

**CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY
POLICY AND RESOURCES COMMITTEE – MINUTES**

Date: 28th January 2016

Time: 2.00 – 2.55 p.m.

Place: Fire & Rescue Service HQ, Hinchbrooke Cottage, Brampton Road, Huntingdon

Present: Councillors P Brown, D Divine, M Loynes L Nethsingha, (Chairman) D Over (Vice-Chairman) P Sales and J Scutt

Officers: J Fagg, S Ismail, A Scott, C Strickland, M Warren and R Sanderson

Apologies: None received.

35. DECLARATIONS OF INTEREST

none

36. MINUTES OF THE POLICY AND RESOURCES COMMITTEE HELD ON 17th DECEMBER 2015

The minutes of the meeting of the Policy and Resources Committee held on 17th December 2015 were approved as a correct record and signed by the Chairman.

37. MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON 24TH JANUARY 2016

The minutes of the meeting of the Overview and Scrutiny Committee held on 14th January 2016 presented to the Committee for information, were noted.

38. DRAFT MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2016 TO 2020,

This report sought approval of the proposed Medium Term Financial Strategy (MTFS) 2016 to 2020. It was noted that whilst the Government had in November announced the spending review for 2016/17 to 2019/20 there was still some uncertainty around the settlement figures for 2017/18 and beyond, and therefore the estimates were still subject to possible change.

A number of assumptions have been made around Government Grant reductions, increases in Council Tax housing levels and Council Tax capping rates. These could all be impacted upon when the final figures are announced in any given financial year. The assumption in the paper was for a 2% Fire Authority Council Tax precept increase each year in line with Government expectations. The Members budget seminar in the morning had made clear that while the 2% increase would only require the Authority to make savings of just under £700k which was already identified, no increase in Council Tax over the period would require around £4 million of additional savings which as 75% of the Fire Authority budget of £28m was staffing costs, such a large savings requirement would inevitably impact on front line service provision. Appendix 4 set out how it was proposed to use the balances.

The key issues for 2016/17 included:

- That there had been an increase of 1% in pensions contributions.
- The draft budget had looked at a savings requirement in 2016/17 of £700k on the basis of a 2% Council Tax rise with every 1% additional Council Tax levied for the Fire Authority raising an additional £150k. If the Council Tax was frozen, the savings target would be increased from £700k to £1m.
- The tax base estimate shown in Appendix 2 had increased from that shown in the December report of 268,445 dwellings to 269,410 but was still to be confirmed by the district councils.

Issues raised in the discussion included:

- Concern was expressed by one member regarding the amounts of unknowns around the economy including factors such as the expected interest rates rise not taking place and the current volatility in the world markets.
- In relation to the text in paragraph 1.2.3 explaining that while the Government had offered fire authorities a four year minimum financial settlement if they shared their efficiency plans, the exact mechanisms of how this would be undertaken had not been provided at the time of the report's preparation, the Chairman asked when the Government was likely to clarify this necessary information. It was indicated that as Fire Authority responsibilities were moving to the Home Office from the Department of Communities and Local Government from April next year, the former were currently unable to advise and the guidance was still awaited with no firm date known.

On being put to the vote it was resolved by a clear majority:

to approve the proposed draft MTFS 2016 to 2020 attached at Appendix 1 to the officer's report.

39. FIRE AUTHORITY BUDGET 2016-17

This report presented the Committee with the Fire Authority's budget for 2016/17 for review and endorsement for referral for final approval to the full Fire Authority. The Draft Revenue Support Grant (RSG) settlement was received on the 20 December 2015. The budget attached to the Officer report assumed that there would be no change when the final settlement is received.

As already discussed at the earlier seminar and during the discussion on the previous report, as a result of the Government cuts, there continued to be pressure on the Authority budget and this would become more challenging through the comprehensive spending review period. The budget will need to be set at a level that meets the cuts and keeps council tax increases within defined capping limits.

It was highlighted that following the discussion at the December Policy and Resources Committee, the Authority had consulted on the options of freezing council tax at its current rate and increasing it by 2%. As explained in the note to the minutes from that meeting, guidance received after the meeting had clarified that the £5 increase proposal was only applicable to district councils and therefore was not an option for fire authorities, and had therefore not been part of the consultation exercise.

