITY	Deb Thompson	a) Councillor Nethsingha requested of the numbers of BME people who had attended tests and then gone on to join the Service. Whilst accepting the number of applicants from BME was low, if it could be shown this drop-out rate was consistent, whatever the person's ethnicity, it would not be such an issue.	a) A response, via email, to Cllr Nethsingha and the wider Committee was provided.	Action Completed
		Jon Anderson / Alison Scott.	b) It was suggested and agreed that the qualification requirements of Five GCSE's including English should be reviewed by officers as potentially being a barrier.	b) This is being looked at as part of an ongoing member lead review into approach to recruitment.	Action Ongoing
74.	FIRE AUTHORITY CALL OUTS DURING JUNE-JULY	JJ Penney	There was a request that the Fire Service increase publicity regarding the need to ensure that outside BBQ's were properly extinguished after use.		Action Completed

**CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY
OVERVIEW AND SCRUTINY COMMITTEE – MINUTES**

Date: Thursday 24th July 2018
Time: 14:00 – 14:30
Place: Fire Headquarters, Hinchingsbrooke Cottage, Huntingdon
Present: Councillors Gardener, Goodwin, Gowing, Kindersley and McGuire
Officers: Rick Hylton - Assistant Chief Fire Officer, Deb Thompson - Scrutiny and Assurance Manager, Shahin Ismail – Monitoring Officer,, Matthew Warren – Deputy Chief Executive, Chris Parker – Area Commander; Louise Davies – Internal Audit

35. ELECTION OF CHAIRMAN/CHAIRWOMAN

It was proposed by Councillor Gardener and seconded by Councillor Gowing that Councillor Mac McGuire be elected as Chairman of the Overview and Scrutiny Committee for the municipal year 2018/19.

36. ELECTION OF VICE-CHAIRMAN/WOMAN

It was proposed by Councillor McGuire and seconded by Councillor Goodwin that Councillor Ian Gardener be elected as Vice-Chairman of the Overview and Scrutiny Committee for the municipal year 2018/19.

37. APOLOGIES FOR ABSENCE

The Clerk reported apologies from County Councillors Raynes and Scutt, and Peterborough City Councillor Bond.

38. DECLARATIONS OF INTEREST

There were no declarations of interest.

39. MINUTES OF THE MEETING ON 29th MARCH 2018

The minutes of the meeting held on 29th March 2018 were approved as a correct record and signed by the Chairman.

40. REVIEW OF PERFORMANCE AGAINST IRMP TARGETS

The Committee considered a report on the Service's performance against the first quarter Integrated Risk Management Plan (IRMP) targets.

Members noted the following areas of interest in performance:

- significant improvement in the turnout time of first pump in urban areas, with average turnout time having reduced by 25 seconds compared to the same period last year;
- first pump turnout times in rural areas had increased slightly to 11 minutes 54 seconds, but this was still within the 12 minute target. Officers were seeking to establish why this had increased;
- the number of secondary fires was down in the first quarter, but there had been an increase subsequently due to the prolonged spell of hot weather, leading to grass and scrubland fires;
- one fire fatality recorded in the first quarter data had occurred in January. The Fire Service had not been called to the incident where the individual had died, and had only become aware of the incident in May, when notified by the Coroner. The Home Office had advised that the incident needed to be recorded in the 2018/19 statistics;
- disappointingly, the number of co-responding call outs continued to fall, and the future operation of co-responding may need to be reviewed;
- progress was being made in terms of diversity of the workforce, but performance still fell short of targets. 3.5% (24) staff came from Black or Minority Ethnic (BME) communities, whilst the total BME population for Cambridgeshire & Peterborough was 9.6%. Focus groups had been held in the past, and interestingly there had been a subsequent increase in the application rate, but this did not always translate in to individuals choosing a career with the Fire Service. Members requested that future reports used absolute figures as well as percentages. **Action required.** It was noted that there were still two outstanding Member reviews in this area;
- there were currently 144 female staff in the organisation, 32 in operational roles (6.7% of operational staff, the average for Fire and Rescue Services being 5.2% nationally) and this percentage was gradually increasing.

It was resolved unanimously to:

note the contents of the performance report.

41. **FIRE AND RESCUE SERVICE NATIONAL FRAMEWORK FOR ENGLAND - UPDATE**

Chris Parker, Area Commander, presented a report on the Revised Fire and Rescue National Framework for England, which was published in May, following a period of consultation. A paper setting out the Service's responses to the consultation was tabled, which set out the Fire Authority's response to the original consultation on the Revised Framework.

