

FIRE AUTHORITY



Date: Friday, 10 February 2023

14:00hr

**Red Kite Room New Shire Hall PE28 4YE
[Venue Address]**

AGENDA

Open to Public and Press

- 1 Apologies for absence and declarations of interest**
Guidance on declaring interests is available at <http://tinyurl.com/ccc-conduct-code>
- 2 Minutes of the Fire Authority meeting held 3 November 2022** **3 - 12**
- 3 Chair's announcements**
- verbal item
- 4 Fire Authority Budget 2023-24 and Treasury Management Strategy** **13 - 62**
Statement 2023-24
- 5. Draft Pay Policy Statement 2023-24** **63 - 72**
- 6 P126 Project – Update on relocation of Huntingdon Fire Station** **73 - 76**
and Service Training Centre
- 7. Appointment of an Independent Remuneration Panel** **77 - 80**

8. **Minutes of the Overview and Scrutiny Committee held 19 January 2023** 81 - 86
9. **Minutes of the Policy and Resources Committee meeting held 20th December 2022** 87 - 94

The Fire Authority comprises the following members:

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

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:

<https://www.cambsfire.gov.uk/fire-authority/meetings/>

Councillor Edna Murphy (Chair) Councillor Andrew Bond Councillor Mohammed Jamil Councillor David Over and Councillor Scott Warren Councillor Michael Atkins Councillor Simon Bywater Councillor Ian Gardener Councillor Bryony Goodliffe Councillor John Gowing Councillor Sebastian Kindersley Councillor Mac McGuire Councillor Catherine Rae Councillor Kevin Reynolds Councillor Philippa Slatter Councillor Mandy Smith and Councillor Simone Taylor

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Cambridgeshire and Peterborough Fire Authority: Minutes

Date: 3rd November 2022

Time: 2:00-4.25pm

Venue: New Shire Hall, Alconbury Weald

Present: Cambridgeshire County Council:

Councillors: M Atkins, S Bywater, I Gardener, B Goodliffe, J Gowing, S Kindersley, M McGuire, E Murphy (Chair), K Reynolds, P Slatter, M Smith and S Taylor

Peterborough City Council:

Councillors: M Jamil (Vice Chair) and S Warren

Officers present: J Anderson, D Cave, C Doody (items 47-52), S Ismail, C Strickland and M Warren

47. Apologies for absence and declarations of Interest

Apologies for absence were presented on behalf of Councillors Bond, Over and Rae.

There were no declarations of interest.

48. Minutes of the Fire Authority meeting held 16th June 2022

The minutes of the Fire Authority meeting held 16th June 2022 were agreed as a correct record.

49. Chair's announcements

Appended.

The Vice-Chair paid tribute to former County Councillor Ralph Butcher, who had sadly passed away recently. Councillor Butcher had served as an active and valued Fire Authority Member who always acted in the best interest of the Fire Service. The Vice-Chair passed on condolences to Councillor Butcher's family and gave thanks for his years of service. All present observed a minute's silence.

50. Equality, Diversity and Inclusion Compliance Report 2021-22

Members considered a report which set out progress with equality, diversity and inclusion issues in the year 2021/22, including the gender pay gap as at March 2022. The purpose of the annual Equality, Diversity and Inclusion Compliance Report was to ensure the Authority met the requirements of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2011 and 2017. The period covered by the report (April

2021-March 2022) was during the coronavirus pandemic, which was a time where the Service was working with restrictions, and community activity specifically was reduced, as activities were adapted to comply with those restrictions.

A number of points were drawn to Members' attention, including:

- CFRS had one of the highest number of female employees compared to peer services, and this continued to grow in all areas of the organisation, especially operational and On-Call roles, and compared very well with the national benchmark. No female colleagues who were on or had been on maternity leave during the period covered had left the Service;
- The menopause working group continued to be a fantastic success, and the group had developed a menopause risk assessment, and raised awareness through various channels, including welcoming external speakers;
- Recruitment improvements focused on meeting a commitment to the "Disability Confident" scheme, which aimed to encourage and keep disabled people in work;
- A new governance framework for EQIAs (Equality Impact Assessments) had been developed, and 85 employees trained, including managers and the Chief Officers Advisory Group;
- Census data, once available, would be used to improve engagement by accurately informing on diversity within the Service's communities;
- A face to face interactive discussion-based session had been developed on "An Introduction to Inclusion", which would be rolled out to every team. This covered the inclusion plan, unconscious bias, inclusive language, protected characteristics and organisational values;
- The recruitment process across all areas continued to evolve amidst the cost-of-living crisis and the 'Great Resignation', showcasing the Service as an employer of choice.

Members commented favourably on the report generally, and raised the following issues:

- noting the reference to exploring topics such as menopause with local community groups, a Member commented that she was working on this issue with Huntingdonshire District Council, and she would welcome the opportunity to work alongside the Service on these issues;
- it was confirmed that both Equality and Inclusion Champions, Councillors Smith and Jamil, had had opportunity to input into the Report;
- commented favourably on the Firebreak scheme, observing that many young people benefitted from attendance, and that it was a considerable time commitment from the firefighters involved;

- asked about the Officer employed at Peterborough to focus on diversity. It was confirmed that the original Positive Action Officer had left the Service but had been replaced;
- asked about the “Great Resignation” and whether this would have had a knock on impact on the gender pay gap. Officers advised that it was too early to tell but they would continue to monitor this.

It was resolved unanimously to:

agree the content of the report, attached at Appendix 1, or request any changes as deemed necessary. Once content is approved, the final design work and incorporation of appropriate images will be undertaken before publication.

51. Fire Authority Annual Report and Statement of Assurance 2021/22

Members of the Fire Authority considered the draft Annual Report and Statement of Assurance for 2021/22.

The Assistant Chief Fire Officer highlighted that the report covered the period as the country emerged from the second COVID-19 lockdown and there were still many COVID-19 precautions, and also the second Inspection by Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), both of which presented challenges.

The format of the report had changed slightly, and the graphs, photos and charts would be included in the final version. All of the performance data within the document had been included in previous reports to the Fire Authority. The audit information was draft only, as final information would not be available until 2023.

Members made the following comments:

- thanked Officers for the very detailed report, which was a great summary of the work undertaken by the Service, and praised the changed format;
- noted Group Commander Simon Thompson’s impressive completion of 44,597 press-ups for the Fire Fighters Charity;
- paid tribute to the Monitoring Officer and those involved in the work around the possible transfer of governance to the Police and Crime Commissioner;
- agreed that if the external audit had not been completed by the time of publication, it was acceptable to use the draft audit results in the public facing document, noting that the figures were not the final figures;
- commented favourably on the detail of the report, noting that where equipment had been upgraded, old equipment had been put to good use e.g. donated to medics in Ukraine;
- sought clarification on the bottom line variances, specifically the additional funding received from government grants. It was confirmed that these were

predominantly COVID-19 grants, and also increased collection of Business Rates.

It was resolved unanimously to:

agree the draft Annual Report and Statement of Assurance 2021/22, attached at Appendix 1, subject to the additions highlighted in Paragraph 4.4 of the report.

52. Cambridgeshire Fire and Rescue Service – Financial Business Continuity Plan

Members considered the outline service financial business continuity plans approach to managing business continuity with regards to financial planning.

The Chief Fire Officer advised how the current financial situation facing the fire service was the most difficult he had experienced in his 39 years with the Service. Reductions of over £7M had been overseen in recent years, without closing any fire stations and whilst continuing to improve the quality of services provided. However, given how lean the Service now was, the economic situation now being faced was even more challenging. He drew attention to the following points:

- Government grant had reduced from £16M in 2010 to £9M currently. 64% of the Service's budget came from Council Tax;
- Cambridgeshire Fire and Rescue Service had seen grant funding reduce by £7M but experienced a real term budget reduction of over £8M;
- Cambridgeshire was judged to be a Good service by HMICFRS and was high performing despite its relatively low income;
- How the current and emerging economic situation was providing further challenges, especially inflation. Last year's budget had been based on a 2% estimate of inflation;
- Reserves were less than some other fire services;
- Council Tax increases in excess of 2% were only permitted following agreement by a referendum. The only comparable referendum that had been held in recent years, seeking a level of increase above 2% was Bedfordshire Police, which had been rejected by the public and had cost that service £600,000;
- Stressed that the £1.1M was the deficit for one year only. The Chair and Chief Fire Officer had been very clear when then had participated in discussions with the NJC in London that the Service could not afford more than 2% as an increase in pay across the organisation. Without precept flexibility, a 5% increase in inflation next financial year would increase the deficit to £2.5M. Discussions were taking place with the relevant government departments to see if it would be feasible to increase the 2% precept level to 10% (£7.50 per year per council tax payer);
- How all managers had been tasked to identify savings and opportunities to downsize whilst maintaining statutory functions across all protection, prevention and response functions. There had been an unfunded 1.5% pay increase last year when

there had been a public sector pay freeze. Most professional support services had been reduced as far as possible without impacting on delivery of service or performance;

- Outlined possible savings options and the different savings options that could be taken from professional support, operational support and operational services, graded by increasing levels of impact;
- Outlined discussions that had taken place with HMICFRS on how reductions in budgets would be factored in when the Inspectorate was reviewing performance. The response had been that the bar would not be lowered but the narrative in the Inspectorate's reports would reflect and recognise the resourcing position.

The Chair welcomed Mark Harriss, a fire service employee and an elected FBU official, who had requested to speak. Mr Harriss commented that he welcomed the Chief Fire Officer's recent statement recognising that the fire service required investment from central government following more than a decade's worth of reductions in funding, and commented that Cambridgeshire was one of the leanest fire services in the UK, and repeated reductions were not sustainable. The cost of living pay awards alluded to in the report suggested pay awards were an either/or situation, which was not the case. A properly funded fire service required fairly paid professional fire fighters and sufficient resources to deal with modern challenges. If a firefighter had joined the Service in 2009, and had received wage increases that were in line with inflation, they would have received an additional £55,000 in total. Almost all firefighters were forced to have second or even third jobs, and some were still forced to use food banks or were at risk of losing their homes. The report sets out five levels of impact, but all proposals put forward would impact on services. Cambridgeshire was a growing county and attendance times were increasing. There had been multiple major incidents over the summer and seasonal extremes were becoming the norm. He asked Fire Authority Members if they would be willing to tell their constituents that they agreed to reduce the number of fire stations and firefighters, and increase the risk of harm in their communities.

Responding to the points raised, the Chief Fire Officer said the comments were fair and mainly accurate, although he offered clarification on a number of the issues raised. He stressed that none of the points raised in the report were considered lightly, and that every effort was being made to preserve not only front line services, but also prevention and protection services too. Whilst agreeing that pay should keep pace with inflation, the Service could only afford pay rises in line with the funding available. CFRS was a well regarded service in a very challenging position, and he welcomed any opportunity to raise awareness on these issues, but the reality was the Service needed to be prepared for any eventuality.

Councillor Reynolds proposed an amendment. Whilst acknowledging the points raised by both the Chief Fire Officer and Mr Harriss, he stressed that there were a lot of unknowns at this stage, including the forthcoming announcement regarding public sector finance by the Chancellor of the Exchequer. He felt strongly that there should be no use of Reserves, and any final plan that comes forward should go through the Overview and Scrutiny Committee before being presented to the Fire Authority for a decision.

He proposed the following amendment to the second recommendation, which sought to clarify the Fire Authority's position and give staff reassurances that every attempt would be made to avoid reductions to operational services:

“note that the Service will immediately commence making savings that do not include compulsory staff redundancies or reduction in the operational arena (staff, premises, equipment).”