With reference to the table on page 26 it was highlighted that:

- grant had been cut by just short of £1m,
- the Fire Authority precept of £17.6m including a 2% Council Tax rise which equated to a £1.29 increase per year on a band D equivalent property.
- Page 40 highlighted the intentions in relation to the vehicle replacement programme with 30 to be replaced in the next year. In relation to a question on whether the new rescue vehicles which had been recently viewed as part of a demonstration day had yet been delivered, it was explained that while they were currently included in the Capital programme they might not be taken depending on the final level of cuts required to be made.

Members comments included;

- querying whether the replacement drill towers referred to in the table on page 41 was a good use of money and should be pursued as a new headquarters was being proposed in 2017 it was explained as they were brick built they were coming to the end of their useful life but their replacement would be reviewed.
- Asking why there were 35 defibrillators included in the 2016/17 budget. In reply it was explained that the intention was to include them on all first responder pumps. This was supported by the Committee.
- Querying the reference to upgrading of the electrical boards as one Member was concerned that if this related to meetings board information this was not necessary in the current financial climate. Assurance was provided that it was not that type of electrical board but electrical wiring circuit boards that required replacement.

Having reviewed the budget book attached at appendix 1 to the officer report, it was resolved by a clear majority;

to endorse the proposed budget and precept.

40. TREASURY MANAGEMENT POLICY AMENDMENT - INVESTMENTS

This report provided an update on the current position concerning the Authority's investments. It was explained that the current economic climate and increase in reserves had resulted in a need to diversify the investment portfolio to ensure funds were secure and could earn the optimum return. The rating and limits also required revision to ensure a secure spread of investments that would work on a day-to-day basis. The report requested agreement to proposed amendments to be included in the Treasury Management Policy.

It was explained that while there were a wide variety of non-UK investment opportunities available, some of the yields on offer in other countries were lower than those that the Authority was currently receiving. However with the increase in cash balances, the Authority was likely to find that it needed to use additional counterparties and/or investment opportunities to avoid breaching counterparty limits (currently £4m in any one bank).

Section 5 of the report set out the current position of Investments and Reserves. It was highlighted that while the use of UK counterparties may have been prudent in the years following the 2008/9 financial crisis, where the UK sovereign provided support to the British

banking system and there was a great deal of uncertainty around some foreign banks, this was not necessarily still the case. The ability of the UK Government to intervene and support potentially failing UK banks had been significantly curtailed by changes to regulations as set out in the report. In addition, from a credit perspective, the UK had lost its top tier “AAA” credit rating from two of the three major credit rating agencies and was currently rated as “AA+”. There were however several sovereign nations, including within the EU, who had maintained their AAA rating despite the pressures of the financial crisis. It was suggested that not only would investment in such countries be a step towards diversification, but would arguably improve the security and credit risk score of the portfolio. The trade-off was a lower yield/ return was likely. Section 5 of the report set out the current position of Investments and Reserves. The only change proposed was the non UK Bank option.

Issues raised by Members included:

- Why was investment in the Post Office not currently undertaken? It was explained the Post Office Bank was owned by an Irish bank and was therefore classed as a non-UK bank.
- A number of members expressed concern regarding the proposal to invest in a non-UK Bank including potential additional charges which would be incurred in relation to currency exchanges etc. In response it was explained that the problem was that there were not enough UK banks now with the appropriate assurance rating.

On being out to the vote it was unanimously resolved:

To note the current position of investments and agree the amendments to the Treasury Management Policy set out in paragraph 7.2. of the report and as set out below:

The approved counterparty list is determined by the following criteria:- ORGANISATION	CRITERIA	MAX AMOUNT	MAX PERIOD
UK Clearing Bank and UK Building Society	A1 or P1 short term backed up by AA long term credit rating. Assets over £15,000m if not rated.	£8m	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	1 year
UK Clearing Bank and UK Building Society	Non rated clearers. Assets over £1,000m	£2m	6 months
Government Backed Institutions	Government Supported	£8m	1 year
Local Authorities		£2m	1 year
Non-UK Bank and Institution	A1 or P1 short term backed up AA- long term credit	£2m	1 year

	rating. Assets over £15,000m if not rated.		
--	---	--	--

41. **INFORMATION COMMUNICATION TECHNOLOGY (ICT) STRATEGY 2016-2019**

Cambridgeshire Fire and Rescue Service (CFRS) last produced an ICT Strategy in 2012. This report presented the Authority's revised ICT Strategy 2016 to 2019 for approval. The detailed strategy was attached at Appendix 1 to the report. .