Key points noted in the report included:

- the requirement for the Service to provide resilience assets in periods of Industrial Action: the revised wording was “FRAs must make every endeavour”;
- concerns had been raised about the potential burden on resources of the new inspectorate. This was acknowledged, and the Home Office was keen to ensure that burdens were kept to a minimum;
- the requirement of the Police and Crime Act 2017 for Fire Services to collaborate with other blue light services is already inherent within the act, yet it had been placed within the National Framework, this is not the case for Police or Ambulance Services. It was confirmed that the Service continued to actively seek opportunities for collaboration. One Member commented that it was disappointing that the government did “not want to specify any further”, but another Member suggested that the Fire Service was best placed to understand its own requirements;
- the request for greater recognition in terms of road safety and water safety was very much placing the onus on the Service. Members noted the wording in the response that “The risks should be captured in their IRMP *in addition to their core functions*”;
- the Committee noted the comments on the introduction of re-engagement, and that it had to be exceptional circumstances and in the best interests of public safety.

Members noted the gap analysis, and the strong position of the Service. There were only two areas where work may be required, and actions were already in place in those areas.

It was resolved unanimously to:

note the consultation outcome and acknowledge the current organisational position against the requirements of the updated framework.

42. AREAS FOR SCRUTINY CONSIDERATION

It was noted that three Members of the Committee working on the governance review which would be considered at the full Fire Authority meeting in November.

Reviewing minutes of previous Committees, one area previously identified was ‘Safe and Well’ visits. It was agreed that this was an appropriate area for scrutiny consideration, and the Terms of Reference for a review would be presented to the next meeting. It was agreed that Councillors McGuire and Gowing would participate in this review.

It was noted that there were no changes to the Fire Authority membership which impacted on the membership of review teams.

It was resolved unanimously to note the report.

43. ANNUAL INTERNAL AUDIT REPORT 2017-18

The Committee considered the Annual Internal Audit Report for 2017-18. Members were pleased to note that there was an overall positive opinion, with a few suggested enhancements to the framework of risk management, governance and internal control.

The Deputy Chief Executive highlighted specific issues which were ongoing, including the review in IT infrastructure, and the reasons for lack of progress in some specific areas.

It was resolved unanimously to note the report.

44. INTERNAL AUDIT STRATEGY 2018/19

The Committee considered a proposed Internal Audit Plan, based on corporate objectives, risk profile and assurance framework, among other factors. Members indicated that they were satisfied that there sufficient assurances in the Annual Plan to monitor the organisation's risk profile effectively, and that the standards in the Charter were appropriate to monitor the performance of internal audit.

In response to a Member question, the Committee noted the proportionate approach being taken to GDPR by both the ICT lead and the Data Protection officer.

It was unanimously resolved to note the report.

45. OVERVIEW AND SCRUTINY WORK PROGRAMME

Members were presented the Overview and Scrutiny work programme. It was noted that this would be updated to reflect earlier discussion under the Areas for Scrutiny consideration item.

It was resolved:

to note the work programme.

CHAIRMAN

TO: Policy and Resources Committee

FROM: Deputy Chief Executive Officer - Matthew Warren

PRESENTING OFFICER(S): Matthew Warren

Telephone 01480 444619

matthew.warren@cambsfire.gov.uk

DATE: 4 October 2018

TREASURY MANAGEMENT POLICY AMENDMENT - INVESTMENTS

1. Purpose

- 1.1 The purpose of this report is to seek approval from the Policy and Resources Committee to amend the current Treasury Management Policy.

2. Recommendation

- 2.1 The Policy and Resources Committee is asked to approve the amended policy attached at Appendix 1.

3. Risk Assessment

- 3.1 **Economic** – the current economic climate continues to provide the Authority with a challenging investment environment for the reserves that it holds. There is a continued need to diversify the investment portfolio to ensure funds are secure and can earn the optimum return. The rating and limits also need to be revised to ensure a secure spread of investments that will work on a day-to-day basis.

4. Background

- 4.1 The Authority operates a balanced budget which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially, before considering optimising investment return.
- 4.2 The Authority has a robust reserve strategy that clearly plans how and when reserves are expected to be drawn upon. The revised policy will ensure funds can continue to be invested in appropriate institutions whilst securing a competitive rate of return.