The Chief Fire Officer commented that the recommendations reflected that reductions were already being made where possible, as highlighted in the report, but no redundancies would be made without reference to the Fire Authority. Any operational savings needed to be balanced e.g. potential On-Call station closures against other operational priorities. He highlighted the difficulties of the Amendment if it fettered the advice that Chief Officers could provide to Fire Authority Members.

On the point of General Reserves, the Deputy Chief Executive reminded Members that £1M had been earmarked by Fire Authority earlier in the year for this type of event. This did not fetter the financial position of the Authority as the General Reserves would be untouched.

Councillor Kindersley proposed the following amendment:

“Agree that the Overview and Scrutiny Committee be summoned to examine the financial situation as it develops on an ad hoc basis, to which all Members of the Fire Authority are invited”.

The Monitoring Officer provided procedural advice on both amendments.

Councillor Reynolds’ amendment was seconded by Councillor McGuire.

The Monitoring Officer recommended the following addition to Councillor Reynolds’ amendment, to make it clear that the Chief Fire Officer’s current delegated powers would not be restricted, and this was agreed by Councillors Reynolds and McGuire: “note that the Service will immediately commence making savings that fall within the Chief Fire Officer’s delegated powers that do not include compulsory staff redundancies, or reductions in the operational areas of staff, premises or equipment.”

In being put to the vote, the amendment fell (seven votes in favour, seven votes against plus the Chair’s casting vote).

Councillor Kindersley proposed the following amendment:

“Agree that the Overview and Scrutiny Committee be summoned to examine the financial situation as it develops on an ad hoc basis, to which all Members of the Fire Authority are invited”.

It was agreed that this would not be taken as a formal amendment to the report recommendations, but an agile approach would be taken and Committee dates (either Overview and Scrutiny or Policy and Resources) used to discuss these matters as more information came forward, with all Fire Authority Members invited.

Noting the focus on the coming year, a Member observed that the report covered business continuity over three years, and asked what assumptions were being made about future years, as a longer timeline needed to be scrutinised, and inflation was likely to persist. Officers confirmed they were looking at the medium term situation.

Referring back to the Public Question from Mr Harriss, a Member commented that the Fire Authority would be doing everything it could to avoid making redundancies, and that the ability to raise Council Tax by more than 2% would be central to this, and he suggested that the Conservative Members could use their influence with their MPs to highlight these issues. Another Member commented that when she talked to residents, she was quite prepared to justify any increase in Council Tax represented good value for money.

It was resolved unanimously to:

1. note the content of the report and that Officers will bring further detailed information back to Members when clarity over the next financial years' funding situation becomes clear;
2. note that the Service will immediately commence making savings that do not include compulsory staff redundancies.

53. Appointment of an Independent Remuneration Panel

It was agreed that this item be deferred to a future meeting.

54. Revenue and Capital Budget Monitoring Report

The Fire Authority considered an update on revenue and capital spending as at 30 September 2022.

Introducing the report, the Deputy Chief Executive advised that whilst figures looked healthy, pay inflation had not been applied to expenditure figures. Members noted that the line "Local Government employees" was currently showing an £87K underspend, but it was now known the additional burden for that budget was effectively approaching £200K, with about £140K being additional pressure from the Green Book Pay Award that had been agreed, and Grey Book and senior managers' awards would also need to be added.

It was resolved unanimously to:

note the position on revenue and capital spending.

55. Estate Projects update

The Fire Authority considered an update on current and proposed estate projects.

Huntingdon Fire Station and Training Centre was very close to completion, and it was envisaged that the Service would take ownership mid November. With regard to the sale of the current Huntingdon site, the Service was working with District Council colleagues on pre-application advice. The latest advice was that whilst the current site was in a Conservation Area, a dense residential scheme was being considered, in line with other homes in the area.

In St Neots, where the proposal was to have a co-located site with Cambridgeshire Constabulary, quotes had been received but these were quite high due to price inflation

on building materials, so a decision would need to be made as to whether this site represented value for money for both organisations.

The Service was also working with District Council colleagues on pre-application advice regarding the St Ives site, and also working with the NHS who were looking to sell the adjacent Health Centre.

A full report on the sale of the former Papworth Fire Station site and move to Cambourne had been considered at the Fire Authority meeting in June 2022. The Papworth site was originally scheduled for auction in September, however this had been delayed, and the sale should now take place in December.

In response to a Member question on the St Ives site, Officers explained that the current site was no longer suitable. In addition to housing one fire appliance, the current St Ives site housed the secondary control function, which would be moving to Dogsthorpe, and Occupational Health, which was moving to Huntingdon. The proposal was to move the St Ives appliance to a more economic location in St Ives.

A Member queried planning consents, particularly in relation to the Huntingdon site, and whether any discussion was taking place about key worker housing. Officers agreed to pick this up as part of their pre-application discussions.

It was resolved unanimously to note the report.

56. Draft Annual Governance Statement 2021/22

Members considered the Draft Annual Governance Statement, which was required by the Local Government Act. Members noted progress made against governance issues identified in 2020/21, and the key governance issues for 2021/22, which were Sickness Absence and Fleet Management.

It was resolved unanimously to:

approve the Annual Governance Statement, attached at Appendix 1 to the report, for external publication.

57. Member-led Review of Cambridgeshire and Peterborough Fire Authority Consultation with Representative Bodies

Presenting the outcome of this Member-led review to the Fire Authority, Councillor Kindersley, Chair of the Overview and Scrutiny Committee, referred to the draft minutes of the October Committee, which were a later agenda item, which detailed the discussion on this item. Members were aware that the Joint Consultative Committee (JCC) process had been in existence for many years, and the reasons it had not been meeting recently. Councillors Gowing and McGuire undertook the review and had recommended a number of proposals. The key proposal was that the JCC was dissolved, and that discussion takes place to ensure there was a flow of communications between Members and the representative bodies. The proposed process was outlined.

Councillor McGuire thanked the Scrutiny and Assurance Manager, who had put in a great deal of work into this review, for which he and Councillor Gowing were very grateful.

It was resolved unanimously to:

- i. endorse the dissolution of the Joint Consultative Committee (JCC);
- ii. discuss and agree what, after such dissolution, will enable two way communication(s) between Members and the representative bodies.

58. Sustainability Strategy – Update

The Fire Authority considered an update to the Sustainability Strategy. The carbon footprint report showed where the particular challenges for the Service were, and the Service was working with the Carbon Trust on an action plan to make it carbon neutral by 2030.

It was resolved unanimously to note the report.

59. Dates of Fire Authority meetings 2023/24

Members considered a schedule of Fire Authority meetings for the municipal year 2023/24.

In response to a Member query on the location of meetings, it was confirmed that New Shire Hall had been pre-booked for Fire Authority meetings in 2022/23 due to the restrictions in place during the pandemic period, and it was confirmed that Fire Service Headquarters would be used, where feasible, in future.

It was resolved unanimously to agree the schedule of meetings for 2023/24.

60. Appointments to Committees and Outside Bodies

Members noted an updated schedule of appointments, which now included a Labour substitute on the Performance Review Committee. The other three Member Committees would also be updated to reflect the change in proportionality, so that there was a substitute identified for each political group. It was also noted that the Joint Consultative Committee needed to be removed from the schedule of appointments.

It was resolved unanimously to:

agree the updated schedule of appointments.

61. Minutes of the Overview and Scrutiny Committee held 6th October 2022

The draft minutes of the Overview and Scrutiny Committee held 6th October were noted.

CHAIRS ANNOUNCEMENTS – THURSDAY 3 NOVEMBER 2022

In my announcements this time last year I was highlighting the fact that our Combined Fire Control (CFC) had celebrated its tenth anniversary in October 2021.

In these announcements I would like to start by thanking, on behalf of the Authority, not only those of our people employed in CFC* but everyone employed by the Service for their contribution, no matter how large or small, to provide a first-class response to the major incidents declared over the summer months. A staggering 1000 incidents were dealt with in July alone when normally the Service would expect 300! The way in which the sector responded to the extreme conditions has been commented on nationally and I can only hope that it provides further evidence (if any were required) that our people deserve to be appropriately recognised.

Those of you that attended the Cambridgeshire County Council meeting on 18 October 2022, may recall that I brought to Council's attention a number of items including how the Service was celebrating World Menopause Day and updates on the Operational Response Review Project, the Home Office White Paper Consultation, the latest HMICFRS inspection results and more detailed information on the major incidents. For those that were not in attendance further information can be found on the County Council website here:

https://cambridgeshire.cmis.uk.com/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1879/Committee/20/SelectedTab/Documents/Default.aspx

Whilst the Chief Fire Officer and I, on your behalf, continue to lobby local MPs and other stakeholders of influence on key challenges facing the Service, several issues continue to cause us grave concern. I would hope that the agenda we have today will allow for open and honest discussion to help ensure we can navigate through them and agree on the actions required to minimise their impact.

* 24 to 30 October was International Control Room week. The Service celebrated our CFC heroes and shone a light on their incredible life-saving work by hosting a journalist from Cambridgeshire Live; she spent a morning finding out about working in CFC and the many facets to the role.

To: Cambridgeshire and Peterborough Fire Authority

From: Deputy Chief Executive Officer - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren
Telephone: 01480 444619
matthew.warren@cambsfire.gov.uk

Date: 10 February 2023

Fire Authority Budget 2023-24 and Treasury Management Strategy Statement 2023-24

1. Purpose

- 1.1 The purpose of this report is to present the Fire Authority budget and precept for 2023/24 and the Treasury Management Strategy Statement for the same period.

2. Recommendations

- 2.1 The Fire Authority is asked to:

- approve the budget book attached at Appendix 1 including the recommendations detailed on Page 17,
- approve the Treasury Management Strategy Statement at Appendix 2.

3. Risk Assessment

- 3.1 Economic – the major risk is focussed around pay inflation and the potential to have to make cuts to the Service to balance the budget if this significantly exceeds current assumptions.

4. Background

- 4.1 The Service received its financial settlement before Christmas and Members are aware that Government has only provided funding certainty for 2023/24. Members will recall from their meetings in December 2022 and January 2023 that the Government also announced changes to the amount Fire Authority council tax levels can be increased by before a referendum is required. The rate has been set at 2.99% or £5 for a Band D equivalent, whichever is higher, should funding be required. The budget presented today includes a council tax increase of £4.95.
- 4.2 Following the Policy and Resources Committee meeting in December 2022, the draft budget was shared with the Overview and Scrutiny Committee at

their meeting on 19 January 2023; no changes were requested. At its meeting on 31 January 2023 the Policy and Resources Committee endorsed the finalised budget for approval by the Authority at its meeting today.

5. Budget Considerations

- 5.1 The ongoing economic uncertainty continues to be a significant risk across the public sector. The Service has developed a Financial Business Continuity Plan the purpose of which is to ensure that it can respond to significant changes in the financial climate. The continuity plan provides options for making savings across the Service in a managed way where the impact of any such change is understood.
- 5.2 The pay award for Grey Book employees has yet to be agreed but the budget has been built assuming it will be at least 5% for 2022/23; the impact of these costs will need to be funded from in year savings and reserves. Other significant inflationary pressures include fuel and energy.
- 5.3 In addition to the recommendations on Page 17, the budget book details the revenue budget for 2022/23 and 2023/24 budget (Pages 18 to 20), the medium term financial plan 2023/24 to 2026/27 (Pages 21 to 24) and the detailed medium term capital programme (Pages 25 to 27).

6. Treasury Management Strategy Statement 2023/24

- 6.1 The aim of the strategy is to ensure that all Authority Members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite. The Statement at Appendix 2 gives details on our current position in terms of investments and borrowings, including treasury indicators.