It was highlighted that the ICT Shared Service had focused on sharing technology implementation with Bedfordshire Fire and Rescue Service (BFRS) and improving the engagement with its customers, with the report setting out the previous benefits obtained. The economic benefits to taking advantage of more efficient ICT solutions were highlighted which would need to be fully costed as the Strategy progressed, to ensure affordability.

Whilst many of the drivers identified within the 2012 Strategy remained relevant, there had been significant change in some specific areas that needed to be reflected in a revised document, not least the economic climate and the Government's continued drive for all public sector organisations to take advantage of the benefits new technologies brought. The revised Strategy which included three new business themes, had been developed in partnership with key stakeholders from around the Service and with partners to ensure it incorporated requirements for the future. In addition to this engagement, the Services key plans, strategies and projects had also been reviewed to ensure the Strategy took account of their potential needs.

A question was raised regarding the progress on the STEP programme. In response it was explained that work was being undertaken to put it into a cloud-based environment so it would be easy for other fire services to run. An agreement was to be signed with IBM the following week. In terms of the On-Call recruitment process this had almost been completed and subject to DCLG / Home Office approval, this could be virtualised and once put into a cloud, could be offered to other Fire and Rescue services with potential financial benefits. Currently of the three authorities who had previously expressed an interest only Bedfordshire were currently pursuing their interest. Due to its on-going cost, there was a need to attract other partners in order to make it a long term viable proposition. Members suggested to aid understanding there should be a demonstration, possibly as part of a future seminar. **Action: IT / D Thompson to organise.**

It was unanimously resolved:

To approve the revised ICT Strategy.

42. **EQUALITY AND INCLUSION COMPLIANCE REPORT**

This report had been produced to meet the requirements of Equality Act 2010 (Specific Duties) Regulations 2011 to publish information demonstrating compliance with the public sector equality duty and to also inform Fire Authority, staff, public and partners on equality progress in the year 2014-15 and to identify areas for attention in future years.

It was highlighted that:

- by reporting equality trends and outcomes relevant to workforce and service delivery, the Authority was able to carry out its scrutiny role, ensuring positive outcomes for the most disadvantaged and vulnerable communities.

- The data also helped identify the most at risk groups from fires, although there was little new that was not already known about.
- More work on diversity learning would include learning from the good practice developed by the Police service.
- The recruitment of new firefighters had been the opportunity to undertake positive recruitment practices which had helped slightly improve the diversity of the workforce encouraging more women to join the workforce.
- The data on those leaving the service or submitting grievances had shown that no particular groups were overrepresented which was good news.

Issues raised by Members included:

- Raising a question on sexual harassment / bullying awareness. It was explained that staff had the opportunity to attend relevant external training courses with details provided of what could be accessed.
- Suggesting the need for a strategy to address identified equal pay discrepancies. In reply details were given of the extensive development opportunities now being offered for non-managerial staff. In terms of men being on higher salary grades, this had traditionally been the result of men in a particular pay band having been in service longer than women in that pay band. What was considered pleasing was that there was no increased trend of women leaving the service following maternity leave.
- In reply to a question regarding findings of discrimination, it was indicated that there had not been any findings by tribunals against the Authority.
- A question was raised regarding the success of recruiting Eastern Europeans to the service. In response it was indicated that one Polish on-call firefighter had been recruited who was now a whole-time firefighter. Her profile was being used in further recruitment campaigns to encourage more people to join from the Polish community.

It was unanimously resolved to;

to agree the report included at Appendix A for referral to the Fire Authority for final approval.

43. WORK PROGRAMME

The Committee Work Programme and Seminar Programme as updated at the meeting was noted.

44. DATE OF NEXT MEETING AND FUTURE MEETINGS

The future time and dates of the Policy and Resources Committee already scheduled in the New Year were noted as follows:

10.30 a.m. 21st April 2016

10.30 a.m. 30th June 2016 10.30 a.m. 8th September 2016

10.30 a.m. 26th January 2017

10.30 a.m. 6th April 2017
10.30 a.m. 22nd June 2017

Chairman
21st April 2016