5. Current Position of Investments and Reserves

Investments As at 31/08/2018	Principal	Interest rate	Start date	Maturity date	Lowest long term rating	Historic risk of default
Barclays Bank Plc	2,912,610	0.20%		Call	A	0.000%
Bank of Scotland Plc	36,224	0.40%		Call	A+	0.000%
Santander UK Plc	2,375,987	0.50%		Call	A	0.000%
Lloyds Bank Plc	2,000,000	0.65%	09/04/2018	09/10/2018	A+	0.006%
Nationwide Building Society	1,000,000	0.65%	10/05/2018	12/11/2018	A	0.011%
Lloyds Bank Plc	1,000,000	0.70%	11/06/2018	11/12/2018	A+	0.015%
Nationwide Building Society	2,000,000	0.68%	10/07/2018	10/01/2019	A	0.019%
National Westminster Bank Plc	1,000,000	0.65%	16/07/2018	16/01/2019	A-	0.020%
National Westminster Bank Plc	2,000,000	0.69%	30/07/2018	20/02/2019	A-	0.026%
Lloyds Bank Plc	2,000,000	0.85%	31/08/2018	28/02/2019	A+	0.027%
National Westminster Bank Plc	1,230,000	0.42%	03/08/2018	02/08/2019	A-	0.050%
Total Investments	£17,554,820	0.57%				0.015%

6. Amendment to the Treasury Management Policy

6.1 The current policy is as follows:

Organisation	Criteria	Previous Maximum Amount	Proposed Maximum Amount	Maximum Period
UK Clearing Bank and UK Building Society	A1 or P1 short term backed up by AAA or AA long term credit rating Assets over £15,000m if not rated	£8m	25% of available funds up to £10m per institution	1 year
UK Clearing Bank and UK Building Society	A1 or P1 short term backed up by an A long term credit rating Assets over £5,000m if not rated	£6m	25% of available funds up to £10m per institution	1 year
UK Clearing Bank and UK Building Society	Non rated clearers Assets over £1,000m	£2m	£2m	6 months
Government backed Institutions	Government supported	£8m	25% of available funds up to £10m per institution	1 year

Local Authorities	N/A	£2m	£2m	1 year
Non-UK bank and Institution	A1 or P1 short term backed up by AAA or AA long term credit rating Assets over £15,000m if not rated	£2m	£2m	1 year
Money Market Funds CNAV/LVNAV/VNAV	AAA	NA	100% of available funds	Liquid

7. Summary

- 7.1 The significant changes to the policy are focussed on increasing investment limits with approved institutions and the introduction of using AAA rated money market funds. The suggested changes ensure we continue to operate a prudent investment strategy whilst further diversifying our investment portfolio. The introduction of the money market fund will result in money being invested for a period greater than 12 months. This route will only be utilised when there is certainty over reserve usage and external factors such as the outcome of the next comprehensive spending review are known.

BIBLIOGRAPHY

Source Document	Location	Contact Officer
Treasury Management Strategy Statement (TMSS)	Hinchingsbrooke Cottage Brampton Road Huntingdon	Matthew Warren 01480 444619 matthew.warren@cambsfire.gov.uk

Agenda Item: 7

TO: Policy and Resources Committee

FROM: Deputy Chief Executive Officer - Matthew Warren

PRESENTING OFFICER(S): Matthew Warren

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DATE: 4 October 2018

REVENUE AND CAPITAL BUDGET MONITORING REPORT 2018/19

1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on revenue and capital spending as at 31 August 2018.

2. Recommendation

- 2.1 The Policy and Resources Committee is asked to note the position on revenue and capital spending.

3. Risk Assessment

- 3.1 No specific risks are associated with this report.

4. Background

- 4.1 The budget for 2018/19 was approved at the Fire Authority meeting held in February 2018. The total budget was set at £28.422m with a total precept of £19.422m.
- 4.2 At its meeting in July 2018 the Policy and Resources Committee approved a revenue carry forward of £3.415m; the resulting total net budget for the current financial year is £31.837m.
- 4.3 A budgetary control summary showing the main variations to the end of August 2018 is attached at Appendix 1.

5. Update – Revenue Expenditure

- 5.1 The budget for full-time firefighters is being monitored closely this financial year owing to the significant numbers of leavers and new starters. The Service, after approval from the Policy and Resources Committee, has set aside £975k in a reserve to ensure crewing levels can be maintained until this period of high turnover comes to its expected conclusion in 2021. To this end, the Service recruited 20 new full-time firefighters who all started at the beginning of September and are currently going through the operational training programme with our provider in

South Wales. The financial impact of these new recruits will be an overspend on the full-time firefighter budget at year-end, when a draw down from the reserve will be made.

- 5.2 The professional support employee budgets are underspent overall at present. This is owing to an expected pension lump sum payment which is due to the Local Government Pension Scheme not being invoiced as expected. Therefore it is anticipated that these budgets will balance overall by financial year-end.
- 5.3 The premises budget is currently underspent by £83k. There is a cost pressure against rent and rates. This relates to the revised rateable value of Dogsthorpe Community Fire and Rescue Station; this specific pressure will remain.
- 5.4 The supplies and services budget is showing an underspend of £325k. This underspend largely relates to IT and communication equipment, where contractual payments are not running in accordance with the anticipated spending forecast to date this year.
- 5.5 The full extent of the financial impact of the long hot summer will not feed through to the On-Call expenditure figures until the end of September. To the end of August, there was a small underspending so the potential impact of the period is not anticipated to be significant.