Source Documents

- Budget Preparation Papers 2022/23
- Policy and Resources Committee Meeting Minutes
- Overview and Scrutiny Committee Meeting Minutes

Location:

Fire Service HQ, Hinchbrook Cottage, Brampton Road, Huntingdon

Contact Officer:

Matthew Warren tel: 01480 444619 matthew.warren@cambsfire.gov.uk



CAMBRIDGESHIRE
& PETERBOROUGH
FIRE AUTHORITY

BUDGET BOOK 2023/24



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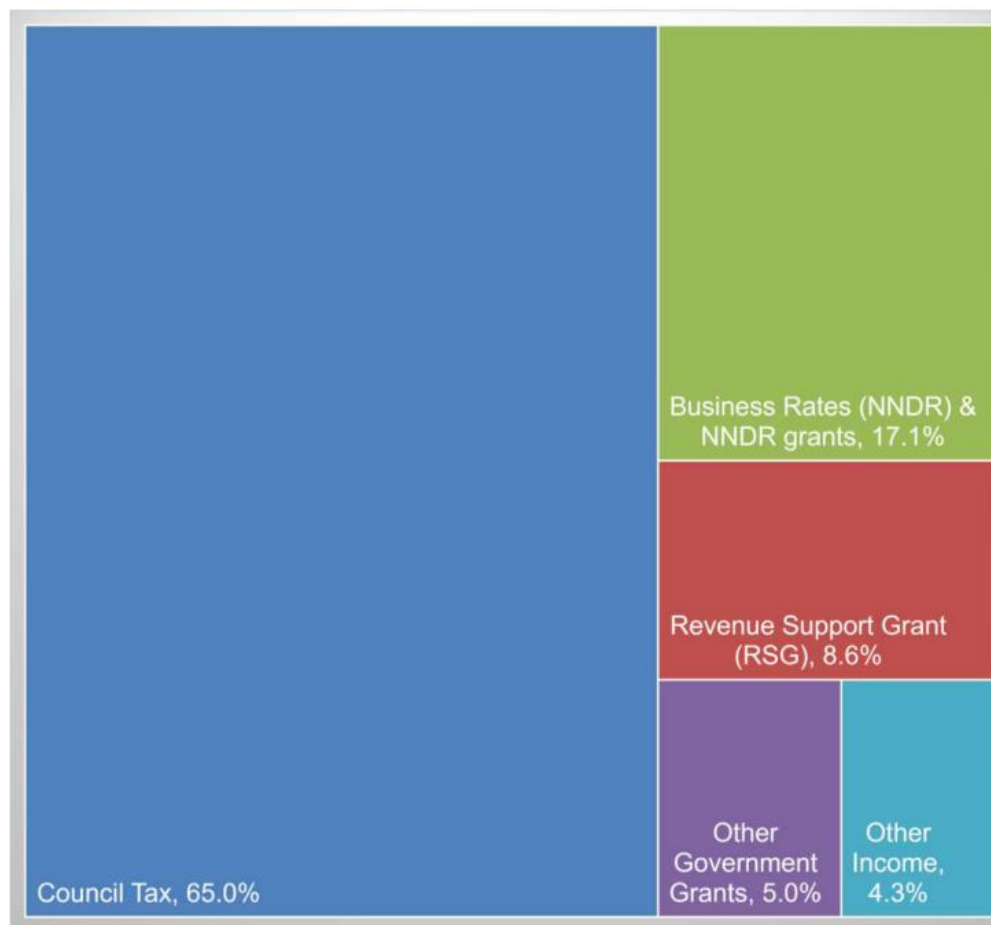
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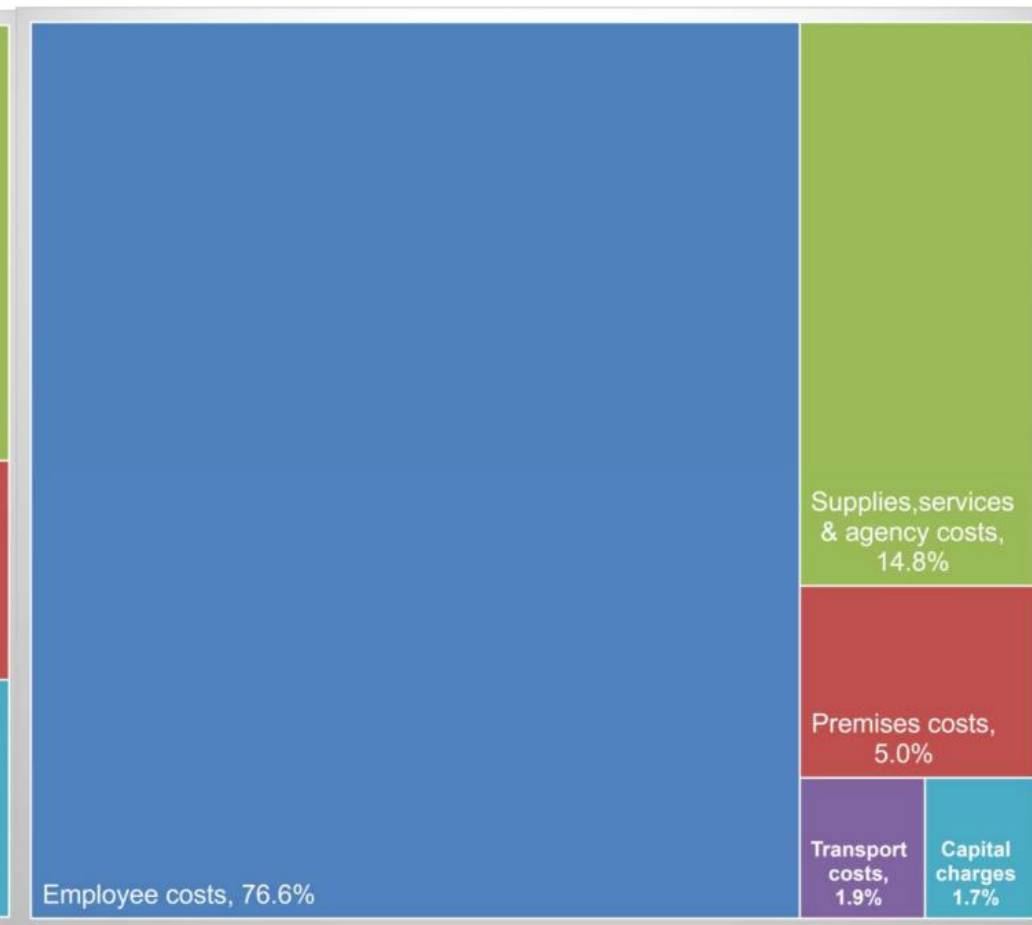


Budget Overview

Where the Fire Service's budget comes from:-



Where the Fire Service's budget is spent:-





Funding

Council Tax Precepts

The main source of funding is from Council Tax precepts making up nearly two thirds of overall funding. In recent years any annual increases have been restricted to 2%, but as a result of unprecedented inflation during 2022/23 has now been increased to 3% and includes a one year allowable increase up to £5.00 per household for 2023/24 for those services who can demonstrate their need for it.

Cambridgeshire Fire and Rescue Service have operated, especially in recent years, as a lean service, meaning that in order to cover the significant increases in costs that we are currently experiencing, we need to utilise the allowable increase of £5.00 on Council Tax precepts for 2023/24. Allowing for rounding's and balancing of the budget, this equates to a charge of £79.92 per household compared with £74.97 in 2022/23. Along with the 1.95% growth in housing the region is seeing, this will provide for an additional £1.9m of funding.

This increase in precepts will help the Service recover from the £1.2m budget deficit in 2022/23 and provide a stable platform for 2023/24 and in the medium term assuming inflation rates reduce back to 2-3%. For future years we have assumed a 1% growth in housing year on year and a 3% increase per annum on precept per household, with inflation and pay increases expected to be between 2-4%; although there is still much uncertainty whether and when inflation will reduce back down to the rates we were used to experiencing in the recent years leading up to 2022/23.

Business Rates

The baseline funding from Business Rates (Business Rates received directly from the district authorities plus the top-up from Government) has been increased by £228k, being 3.7% for 2023/24. Due to the uncertainty of future funding we have kept this static in the medium term.

The Authority continues to participate in a local pooling arrangement with a number of local Authority's within Cambridgeshire, including Peterborough. The purpose of this arrangement means that participants benefit from local increases in business rates income, whilst having baseline protection should it fall. This Authority has seen small financial benefits resulting from this initiative over recent financial years, receiving £185k for the year 2021/22 in May 2023. This is an unknown amount until after the end of each financial year and is therefore not included in any budgetary calculations.





Revenue Support Grant (RSG)

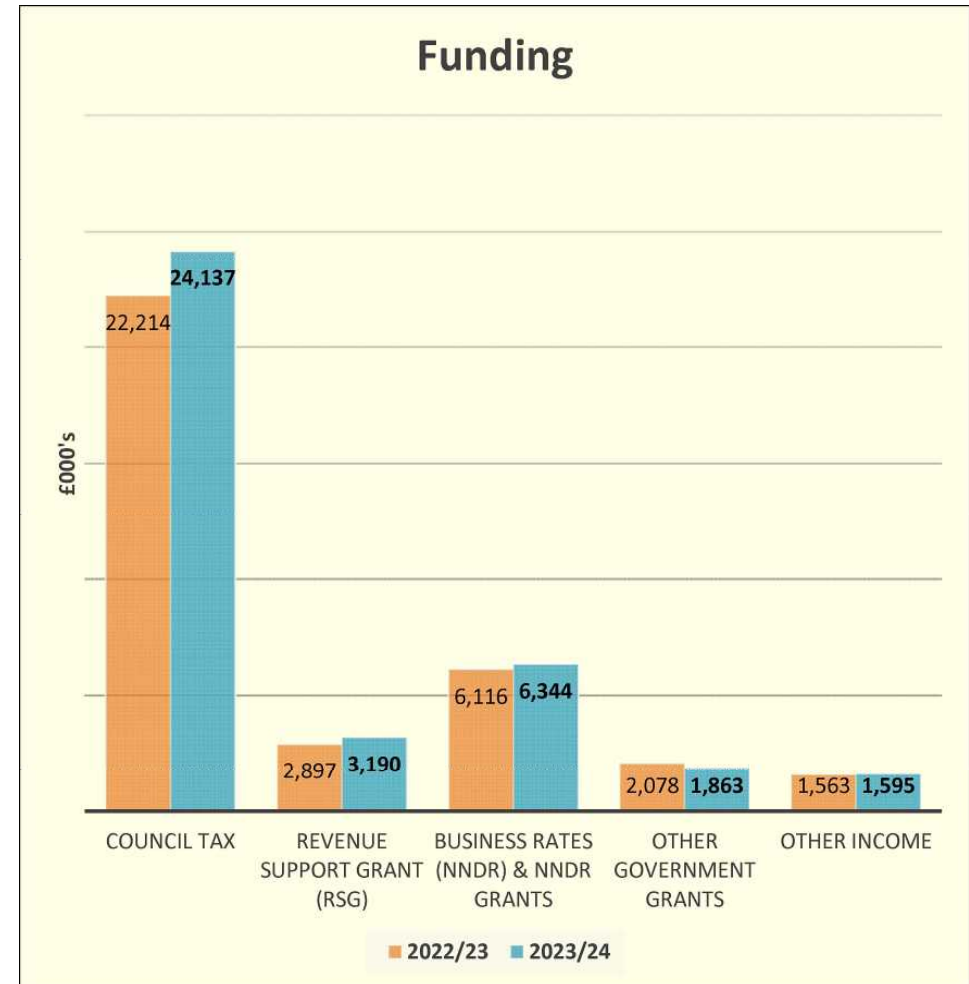
The Revenue Support Grant has been increased by inflation, being £294k (10.1%), over that received in 2022/23. An inflationary increase is also expected in 2024/25, and, as such have assumed a 3% (£95k) increase, and then assume it will stay flat thereafter in the medium term.

Other Grant Income

The Service also receives additional specific grant income. These include grants for additional pension liability, on-going Airwave costs and funding for protection activities. These grants are all temporary and are reviewed annually by Government. For 2023/24 these are expected to total £1,863k (£2,078k in 2022/23). The main grant included here is the Pensions Liability Grant at £1,335k; this was first issued in 2019/20 as a result of the significant increase in the firefighters' employer pension contributions from an average of 16.15% to 28.9% and with the on-going rate of 28.8% this expected to continue in the medium-term. During 2022/23 a new services grant was received for £421k covering the additional burden of the increased National Insurance(NI) costs and other general service costs; for 2023/24 the NI element has been removed as there is no longer an additional cost, meaning the services grant is £235k for 2023/24; it is not anticipated that this will continue in future years. Other grants are also expected to reduce slightly, reducing the overall other grant income to £1,567k by 2026/27.

Other Income

Other income is mostly income from shared services, saving costs for all parties concerned. Cambridgeshire Fire and Rescue provide the Control room function for Suffolk Fire and Rescue as well as sharing ICT support function with Bedfordshire Fire and Rescue.





Expenditure

The effects of inflation, bridging the gap and establishing the budget

The budgets for 2022/23 were set assuming inflationary and pay increases of 2%. With CPI running at 10.1% in September 2022 and pay increases likely to be 5% or more for 2022/23, the 2022/23 cost base could be £1.2m more than the original budget. In order to bridge this gap, the Service, already looking at efficiency savings as part of the comprehensive savings review (CSR) programme within the medium-term Integrated Risk Management Plan 2021-2024, went a step further and put a hold on non-essential expenditure and carried out a deep review of every budget line and where any permanent or temporary savings could be made.

Savings were found to the value of £211k in the short term, but we will need to continue to review these to see if they can be sustained without a detrimental impact to the service in the medium to longer term as this includes reductions to non-operational training and support.

The Integrated Risk Management Plan (IRMP) is the Service's overarching strategic plan that sets out the aims and objectives for the future. The financial strategy must consider and support the delivery of these aims and actions.

With the way we work having changed quite significantly in recent years a zero-based budgeting approach has been used for the 2023/24 budget, meaning a total review of the cost drivers and re-alignment of the budgets looking forward. To further support a zero-based budgeting approach, we have just embarked on a sustainability strategy to reduce our carbon footprint and aim to become carbon net-zero by 2030, meaning our cost drivers in the next 3-4 years should be slightly different to those in the last few years.

There has been a reduction in full-time equivalent staff of about nine people (two operational and seven professional support). Further savings were found in areas such as travel, printing and stationery, and telecommunications, but costs have escalated significantly in other areas, such as fuel, heating and lighting, and generally costs of most goods and services. The Heads of Groups are working closely together to focus on spending the money where it is most needed. There is a real risk of service levels reducing which is not what we want and the Service will continue to monitor and review its activities with the aim to continue to operate at a good level. This is especially paramount as the county population continues to grow; we must allow for the pressures of an increased population and the potential opportunities that are created by an increased tax base.

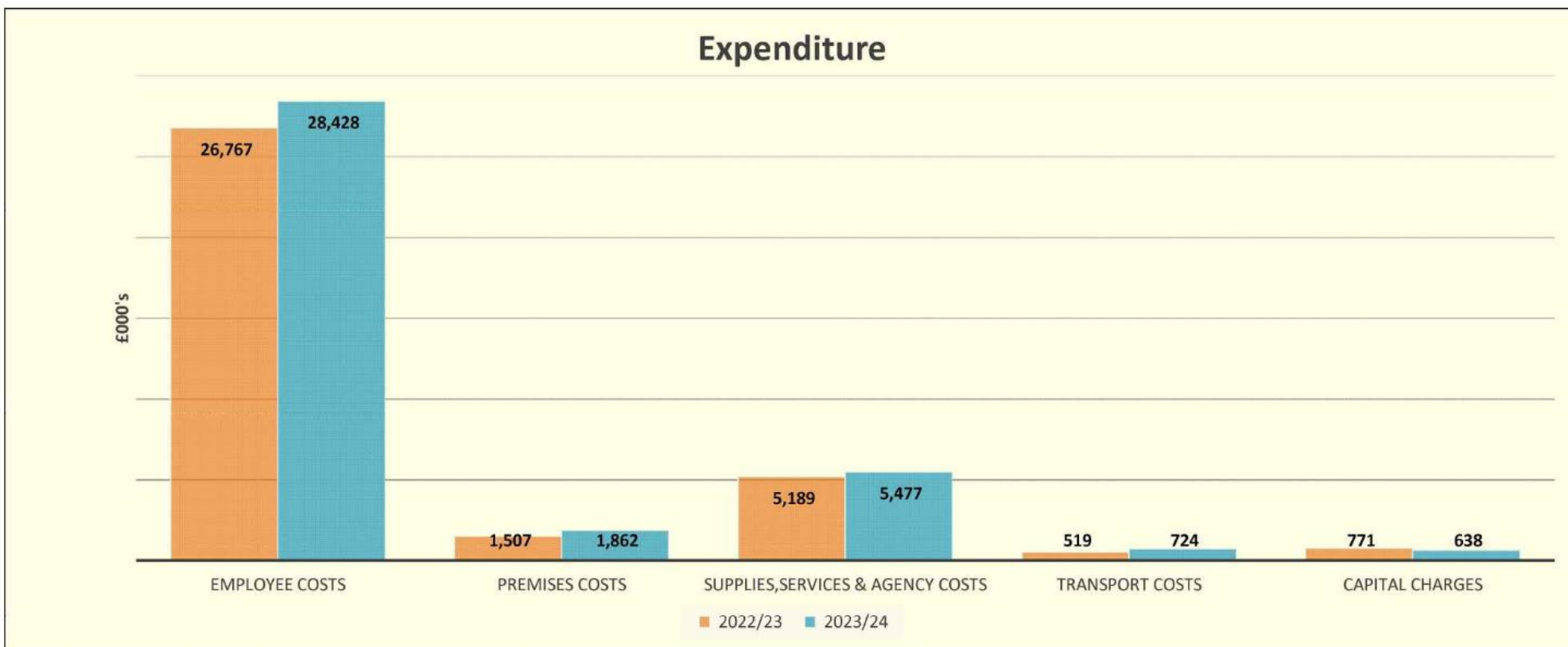




In real terms (adjusting for inflation) the Service has managed to reduce the gross budget for 2023/24 by approximately £1m. There is a fine balance in cutting costs whilst still focusing on the well-being of your staff and serving the public to the required standard. The medium term funding and the economy is still very unpredictable.

Expenditure by category

The gross budget for 2023/24 is £37.129m, compared with £34.752m for 2022/23 (uninflated), with employee costs making up 76% of the expenditure budget. A detailed breakdown is found in Appendix 1 and a summary shown in the graph below.



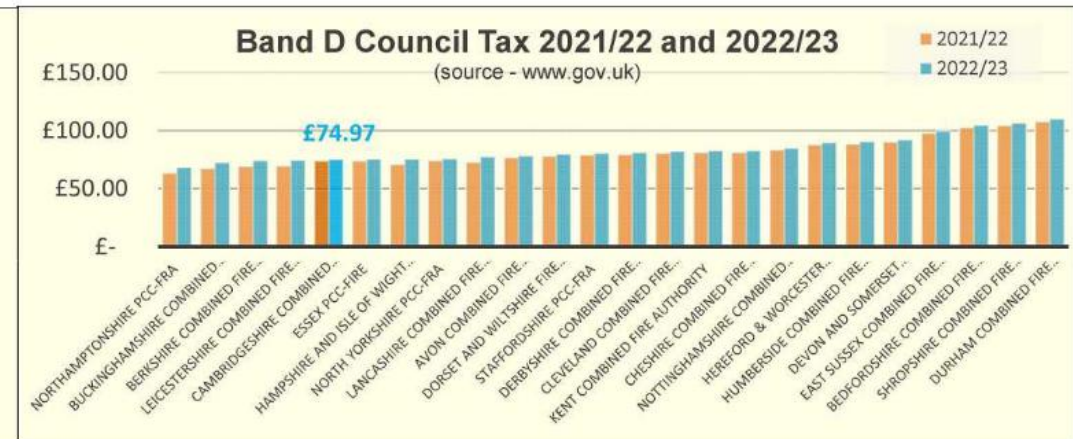
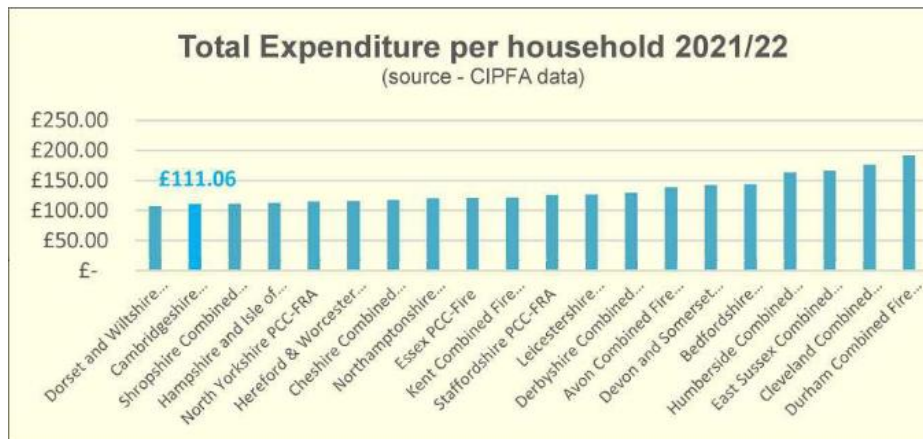


Value For Money

Despite inflation running at around 10%, the Service has managed to keep the increase in cost per person to less than 4% for 2023/24 and the latest statistics from CIPFA and the government show Cambridgeshire Fire and Rescue as being one of the lowest in England compared with other Fire Services, being in the bottom two in 2021/22 for total expenditure per household and the bottom five in 2021/22 and 2022/23 for lowest precept per household.

	2022/23	2023/24
Population (previous year Gov't census stats)	859,830	894,400
Net Expenditure £000's*	£ 31,227	£ 33,671
Net Cost per person per week	£ 0.70	£ 0.72
Net Cost per person per annum	£ 36.32	£ 37.65
Band D Council Tax per household	£ 74.97	£ 79.92

*expenditure less specific grants & other income





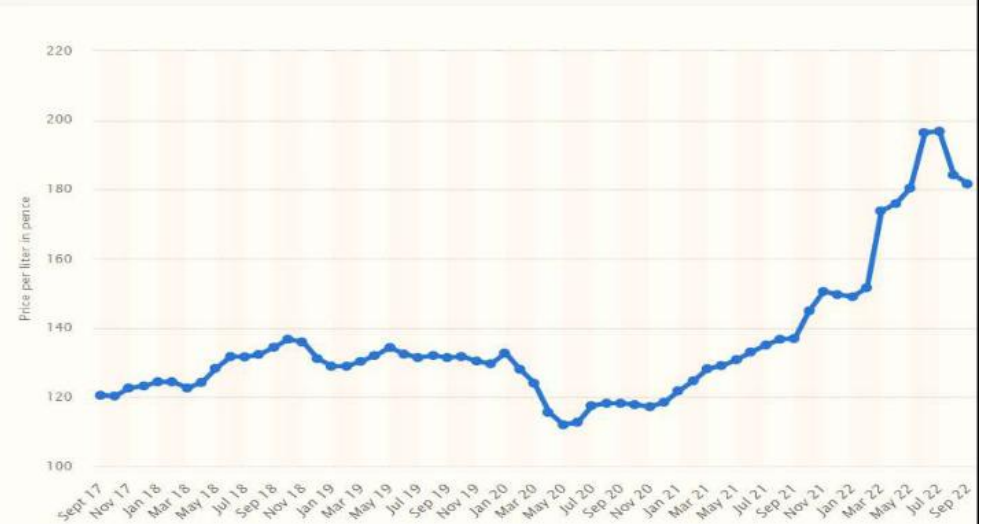
Inflation

We have seen inflation running at a rate which hasn't been seen for over 20 years and had remained under 3% in the 5 years heading into 2022. The 2022/23 budget was set assuming a general inflation rate of 2%. At the time of setting last years' budget we did not expect to see overall CPI rates of 10.1% (September 2022). This has had an impact on everyone, forcing individuals as well as businesses to review their spending. In particular we are seeing gas and electricity price increases of 70% or more and petrol and diesel prices, although are looking like they may be dropping back to rates seen in January 2022, were running at about 32% inflation in September 2022.