6. Update - Capital Expenditure and Financing

- 6.1 The revised capital programme together with spending to date is shown in the table below:

CAPITAL RECEIPTS BUDGET 2018 - 2019							
		Original Budget	Carry Forwards	Virements	Adjustments	Revised Estimate	Total Committed to Date
		£000's	£000's	£000's	£000's	£000's	£000's
Expenditure							
Vehicles	6.2	1,435	0	0	0	1,435	114
Land & Buildings	6.3	1,207	871	0	871	2,078	786
Equipment	6.4	263	14	-12	2	265	18
IT and Communications	6.5	350	600	7	607	957	261
		3,255	1,485	-5	1,480	4,735	1,179
Financing							
Capital Receipts		-286	0	0	0	-286	0
Loan		0	0	0	0	0	0
Grants		0	0	0	0	0	0
Capital Grants Reserve		0	0	0	0	0	0
Application of Capital Reserve		-1,959	0	0	0	-1,959	0
Revenue Contribution		-1,008	-1,485	5	-1,480	-2,488	-1,179
		-3,253	-1,485	5	-1,480	-4,733	-1,179

- 6.2 This budget covers the purchase of operational and non operational vehicles. This year the Authority approved the purchase of one new aerial appliance and 35 other vehicles which are a mixture of flexible duty officer cars and fleet vehicles.
- 6.3 This budget covers the maintenance of existing properties and investment in new facilities. The adjustment relates to carry forwards from last year of funds provided for Chatteris Community Fire and Rescue Station enhancements, the continued refresh of training towers and welfare facility upgrades.
- 6.4 The equipment expenditure relates to heavy duty rescue equipment, thermal cameras and defibrillators.
- 6.5 The IT and Communications capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment. The adjustment relates to agreed carry forwards from last years budget to complete the Virtual Desktop Infrastructure and server refresh projects.

BIBLIOGRAPHY

Source Documents	Location	Contact Officer
Final Revenue and Capital Budget Position 2017/18 and Treasury Management Statement Policy and Resources Committee – June 2018	Hinchingsbrooke Cottage Brampton Road Huntingdon PE29 2NA	Deb Thompson Scrutiny and Assurance Manager deb.thompson@cambsfire.gov.uk

Appendix 1

Category Desc	Paragraph Reference	Revised Budget	Budget To Date	Actual To Date	Variance	Var %age
Full Time Firefighters	5.1	£ 10,911,120	£ 4,530,349	£ 4,532,790	£ 2,441	0%
Control Room Staff		£ 1,533,910	£ 631,818	£ 648,793	£ 16,975	3%
Local Govt. Employees	5.2	£ 3,272,898	£ 1,594,244	£ 1,244,058	-£ 350,186	-22%
Senior Management (Hay)	5.2	£ 2,690,253	£ 1,120,771	£ 1,127,989	£ 7,218	1%
Recruitment & Training		£ 853,677	£ 356,860	£ 198,410	-£ 158,450	-44%
Fire Allowances		£ 494,690	£ 188,579	£ 230,773	£ 42,194	22%
EMPLOYEE COSTS		£ 19,756,548	£ 8,422,621	£ 7,982,813	-£ 439,808	-5%
Property Maintenance		£ 429,141	£ 193,653	£ 140,921	-£ 52,732	-27%
Insurance		£ 231,310	£ 134,854	£ 110,192	-£ 24,662	-18%
Energy Costs		£ 282,460	£ 114,120	£ 88,796	-£ 25,324	-22%
Cleaning		£ 152,629	£ 63,977	£ 56,140	-£ 7,837	-12%
Rents & Rates		£ 639,440	£ 639,440	£ 668,837	£ 29,397	5%
PREMISES	5.3	£ 1,734,980	£ 1,146,044	£ 1,064,887	-£ 81,157	-7%
Car & Cycle Allowances		£ 65,330	£ 27,211	£ 40,447	£ 13,236	49%
Vehicle Running Expenses		£ 166,059	£ 70,911	£ 63,378	-£ 7,533	-11%
Vehicle Insurance		£ 191,180	£ 106,196	£ 96,907	-£ 9,289	-9%
TRANSPORT AND MOVEABLE PLANT		£ 422,569	£ 204,318	£ 200,732	-£ 3,586	-2%
Office Expenses		£ 352,396	£ 147,036	£ 106,437	-£ 40,599	-28%
IT & Communications Equip.		£ 2,049,072	£ 1,160,113	£ 1,060,037	-£ 100,076	-9%
Fire Equipment		£ 361,675	£ 177,973	£ 95,241	-£ 82,732	-46%
Uniforms & Clothing		£ 569,722	£ 328,732	£ 279,783	-£ 48,949	-15%
Other Supplies & Services		£ 1,179,964	£ 510,119	£ 455,515	-£ 54,604	-11%
SUPPLIES AND SERVICES	5.4	£ 4,512,829	£ 2,323,973	£ 1,997,012	-£ 326,961	-14%
CONTROLLABLE EXPENDITURE		£ 26,426,926	£ 12,096,956	£ 11,245,444	-£ 851,512	-7%
Other Income		-£ 1,346,039	-£ 398,592	-£ 543,596	-£ 145,004	-36%
Other Government Grants		-£ 468,190	-£ 195,047	-£ 248,149	-£ 53,102	-27%
CONTROLLABLE INCOME		-£ 1,814,229	-£ 593,639	-£ 791,745	-£ 198,106	-33%
NET CONTROLLABLE EXPENDITURE		£ 24,612,697	£ 11,503,317	£ 10,453,699	-£ 1,049,618	-9%
Debt Charges		£ 3,855,137	£ 669,200	£ 18,342	-£ 650,858	-97%
External Interest		-£ 90,000	-£ 7,641	-£ 20,229	-£ 12,588	-165%
CAPITAL FINANCING		£ 3,765,137	£ 661,559	-£ 1,887	-£ 663,446	-100%
Pensions - Lump Sums		£ 611,080	£ 254,576	£ 257,720	£ 3,144	1%
Operational Fire Budget		£ 2,848,910	£ 1,166,139	£ 1,143,349	-£ 22,790	-2%
SAFETY-NETTED EXPENDITURE	5.5	£ 3,459,990	£ 1,420,715	£ 1,401,069	-£ 19,646	-1%
NET EXPENDITURE		£ 31,837,824	£ 13,585,591	£ 11,852,882	-£ 1,732,709	-13%