Average price of diesel fuel in the United Kingdom (UK) 2022

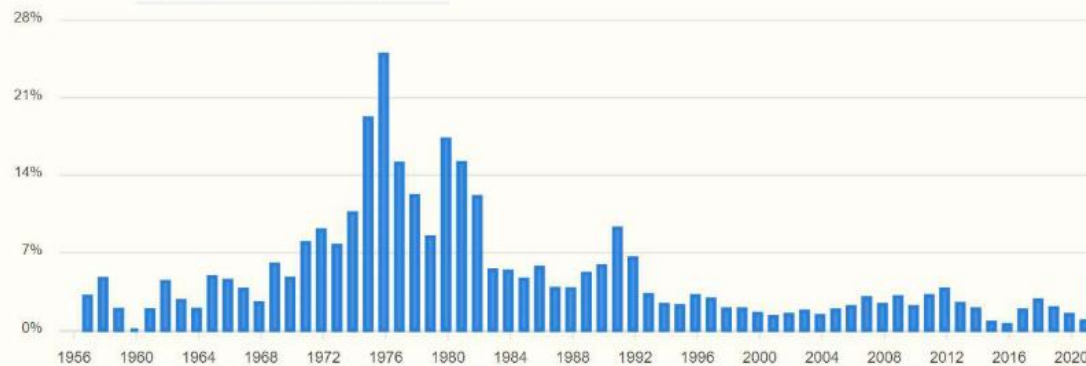
(in pence per liter)

www.statista.com/statistics/299552/average-price-of-diesel-in-the-united-kingdom/



United Kingdom Historical Inflation Rates

[/www.inflationtool.com/rates/uk/historical](https://www.inflationtool.com/rates/uk/historical)



In addition to high inflation rates, we came out of a fixed price gas and electricity contract in November 2022 which has meant we have a 184% increase in those budgeted costs for 2023/24 (approximately an additional £200k).

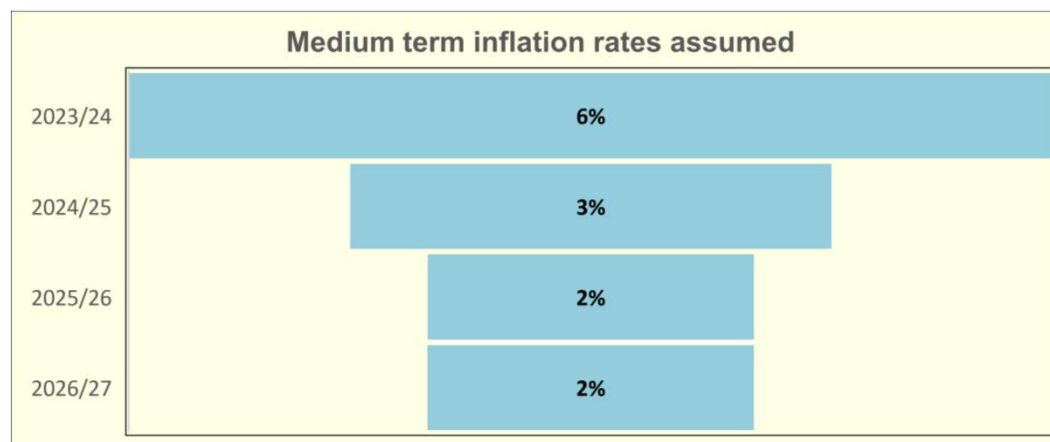




The cost of living pay increases for 2022/23 were budgeted at 2%. Pay negotiations between the Fire Brigades Union and the National Joint Council do not commence until after the budget has been set and can bring significant risk where the difference between budgeted pay awards and actual is vastly different. The reality for 2022/23 is the professional management support staff have received a 5% increase and the local government employees (LGE) support staff have received an average of 6.3% (£1925 per full-time employee). The pay award for operational staff is still yet to be determined but it has been assumed to be 5% for 2022/23 for the preparation of the 2023/24 budget. The impact of these costs will need to be funded from in-year savings and reserves.

With unprecedented inflation rates and unknown levels of future funding, a sensitivity analysis was created. This analysis looks to provide several scenarios that consider multiple assumptions on the key factors included within the financial forecast. They provide some indication on the financial impact a specific factor can have on the Authority's budget and consider options to manage those impacts.

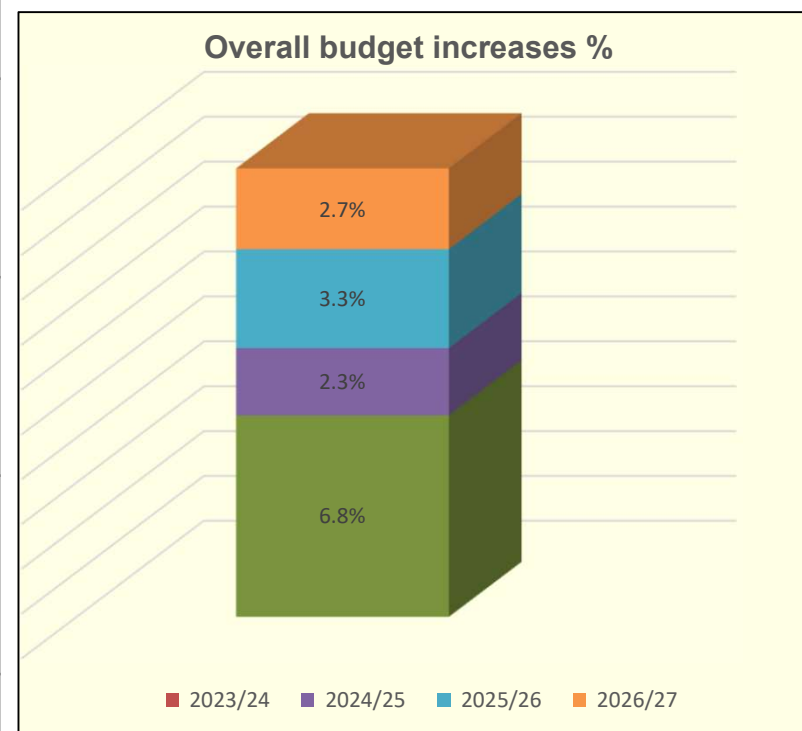
With staff costs making up 76% of the overall budget and fuel costs running so high, the baseline core costs heading into 2023/24 are significantly increased. Although inflation rates remain uncertain, especially with the Russian and Ukrainian dispute on-going, we are optimistic that rates will settle back to lower rates; we have assumed pay increases of 4% going into 2023/24, this partly reflects the fact that the 5% (£1965 for LGE) awarded is below the overall inflation rate of 10.1% (September 2022). For the medium term we have assume an overriding 3% inflation rate for 2024/25 then 2% thereafter to 2026/27.





MEDIUM TERM BUDGET OVERVIEW	Prior Year Budget £000's	Inflation £000's	Adjustments £000's	2023/24 Budget £000's
Total Staffing Costs	26,767	947 4%	714	28,428
Total Supplies, Servicing and Financing costs	7,986	764 10%	(49)	8,701
Total Income before Fire Authority Precepts	(12,539)	(454) 4%	1	(12,992)
Net costs funded by Council Precepts	22,214	1,257 6%	666	24,137
2024/25				
Total Gross Costs	37,129	1,095 3%	(249)	37,975
Net costs funded by Council Precepts	24,137	1,047	(80)	25,104
2025/26				
Total Gross Costs	37,975	759 2%	512	39,246
Net costs funded by Council Precepts	25,104	727	532	26,363
2026/27				
Total Gross Costs	39,246	785 2%	288	40,319
Net costs funded by Council Precepts	26,363	753	303	27,419

The adjustments in the table for 2023/24 are as a result of the 2022/23 increases above the percentages budgeted, these would be more than double had savings not been made. Those for future years are related to capital financing. A more detailed table including a view of the medium term budget can be found in Appendix 1.

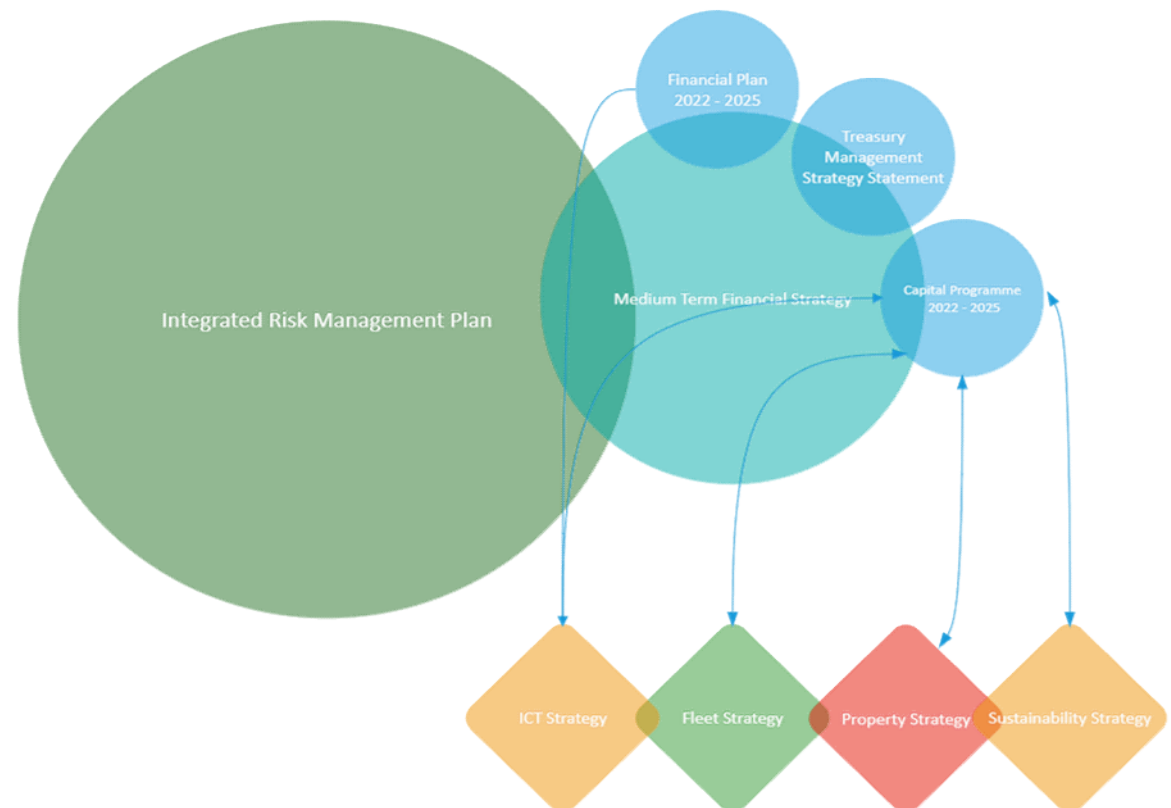




The Budget: Capital Expenditure

The Prudential Code, introduced as part of the Local Government Act 2003, requires authorities to ensure capital expenditure is both prudent and affordable. The revenue budget accounts for the financing costs of the schemes. The capital programme is reviewed annually by the Policy and Resources Committee. A summary of the Capital Programme and how it will be financed is shown in the table on the next page with a more detailed breakdown in Appendix 2.