Agenda Item: 8

TO: Policy and Resources Committee

FROM: Deputy Chief Executive Officer - Matthew Warren

PRESENTING OFFICER(S): Matthew Warren
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DATE: 4 October 2018

PUBLIC SECTOR PENSION REVALUATION OF UNFUNDED SCHEMES

1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on the outcomes of the Government Actuarial Department (GAD) revaluation of public sector pensions where there is no pension fund.

2. Recommendation

- 2.1 The Policy and Resources Committee is asked to note the current position.

3. Risk Assessment

- 3.1 **Financial** - the potential implications for employers through increased contributions could be material and result in a significant pressure for the Authority in 2020/21.

4. Background

- 4.1 The firefighter pension scheme is a defined benefit scheme where the level of pension is defined in relation to the member's salary. As with a number of other public sector pension schemes, the firefighter pension scheme is not backed by a pension fund, so is deemed an unfunded scheme.
- 4.2 In 2011, the Government consulted on how discount rates would be used to set public service pension contributions. Unfunded schemes do not have a fund of assets from which pensions are paid and whilst the Government, through taxpayers, ultimately backs these schemes it does not change the importance of understanding the costs of the schemes and associated potential costs.
- 4.3 The Superannuation Contributions Adjusted for Past Experience (SCAPE) methodology looks to value the cost of a scheme in the absence of a real pension fund.
- 4.4 The revised methodology introduced the cap and share policy and is designed to ensure cost pressures are shared between employers and employees up to an agreed employer contribution cap, beyond which all further increases will be the responsibility of employees. The maximum limit is designed to protect public finances and the taxpayer.

5. GAD Valuation 2016

- 5.1 The results of the 2016 valuation, along with a draft response from Government, were published in mid-September 2018. In summary the cost cap has been breached and as such will result in increased employer contributions. The primary factor for the breach is the reduction of the SCAPE rate which is largely calculated using economic forecasts. This reduction will cause a cost gap between actual costs and expected funding. This gap will need to be funded by employers; Treasury has indicated that it will fund increases for 2019/20 but not beyond.
- 5.2 In addition, the cost floor cap has also been breached at the 2016 valuation. This relates to the new pension scheme and the potential cost of this moving forward. It is expected that salaries will increase above that previously forecast and life expectancy will fall. To balance this element of the scheme, pension benefits will be increased through increased accrual rates.
- 5.3 The GAD will continue to finalise the results of the valuation following the Governments directions and provide the final outcome by the end of the year. At this time, a further report on the financial implications will be presented to the Authority.
- 5.4 The relevant GAD Technical Bulletin has been attached at Appendix 1.