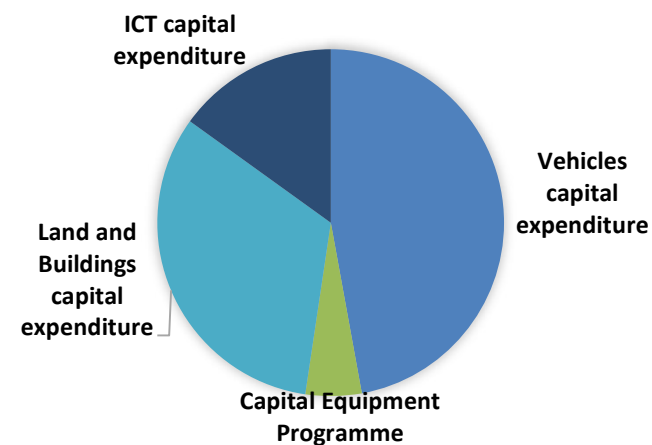
As part of our asset management plan we must now consider our sustainability strategy. During 2022/23 we consulted with Carbon Trust to assist us with understanding and managing our carbon footprint. We have purchased some hybrid vehicles and installed some electric recharging points at four of our strategic sites with three more planned for 2023/24 and a plan to purchase more hybrid vehicles to replace some of our diesel silver fleet, we plan to do this in the remaining part of 2022/23 and 2023/24 but we are experiencing lead times of over 60 weeks currently and so delivery may be in 2024/25. In addition to vehicles, expenditure relating to buildings is also focusing on reducing our carbon footprint, such as new more efficient boilers, improved insulation and installation of smart meters. We are now considering the environmental impact of what we do and work to reducing or eliminating the carbon footprint as much as is reasonably possible.



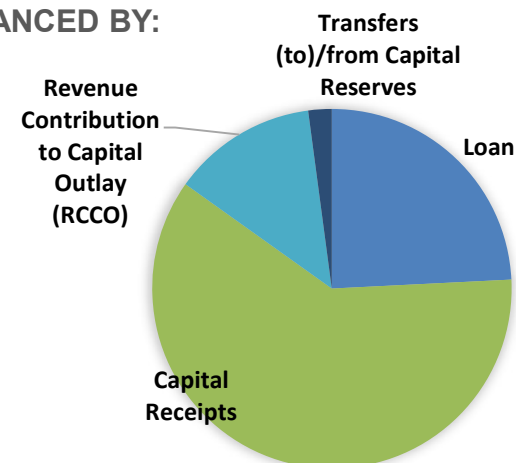


MEDIUM TERM CAPITAL PROGRAMME	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Emergency Fleet	304	869	887	905
Silver Fleet	596	865	321	700
Other	-	-	14	-
Vehicle Replacement Programme	900	1,734	1,222	1,605
Equipment	53	161	164	226
Property Refurbishments and Upgrades	1,515	726	946	589
New Land and Buildings	-	-	-	-
Property, Refurbishments & Land	1,515	726	946	589
Tangible Assets	350	361	320	536
Intangible Assets	180	-	-	-
IT & Communications	530	361	320	536
TOTAL CAPITAL EXPENDITURE	2,998	2,982	2,652	2,956
FINANCED BY:				
Loan	-	1,000	-	1,930
Capital Receipts	2,959	1,954	2,205	219
Revenue Contribution to Capital Outlay	189	-	580	807
Transfer (to)/from Reserves	(150)	28	(133)	-
Capital Grants	-	-	-	-
TOTAL RESOURCES	2,998	2,982	2,652	2,956

MEDIUM TERM CAPITAL PROGRAMME



FINANCED BY:





Statutory Declarations

Chief Financial Officer's Statement

Section 25 of the Local Government Act 2003 requires that an Authority's Chief Financial Officer reports to the Authority when it is considering its budget and Council tax precepts. The report must deal with the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals, so that Members will have authoritative advice available to them when they make their decisions. Section 25 also requires members to have regard to the report in making their decisions.

Robustness of Estimates

The budget process has involved members, the Chief Officer Team and all budget holders within the Service. The finance team has worked closely with all budget holders in a thorough scrutiny of current and future expected costs to establish a zero-based budget, driving the focus on where funds need to be spent in the short to medium term and not on historic budgets. Every budget line has been stripped back and current costs discussed and reviewed to establish if they have a place in the estimated costs along with identifying where new estimates are required.

The Budget Book identifies and explains all service pressures, as well as areas for savings. These pressures and savings have been incorporated into the Medium Term Financial Plan.

In coming to a decision to include funding for unavoidable service pressures and savings in the budget, specific financial risks were identified. The significant risk to the Authority's budget in the short-term is inflation and particularly pay inflation. It is anticipated that these risks can be managed in the short-term using savings and contingencies and, if necessary, reserves, the Authority will need to monitor this position closely throughout the 2023/24 financial year. This is consistent with the Authority's Medium Term Financial Strategy.

The budget has been publicised with a press release being sent to all media outlets in Cambridgeshire. The news release was also published on the Authority's website with details of how comments on the budget proposals could be made.

In my view, the robustness of the estimates has been ensured by the budget setting process, which has enabled all practical steps to be taken to identify and make provision for the Fire Authority's commitments in 2022/23.





Adequacy of Reserves

CIPFA has published a guidance note on all Authority reserves and balances; it is the responsibility of the Treasurer to advise the Authority concerning the level of reserves and the protocols for their establishment and use. Reserves are required to provide the Authority with financial flexibility when dealing with unexpected circumstances. Specific reserves should also be set aside to provide for known or predicted liabilities.

The Authority maintains a General Reserve to cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to be used in the event of unexpected emergencies or unforeseen spending. Last year it added a Finance Business Continuity Reserve of £1m from revenue savings from 2021/22 in anticipation of new budgetary pressures and unpredictable funding in the medium term.

At 31st March 2022 the Authority's usable General Reserve balance was £2.4m, representing 7% of the revenue budget, and £3.4m (9.9%) including the Finance Business Continuity Reserve. The General Reserve will be used in accordance with the Medium Term Financial Strategy. The Authority also maintains three earmarked reserves to fund known or predicted liabilities. These reserves are a Property Development Reserve to finance the future capital programme relating to properties and avoid borrowing or poor return on investments, a Pension Reserve to fund ill-health retirements above that budgeted, and a Wholetime Recruitment Reserve to allow for fluctuations in firefighter establishment figures.

The Property Development Reserve at 31st March 2022 is £5.7m, having dropped from £8.3m. A further £4.7m of this will be used by 31st March 2023 to help fund the new Huntingdon Fire Station and Training Centre which was completed in 2022/23. The cost of borrowing is greater than the return on cash investments, it is therefore more cost effective to use funds currently held.

The Wholetime Recruitment Reserve is £400k. This reserve is expected to be used to help fund the pay increase pressures experienced in 2022/23.

The level of reserves is important, not only for the budget year but also in formulating the Medium Term Financial Strategy. The table on the next page provides a detailed estimate on how reserves will be used over the medium term. In my view, if the Fire Authority accepts the proposed budget, then the level of reserves currently held will be adequate.





Estimated General/Earmarked Reserve Breakdown 2021/22 to 2025/26

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Narrative
Estimated Reserves at Start of Financial Year	11,571	10,119	5,275	5,425	5,397	
Property Development Reserve	8,350	5,763	1,319	1,469	1,441	The Property Development Reserve is earmarked to fund major property improvement and new capital schemes. The new Training Centre and Fire Station at St John's in Huntingdon became operational in January 2023. Most of this reserve was used to finance the build. Future capital expenditure is being partly financed through the expected sale of land at St Ives and the old Huntingdon Fire Station. Investing in sustainability is now a key consideration and this reserve will also support that in the medium-term.
Capital Property Improvements	(2,587)	(4,744)	(2,809)	(1,982)	(2,072)	
Capital Receipts		300	2,959	1,954	2,205	
General Reserve	2,098	2,433	2,433	2,433	2,433	This reserve will be used for expenditure that cannot be budgeted for such as spate conditions, maternity leave, unexpected cost increases, etc.
Capital Financing Underspends	335					
Finance Business Continuity Reserve	1,000	1,000	1,000	1,000	1,000	This is a new reserve generated by the underspend in 2021/22 as a result of consciously holding back on spend to help manage future budgetary pressures and expected cuts in grant income.
Operational Firefighter Reserve	400					This reserve will be used to cover any overspend in the short-term as a result of the unbudgeted pay increase in 2022/23.
Pension Reserve	523	523	523	523	523	This reserve is held to fund ill health retirements that are often unexpected and to fund any current funding shortfall owing to the revaluation of the Firefighter Pension Fund in addition to the uncertainty around the Matthews, McCloud and Sargent remedy cases.
Estimated Reserves at Year end	10,119	5,275	5,425	5,397	5,530	
General Reserves at Year end	2,433	2,433	2,433	2,433	2,433	
Earmarked Reserves at year end	7,686	2,842	2,992	2,964	3,097	





Proposed Recommendations

- 1 That approval is given to a Fire Authority budget (as detailed in Appendix 1) to the requirement £33,671,520.
- 2 That approval is given to a recommended Fire Authority precept for Tax from District Authorities and Peterborough City Authority of £24,136,692.
- 3 That approval be given to an Authority Tax for each band of property, based on the number of band D equivalent properties notified to the Fire Authority by the District Authorities and Peterborough City Authority (302011):

Band	2022/23 Authority Tax			2023/24	Band	2022/23 Authority Tax			2023/24
A	£	49.98	+£3.30	£53.28	E	£	91.63	+£6.05	£97.68
B	£	58.31	+£3.85	£62.16	F	£	108.29	+£7.15	£115.44
C	£	66.64	+£4.40	£71.04	G	£	124.95	+£8.25	£133.20
D	£	74.97	+£4.95	£79.92	H	£	149.94	+£9.90	£159.84

- 4 That approval is given to the Capital Programme detailed in Appendix 2.





Detailed Revenue Budget by cost type

Appendix 1

2022/23 £'000		2023/24 £'000
	EXPENDITURE	
18,974	Firefighters and Control Room Staff	20,269
7,319	Support Staff	7,731
418	Training	391
55	Other Staff Costs	38
26,766	Employee costs	28,429
379	Repairs and Maintenance	462
359	Heating and Lighting	593
46	Cleaning Contract	47
723	Rents and Rates	760
1,507	Premises costs	1,862
81	Office Equipment and Furniture and Fitting	58
1,054	IT Equipment	1,222
391	Clothing and Uniform	398
1,076	Communications	860
411	Mutual Protection	403
61	Subscriptions	63
35	Corporate Support	19
115	Community Safety	79
77	Fire Protection Exps	54
171	Health and Safety	175
105	Members Fees	100





Detailed Revenue Budget by cost type, continued

Appendix 1, continued

2022/23 £'000		2023/24 £'000
100	Audit Fees	112
53	Legal Fees	48
214	Consultant Fees	419
49	Printing and Stationery	21
18	Postage	14
71	Travel and Subsistence	46
26	Advertising	14
102	Hydrants/BA Maintenance	141
179	Operational Equipment/Infrastructure	210
90	Project Delivery Costs	99
554	Other Supplies and Services	753
5,033	Supplies and Services costs	5,308
41	Car Allowances	38
332	Petrol, Oil and Tyres	504
146	Repair and Maintenance of Vehicles	181
519	Transport costs	723
132	Fire Services Charges	144
24	Service Level Agreements	25
156	Agency charges	169
771	Capital Financing	638
771	Capital charges	638





Detailed Revenue Budget by cost type, continued

Appendix 1, continued

2022/23		2023/24
£'000		£'000
(140)	Capital Receipts > £10k	-
(1,026)	Control Room Recharge	(1,028)
(1,963)	Section 33 Grants	(1,863)
(397)	Other Income	(567)
(3,526)	Total Income	(3,458)
31,226	Net Revenue Expenditure	33,671





MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2026/27

Appendix 1, continued

Description	Prior Year Budget £000's	Inflation £000's	Adjustments £000's	2023/24 Budget £000's
Wholetime Firefighters Pay	14,178	478	486	15,142
Retained Firefighters Pay	3,024	88	155	3,267
Fire Control Pay	1,773	53	34	1,860
Management & Support Staff Pay	7,319	289	122	7,730
Training & Other Staff Related Costs	473	39	(83)	429
Total Staffing Costs	26,767	947	714	28,428
		4%		
Premises Running Costs	1,507	301	54	1,862
Insurances, Supplies and Services Costs	5,033	325	(50)	5,308
Transport Costs	519	131	74	724
Service Charges	156	7	6	169
Capital Financing Costs	771	-	(133)	638
Total Supplies, Servicing and Financing costs	7,986	764	(49)	8,701
		10%		
Total Costs	34,753	1,711	665	37,129
Shared Services Income	(1,112)	(104)	107	(1,109)
S.33 Grants	(1,963)	-	100	(1,863)
Other income	(451)	(10)	(25)	(486)
RSG	(2,897)	-	(294)	(3,191)
National Non-domestic Rates	(3,362)	(340)	(1,041)	(4,743)
NNDR top-up Grant	(2,754)	-	1,154	(1,600)
Transfers to/from Reserves	-	-	-	-
Total Income before Fire Authority Precepts	(12,539)	(454)	1	(12,992)
Funded by Fire Authority Precept	22,214	1,257	666	24,137
Tax Base and growth (number of households)	296,307	1.92%	5,704	302,011
Band D Tax	£ 74.97	6.60%	£ 4.95	£ 79.92
Total Precept £000's	22,214	8.7%	1,923	24,137





MEDIUM TERM FINANCIAL PLAN, continued

Appendix 1, continued

	2023/24 Budget	Inflation	Adjustments	2024/25
	£000's	£000's	£000's	£000's
Future Years +1				
Wholetime Firefighters Pay	15,142	454	-	15,596
Retained Firefighters Pay	3,267	98	-	3,365
Fire Control Pay	1,860	56	-	1,916
Management & Support Staff Pay	7,730	232	(12)	7,950
Training & Other Staff Related Costs	429	13	65	507
Total Staffing Costs	28,428	853	53	29,334
		3%		
Premises Running Costs	1,862	56	(2)	1,916
Insurances, Supplies and Services Costs	5,308	159	(140)	5,327
Transport Costs	724	22	-	746
Service Charges	169	5	-	174
Capital Financing Costs	638	-	(160)	478
Total Supplies, Servicing and Financing costs	8,701	242	(302)	8,641
		3%		
Total Costs	37,129	1,095	(249)	37,975
Shared Services Income	(1,109)	(33)	-	(1,142)
S.33 Grants	(1,863)	-	261	(1,602)
Other income	(486)	(15)	53	(448)
RSG	(3,191)	-	(95)	(3,286)
National Non-domestic Rates	(4,743)	-	(1)	(4,744)
NNDR top-up Grant	(1,600)	-	(49)	(1,649)
Transfers to/from Reserves	-	-	-	-
Total Income before Fire Authority Precepts	(12,992)	(48)	169	(12,871)
Funded by Fire Authority Precept	24,137	1,047	(80)	25,104
Tax Base and growth	302,011	1.05%	3,170	305,181
Band D Tax £ per house	£ 79.92	2.93%	£ 2.34	£ 82.26
Total Precept £000's	24,137	4.0%	967	25,104





MEDIUM TERM FINANCIAL PLAN, continued

Appendix 1, continued

	2024/25	Inflation	Adjustments	2025/26
	Budget £'000	£'000	£'000	Budget £'000
Future Years +2				
Wholetime Firefighters Pay	15,596	312	-	15,908
Retained Firefighters Pay	3,365	67	-	3,432
Fire Control Pay	1,916	38	-	1,954
Management & Support Staff Pay	7,950	159	(8)	8,101
Training & Other Staff Related Costs	507	10	(65)	452
Total Staffing Costs	29,334	586	(73)	29,847
		2%		
Premises Running Costs	1,916	38	-	1,954
Insurances, Supplies and Services Costs	5,327	107	(18)	5,416
Transport Costs	746	15	-	761
Service Charges	174	3	-	177
Capital Financing Costs	478	10	603	1,091
Total Supplies, Servicing and Financing costs	8,641	173	585	9,399
		2%		
Total Costs	37,975	759	512	39,246
Shared Services Income	(1,142)	(23)	-	(1,165)
S.33 Grants	(1,602)	-	20	(1,582)
Other income	(448)	(9)	-	(457)
RSG	(3,286)	-	-	(3,286)
National Non-domestic Rates	(4,744)	-	-	(4,744)
NNDR top-up Grant	(1,649)	-	-	(1,649)
Transfers to/from Reserves	-	-	-	-
Total Income before Fire Authority Precepts	(12,871)	(32)	20	(12,883)
Funded by Fire Authority Precept	25,104	727	532	26,363
Tax Base and growth	305,181	2.00%	6,113	311,294
Band D Tax £ per house	£ 82.26	2.95%	£ 2.43	£ 84.69
Total Precept £000's	25,104	5.0%	1,259	26,363





MEDIUM TERM FINANCIAL PLAN, continued

Appendix 1, continued

	2025/26	Inflation	Adjustments	2026/27
	Budget £'000	£'000	£'000	Budget £'000
Future Years +3				
Wholetime Firefighters Pay	15,908	318	-	16,226
Retained Firefighters Pay	3,432	69	-	3,501
Fire Control Pay	1,954	39	-	1,993
Management & Support Staff Pay	8,101	162	(8)	8,255
Training & Other Staff Related Costs	452	9	8	469
Total Staffing Costs	29,847	597	-	30,444
		2%		
Premises Running Costs	1,954	39	30	2,023
Insurances, Supplies and Services Costs	5,416	108	(4)	5,520
Transport Costs	761	15	-	776
Service Charges	177	4	-	181
Capital Financing Costs	1,091	22	262	1,375
Total Supplies, Servicing and Financing costs	9,399	188	288	9,875
		2%		
Total Costs	39,246	785	288	40,319
Shared Services Income	(1,165)	(23)	-	(1,188)
S.33 Grants	(1,582)	-	15	(1,567)
Other income	(457)	(9)	-	(466)
RSG	(3,286)	-	-	(3,286)
National Non-domestic Rates	(4,744)	-	-	(4,744)
NNDR top-up Grant	(1,649)	-	-	(1,649)
Transfers to/from Reserves	-	-	-	-
Total Income before Fire Authority Precepts	(12,883)	(32)	15	(12,900)
Funded by Fire Authority Precept	26,363	753	303	27,419
Tax Base and growth	311,294	1.00%	3,113	314,407
Band D Tax £ per house	£ 84.69	2.98%	£ 2.52	£ 87.21
Total Precept £000's	26,363	4.0%	1,056	27,419





DETAILED MEDIUM TERM CAPITAL PROGRAMME

Appendix 2

	2023/24		2024/25		2025/26		2026/27	
	No.	£	No.	£	No.	£	No.	£
Vehicle Replacement Programme								
Water Tender/Rescue pump	-	-	3	869,680	3	887,070	3	904,820
Foam Water Carrier	1	303,520	-	-	-	-	-	-
Large Service Cars	13	435,180	13	464,440	1	53,900	4	202,110
Medium Service Cars	-	-	2	58,520	2	59,700	7	208,390
Small Service Cars	-	-	5	64,990	8	106,070	2	27,050
Small Vans	5	80,700	10	143,480	3	50,870	-	-
Medium Vans	3	80,580	5	133,340	2	50,050	-	-
Rescue vehicle	-	-	-	-	-	-	2	262,760
Vehicle workshop ramp	-	-	-	-	1	14,400	-	-
TOTAL VEHICLES	22	899,980	38	1,734,450	20	1,222,060	18	1,605,130
Capital Equipment Programme								
Holmatro Recue Equip - Battery operated	-	-	3	80,530	3	82,140	3	83,780
BA Washing Machine	1	27,720	1	28,550	1	29,120	1	29,710
Dry Suits	-	-	-	-	-	-	181	64,010
Thermal Cameras	6	25,620	8	35,180	8	35,890	8	36,610
Light Portable Pumps (link to appliance purchases)	-	-	3	16,620	3	16,960	2	11,530
TOTAL EQUIPMENT	7	53,340	15	160,880	15	164,110	195	225,640





DETAILED MEDIUM TERM CAPITAL PROGRAMME continued

Appendix 2, continued

		2023/24	2024/25	2025/26	2026/27
		£	£	£	£
Land and Buildings Capital Programme					
Remaining works from condition surveys	All sites	-	530,450	-	535,810
Training building	Peterborough	-	-	525,300	-
Appliance bay floor	Cambridge	20,000	-	-	-
Station refurbishment & upgrade	Ely	300,000	-	-	-
Station refurbishment & upgrade	Stanground	350,000	-	-	-
Station refurbishment & welfare facilities	St Neots	300,000	-	-	-
Station refurbishment & welfare facilities	Linton	60,000	-	-	-
Station refurbishment & welfare facilities	Manea	-	61,800	-	-
Station refurbishment & welfare facilities	Sutton	-	51,500	-	-
Station modernisation	Ramsey	70,000	-	-	-
Station modernisation	Thorney	-	30,900	-	-
On-call replacement roof programme		300,000	-	-	-
Community safety functional building		-	-	367,710	-
Enhancement/Contingency		50,000	51,500	52,530	53,580
New PA system		65,000	-	-	-
TOTAL LAND & PROPERTY CAPITAL PROGRAMME		1,515,000	726,150	945,540	589,390





DETAILED MEDIUM TERM CAPITAL PROGRAMME continued

Appendix 2, continued

	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
IT and Communications Capital Programme				
Mobiles/Comms upgrade	40,000	-	52,530	-
Data Centre Refresh	-	-	-	455,440
Mobile data terminals	250,000	-	-	-
On-call alerters	60,000	-	-	-
New financial management system	180,000	-	-	-
Back-end server refresh	-	257,500	-	-
Asset management tablets	-	103,000	-	-
Replace station projectors/screens	-	-	31,520	-
WIFI refresh	-	-	236,390	-
Laptop refresh	-	-	-	80,370
TOTAL ICT CAPITAL PROGRAMME	530,000	360,500	320,440	535,810





CAMBRIDGESHIRE
& PETERBOROUGH
FIRE AUTHORITY

Treasury Management Strategy Statement 2023/24





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Treasury Management Strategy Statement 2023/24

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 or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

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 it 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 to meet risk or cost objectives.

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

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including 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."

Reporting Requirements

Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

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





The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

Treasury Management Reporting

The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- **Prudential and treasury indicators and treasury strategy** (this report) - the first, and most important report is forward looking and 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 Annual Investment Strategy (the parameters on how investments are to be managed)
- **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.
- **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Fire Authority. This role is undertaken by the Policy and Resources Committee.