BIBLIOGRAPHY

Source Document	Location	Contact Officer
GAD Technical Bulletin: Public Sector Pension Schemes	Hinchingbrooke Cottage Brampton Road Huntingdon PE29 2NA	Deb Thompson Scrutiny and Assurance Manager deb.thompson@cambsfire.gov.uk

Technical Bulletin

7 September 2018

Public Service Pension Schemes: valuations update

On 6 September 2018, the Chief Secretary to the Treasury, Elizabeth Truss, provided an update to Parliament on the actuarial valuations of the public service pension schemes. Her statement included an indication of the likely consequences of the valuations for member benefits and employer contribution rates. This bulletin provides an overview of that [statement](#) and [associated publications](#) issued by HM Treasury.

Valuing the public service pension schemes - background, purpose and emerging results

Following the final report of the [Independent Public Service Pensions Commission](#) in 2011, reforms were made to public service pension schemes (PSPSs). New career average re-valued earnings schemes were put in place, typically with effect from April 2015. A new framework for actuarial valuations was established, allowing for greater risk-sharing between members and taxpayers. The four-yearly valuations have two key purposes:

Public service pension schemes: the two purposes of the actuarial valuations

- To measure certain costs of the scheme against a target rate; the “employer cost cap”: This implements the cost cap mechanism which shares the risks of unexpected costs between members and taxpayers.
- To set the employer contribution rate: When combined with member contributions, contributions are expected to meet the full cost of pension benefits being earned, including past service effects.

The first valuations conducted under this framework generally had an effective date of 31 March 2012, with different dates applying for the local government schemes. You can find more information about these previous valuations in this GAD [Technical Bulletin](#) and HM Treasury (HMT) [policy paper](#), both from 2014.

The next round of valuations typically has an effective date of 31 March 2016. GAD has been working with schemes on these valuations and whilst final results are not yet available, the Chief Secretary to the Treasury's (CST) statement notes that early indications show that:

- for some schemes the cost cap (or cost control) mechanism will lead to improved pension benefits for members in respect of employment between April 2019 and March 2023
- the contribution rate that employers pay towards their schemes will need to increase

Understanding the cost cap mechanism and how it relates to employer contributions

The previous valuations calculated a figure for each scheme known as the ‘employer cost cap’. Expressed as a percentage of pensionable pay, this is a target rate reflecting the cost of benefit accrual in the reformed scheme. The current valuations measure certain costs of the scheme relative to the cost cap mechanism for the first time. If these costs are more than 2% of pensionable pay above or below the scheme-specific target rate then a breach has occurred and steps must be taken to return costs to the level of the employer cost cap. This can be achieved either by adjusting future benefits or member contributions, or a combination of both.

The employer cost cap is not directly comparable to the employer contribution rate. This is because the cost cap mechanism does not calculate the full cost of the scheme, as members do not share in all scheme risks. Various elements needed to capture the full cost of the scheme are excluded from the cost cap mechanism - for example, the cost cap mechanism is not affected by changes in actuarial methodology or changes to the discount rate used and does not measure costs associated with deferred or pensioner members of the pre-reformed schemes.

Initial valuation results

The cost cap mechanism: Early indications in some schemes show that the costs measured by the cost cap mechanism have decreased by more than the 2% of pensionable pay threshold. If the cost cap floor is breached, this measure of scheme costs will need to be returned to its target value. For each scheme which experiences a breach, discussions will be required between those responsible for the scheme and the Scheme Advisory Board introduced by the [Public Service Pensions Act 2013](#) and the [Public Service Pensions Act \(Northern Ireland\) 2014](#). If no agreement can be reached following a cost cap breach, legislation generally requires that the rate at which benefits accrue will be

amended. A breach of the floor of the cost cap would, for future accruals, lead to an increase in the accrual rate in the reformed schemes.

New information, which affects some key valuation assumptions, helps to explain the fall in the costs of the scheme measured in the cost cap mechanism:

- the Office for Budget Responsibility (OBR) has reduced its forecasts of [short-term pay growth](#) and updated the period over which these apply, meaning accrued final salary pensions are now expected to be less costly
- the latest population projections from the Office for National Statistics (ONS) show forecasts of [future life expectancy](#) have reduced, so pensions will typically be paid for a shorter period than previously expected

These factors mean that schemes are now expecting lower costs to pay future pension payments. Whilst these factors are also reflected in expected changes to employer contribution rates, these downward cost pressures can be more than offset by upward cost pressures outside the cost cap mechanism, such as changes to the discount rate.

The employer contribution rate: The CST stated that early indications suggest that the amount employers pay towards the schemes will need to increase. This increase is largely driven by a decrease in the discount rate used to assess the current cost of future payments from the schemes. Known as the SCAPE rate, this discount rate is based on the OBR's long-term projections of GDP growth (and is not captured within the cost cap mechanism). [Budget 2016](#) announced a reduction in the annual rate from 3.0% above the Consumer Prices Index (CPI) to 2.8% above CPI. The CST has now proposed a further reduction, to take effect from April 2019, to 2.4% above CPI. This figure that will be confirmed in due course and formally announced at a later date.

Updated Treasury Directions

The Directions specify how to carry out the valuations, including what information to disclose in the valuation reports, so that all the schemes' valuations are carried out consistently and transparently. The Directions instruct schemes how to set various assumptions. Some are specified explicitly whilst others must be determined by each scheme as a best estimate (so with no margin for prudence or optimism).

The HMT [Directions](#) were originally published in 2014 and are effectively an instruction manual to calculate valuation results and operate the cost cap mechanism. This instruction manual must now be updated so that it is suitable to calculate the current valuation results. Alongside the ministerial statement, HMT has published [draft amending directions](#), intended to deliver the required changes.

- **Change in SCAPE discount rate:** The draft amendments propose to change the value of the SCAPE discount rate used in the valuations to 2.4% above CPI, with effect from April 2019.
- **Rectification of cost cap breaches:** Since some schemes are expected to breach the cost cap, details have been added to the Directions on the process of how to rectify a breach. If a scheme breaches the cost cap mechanism, the scheme actuary has to provide a certificate confirming that the proposed changes to benefits and/or contributions bring the costs of the scheme back to the target level. The certificate must also provide the revised employer contribution rate, allowing for these changes.
- **Other amending directions** include: updates to assumptions to allow for recent scheme experience and the latest OBR and ONS projections; requirements for additional disclosures in the valuation report; bringing the cycle of local government valuations into line with the other schemes and various changes to address certain scheme-specific issues.

HMT has also published a [technical annex](#) outlining the reasons behind the amendments and a [letter](#) to the Trades Union Congress. The Northern Ireland Department of Finance published equivalent Directions in 2014 and will shortly issue corresponding draft amending directions.

Next steps

The Directions will be finalised once key stakeholders have had time to comment on the draft and a statutory consultation with the Government Actuary has been completed. The final valuation results are expected later this year.

The UK government is committed to implementing the results of the valuations but also to keeping the cost cap mechanism under review. Accordingly, the Government Actuary will be asked to review the mechanism to check whether it is working as intended and delivering the government's objectives. This review will conclude before the next round of four-yearly actuarial valuations - which will be undertaken as at 31 March 2020 with provisional results perhaps emerging during 2022.

If you would like to discuss any of these issues in more detail or have any questions please get in touch with your usual GAD contact.

Email: enquiries@gad.gov.uk Telephone: 020 7211 2601

For details of our management team and office address please visit: www.gov.uk/gad

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TO: Policy and Resources Committee

FROM: Assistant Chief Fire Officer (ACFO) - Rick Hylton

PRESENTING OFFICER(S): Assistant Chief Fire Officer (ACFO) - Rick Hylton

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DATE: 4 October 2018

FIRE BRIGADES UNION NATIONAL BLACK AND ETHNIC MINORITY OFFICER

1. Purpose

- 1.1 The purpose of this report is to advise the Policy and Resources Committee of the arrangements being put in place to support the above role and to highlight the associated benefits to the fire and rescue service (FRS) both locally and nationally.

2. Recommendation

- 2.1 The Policy and Resources Committee is asked to note the contents of this report.

3. Background

- 3.1 The Fire Brigades Union (FBU) has a number of national officials; one of these roles is the Black and Ethnic Minority Officer. The role has been influential in supporting the fire and rescue community ambition to both attract and retain a more diverse workforce. An opportunity has recently arisen in which one of our firefighters has been selected to take up this position.
- 3.2 Whilst the role is an important part of the FBU structure, it is currently unfunded. The remit of the position also dictates that for any individual to be able to take the role forward, a certain amount of time away from their main employment will be required.
- 3.3 Officers have met with the individual concerned, together with the FBU Regional Secretary, to explore how the Service could reasonably support this agenda by offering a partial release from the individual's main employment to fulfil the role.

4. Agreement

- 4.1 These discussions have led to an agreement by CFRS to allow a partial release of the individual, subject to them maintaining operational competence and agreement to the specific objectives detailed in Appendix 1.
- 4.2 It is also believed that by having a member of CFRS engaged in this agenda, at a national level, our organisation will be more attractive to members of the black and ethnic minority community.
- 4.3 The agreement will be reviewed annually and overseen by the ACFO.

BIBLIOGRAPHY

Source Document	Location	Contact Officer
None	Hinchingsbrooke Cottage Brampton Road Huntingdon	ACFO Rick Hylton rick.hylton@cambsfire.gov.uk 01480 444500

Appendix 1

Specific benefits CFRS requires from the secondment of the employee to the Fire Brigades Union (National Black and Ethnic Minority Officer)

1. The Employee's championing of CFRS' proactive approach to the equality, diversity and inclusion agenda on the national stage and in particular our ambition to increase workforce diversity to reflect the communities we serve.
2. The Employee to provide CFRS with access to his contacts and to facilitate introductions where necessary, in order to enable CFRS to develop greater relationships with and understanding of under-represented communities in Cambridgeshire and Peterborough.
3. The employee to draw upon resources and contacts from his period of secondment to front a joint positive action campaign ahead of CFRS' next wholetime recruitment campaign.
4. Any other specific inputs by agreement between CFRS and the employee which supports CFRS' equality, diversity and inclusion agenda.
5. The above to be discussed and monitored via quarterly meetings between the employee and CFRS' Assistant Chief Fire Officer.

POLICY & RESOURCES COMMITTEE WORK PROGRAMME

MEETINGS 2018/19

Date	Meeting	Venue
2018		
Thursday 4 October	1030 hours	Service HQ
Thursday 20 December	1030 hours	Service HQ
2019		
Thursday 31 January	1030 hours	Service HQ
Thursday 25 April	1030 hours	Service HQ

WORK PROGRAMME 2018/19

Thursday 4 October 2018			
Time	Agenda Item	Member/Officer	Comments
1030	Minutes of Policy and Resources Committee Meeting 26 July 2018	Tamar Oviatt-Ham	
	Minutes of Overview and Scrutiny Committee Meeting 24 July 2018	Tamar Oviatt-Ham	
	<u>Decision</u> Treasury Management Policy Amendment - Investments	Deputy Chief Executive	
	<u>Information and Monitoring</u> Revenue and Capital Budget Monitoring Report 2018/19	Deputy Chief Executive	
	Public Sector Pension Revaluation of Unfunded Schemes	Deputy Chief Executive	
	FBU National Black and Ethnic Minority Officer	Assistant Chief Fire Officer	
	Work Programme 2018/19	Deb Thompson	
Thursday 20 December 2018			
Time	Agenda Item	Member/Officer	Comments

1030	Minutes of Policy and Resources Committee Meeting 4 October 2018	Tamar Oviatt-Ham	
	Minutes of Overview and Scrutiny Committee Meeting 11 October 2018	Tamar Oviatt-Ham	
	<u>Decision</u> TBA		
	<u>Information and Monitoring</u> Revenue and Capital Budget Monitoring Report 2018/19	Deputy Chief Executive	
	Strategic Risk and Opportunity Management Register	Service Transformation Manager	
	Fire Authority Programme Management Monitoring Report	Service Transformation Manager	
	Review of the Operation of the ICT Shared Service Agreement	Head of ICT	Annual Action from 14 December 2017 (Minute 32)
	Strategic Workforce Development Action Plan Update	Human Resources Business Partner	Bi-annual
	Financial Impact of Summer 2018 Field Fires	Assistant Chief Fire Officer	
	Co-responding Update	Assistant Chief Fire Officer	
	Public Sector Pension Revaluation of Unfunded Schemes - Update	Deputy Chief Executive	Following report presented to Committee in October 2018
	Work Programme 2018/19	Deb Thompson	
Thursday 31 January 2019			
Time	Agenda Item	Member/Officer	Comments
1030	Minutes of Policy and Resources Committee Meeting 20 December 2018	Tamar Oviatt-Ham	
	Minutes of Overview and Scrutiny Committee Meeting 10 January 2019	Tamar Oviatt-Ham	
	<u>Decision</u> Draft Budget 2019/20	Deputy Chief Executive	
	Draft Capital Programme 2019/20	Deputy Chief Executive	
	<u>Information and Monitoring</u>		

	Revenue and Capital Budget Monitoring Report 2018/19	Deputy Chief Executive	
	Strategic Risk and Opportunity Management Register	Service Transformation Manager	
	Work Programme 2019	Deb Thompson	
Thursday 25 April 2019			
Time	Agenda Item	Member/Officer	Comments
1030	Minutes of Policy and Resources Committee Meeting 31 January 2019	Tamar Oviatt-Ham	
	Minutes of Overview and Scrutiny Committee Meeting 28 March 2019	Tamar Oviatt-Ham	
	<u>Decision</u> TBA		
	<u>Information and Monitoring</u> Revenue and Capital Budget Monitoring Report 2019	Deputy Chief Executive	
	Strategic Risk and Opportunity Management Register	Service Transformation Manager	
	Fire Authority Programme Management Monitoring Report	Service Transformation Manager	
	Work Programme 2019	Deb Thompson	