Quarterly Reports

In addition to the three major reports detailed above, from 2023/24, quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to the Fire Authority but do require to be adequately scrutinised. This role is undertaken by the Policy and Resources Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.





Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

Treasury Management Consultants

The Authority uses Link Group, Link Treasury Services Limited 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 the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

The Capital Prudential Indicators 2023/24 - 2025/26

The Authority’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans.

Capital Expenditure and Financing

This prudential indicator is a summary of the Authority’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

	2022/23 Predicted £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital Expenditure	6919	2,998	2,982	2,652
Capital Receipts	300	2,959	1,954	2,205
Capital Reserves [(to)/from]	4,744	(150)	28	(133)
Capital Grants	-	-	-	-
Revenue	1875	189	-	580
Net Financing need for the year	-	-	1,000	-



	2023/24	2024/25	2025/26
Affordable borrowing limit	£'000	£'000	£'000
Total budget excl. capital financing	33,034	34,305	34,951
Total budget inc. capital	33,672	34,783	36,042
Difference	638	478	1,091
Band D impact	£2.11	£1.57	£3.50
Band D authority tax	£79.92 £	82.26 £	84.69
Band D increase	£4.95 £	2.34 £	2.43

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 above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

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

The Authority is asked to approve the CFR projections below:

	2022/23	2023/24	2024/25	2025/26
	Predicted	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
Capital Financing Requirement	8331	8071	8810	8517
Movement in CFR	(261)	(261)	739	(293)
Movement in CFR represented by				
Net Financing need for the year (above)	-	-	1,000	-
Less MRP/VRP and other financing movements	(261)	(261)	(261)	(293)
Movement in CFR	(261)	(261)	739	(293)

Liability Benchmark

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

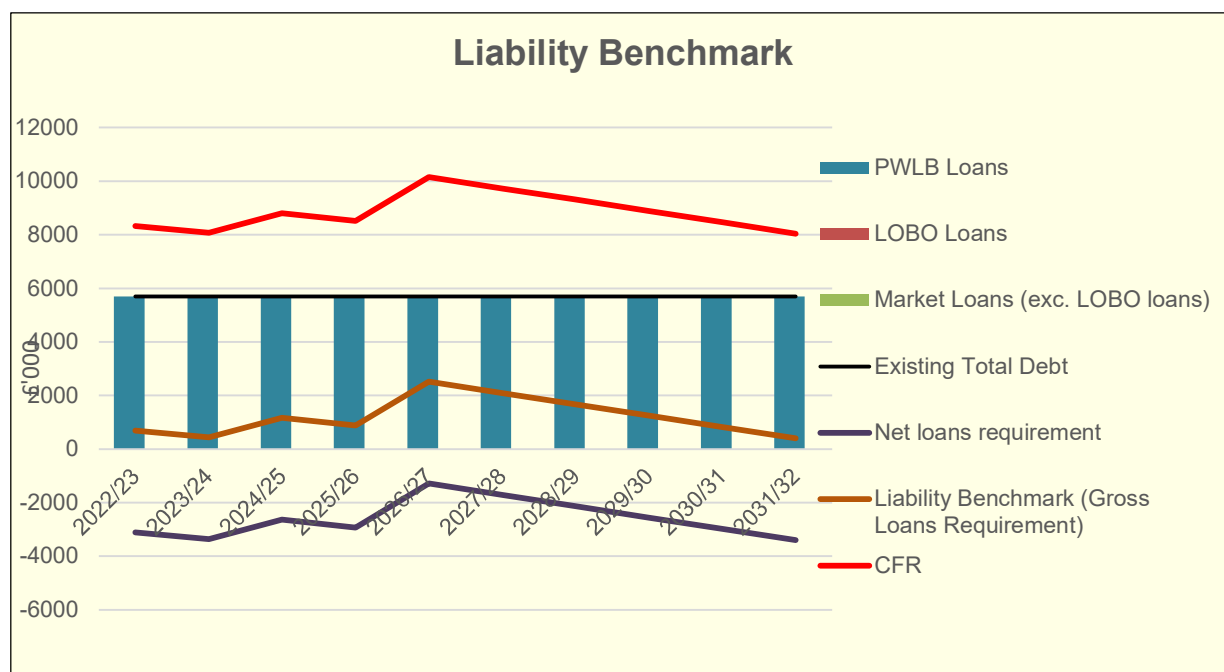
There are four components to the LB: -

- **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.





- **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires Authority approval (or closest equivalent level) in advance of each financial year.

For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP policy will be:

- **4% reducing balance (CFR method)** – MRP will be calculated as 4% of the opening general fund (GF) CFR balance





From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset life method (straight line)** – MRP will be based on the estimated life of the assets

Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24, or in the year after the asset becomes operational.

The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

MRP Overpayments - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

No VRP payments have been made to date.

Flexible use of Capital Receipts Strategy

Purpose

This strategy sets out Cambridgeshire and Peterborough Fire and Rescue Service's (CFRS) approach to the use of the Government's Direction for the Flexible use of Capital Receipts.

Background

In accordance with Section 15(1) of the Local Government Finance Act 2003, the Secretary of State is empowered to issue Directions allowing revenue expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

[Guidance on flexible use of capital receipts - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guidance-on-flexible-use-of-capital-receipts)

The two codes of practice issued by CIPFA:-

- 1) The Prudential Code for Capital Finance in Local Authorities
- 2) The Code of Practice on Local Authority Accounting

Qualifying Expenditure

The guidance sets out that there are a wide range of projects that could generate qualifying expenditure, but the list is not prescriptive. Local authorities cannot borrow to finance the revenue costs of service reform. They can only use capital receipts from a qualifying disposal of property, plant and equipment assets received in the years in which the flexibility is offered.





The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authorities' net service expenditure. Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

Discretionary redundancy payments cannot be qualifying expenditure.

Accountability and transparency

There is a requirement to disclose the individual projects that will be funded or part funded through capital receipts flexibility. This can be satisfied as part of the annual budget setting process but can be updated during the year.

As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project-by-project basis details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years.

The Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

Details provided to the Secretary of State must include as a minimum:

- 1) the amount of planned capitalisation using the flexibility for the relevant financial year;
- 2) the purpose of the expenditure to be capitalised with a description of the associated projects;
- 3) the amount of expenditure that was capitalised using the flexibility for the prior financial year; and,
- 4) the efficiency savings that are directly attributable to the use of the flexibility that were achieved for the prior financial year.

CFRS's strategy for use of funds

Approval of projects and allocation of funds arising from the use of flexible capital receipts will be at the discretion of the Section 151 Officer.

Capital receipts from the sales of assets during 2023/24 will be used to help fund current and future capital expenditure, and as such, CFRS will not be utilising the flexible use of capital receipts.





Borrowing

The capital expenditure plans provide details of the service 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 service activity and the Authority's Capital Strategy. 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.

Current Portfolio Position

The overall treasury management portfolio as at 31.12.22 is shown below for both borrowing and investments.

	Date	Source	Principal £m	Rate	Term (years)
Fixed rate funding	08/03/2007	PWLB	1.700	4.25%	46
Fixed rate funding	01/08/2007	PWLB	1.500	4.55%	46
Fixed rate funding	15/06/2021	PWLB	2.500	1.89%	50
Gross Debt			5.700		
Total Investments			7.603		
Net Investment			1.903		

The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2022/23	2023/24	2024/25	2025/26
External Debt	£'000	£'000	£'000	£'000
Opening Debt at 1 April	5,700	5,700	5,700	6,700
New Borrowing	-	-	1,000	-
Capital Financing Requirement	8,331	8,071	8,810	8,517
Under / (over) borrowing	2,631	2,371	2,110	1,817

Within the range of prudential indicators there are several 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 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Deputy Chief Executive reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.





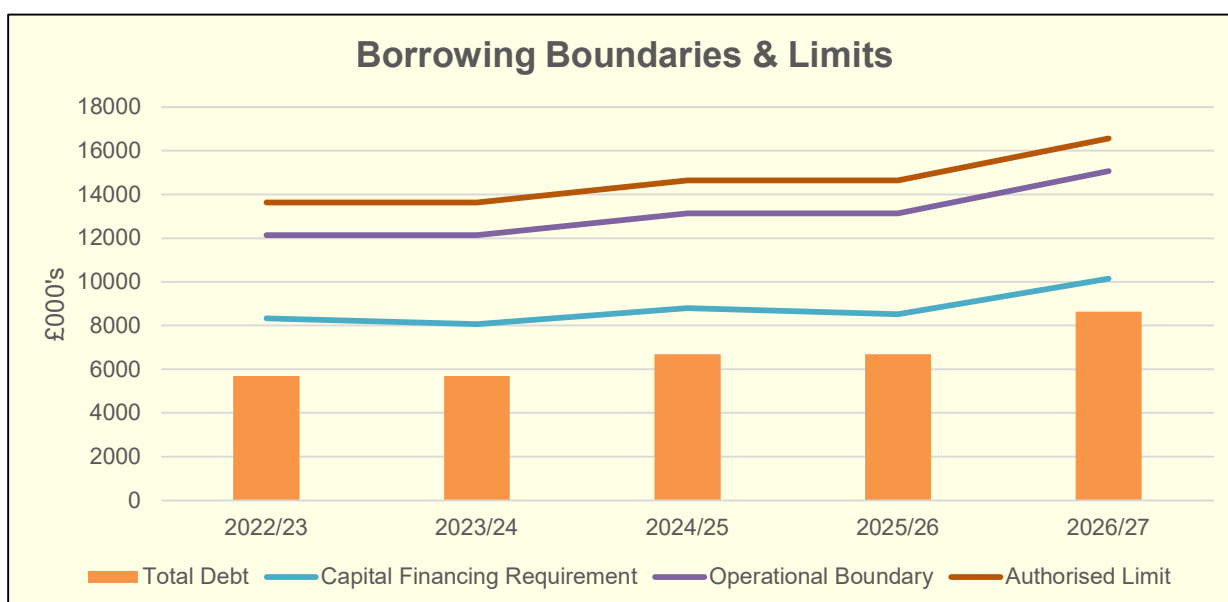
Treasury Indicators: Limits to Borrowing Activity

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.

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

- 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 local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following Authorised Limits:

	2023/24	2024/25	2025/26
	£m	£m	£m
Capital financing requirement	8.070	8.809	8.516
Operational boundary	12.134	13.134	13.134
Authorised limit	13.634	14.634	14.634
Upper limit for fixed rate interest exposure	100%	100%	100%
Upper limit for variable rate interest exposure	100%	100%	100%





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 medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Deputy Chief Executive will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

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.

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.

Rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

If rescheduling is to be undertaken, it will be reported to the Authority at the earliest meeting following its action.

Approved Sources of Borrowing

Finance will only be raised in accordance with the Local Government and Housing Act 1989, and within this limit the Authority has a number of approved methods and sources of raising capital finance.





Approved Sources of Borrowing:

On Balance Sheet	Fixed	Variable
PWLB	■	■
EIB	■	■
Market (long-term)	■	■
Market (temporary)	■	■
Market (LOBOs)	■	■
(Council, PCC, Fire Authorities)	■	■
Local temporary (Banks/Overdraft)	■	■
Leasing (not operating leases)	■	■
Other Methods of Financing		
Government and EC Capital Grants		
Internal PFI/PPP		
Operating leases		

Annual Investment Strategy

Investment Policy - Management of Risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments.

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

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Authority's investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated.





The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
- **Other information:** ratings will not be the sole determinant of the quality of an institution; 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 achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps (CDS)**” and overlay that information on top of the credit ratings.
- **Transaction and Lending limits**, (amounts and maturity), for each investment and counterparty will be set through applying the Investment Limit table in Appendix 2.
- Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating AA-**, The countries within the specified range are shown in Appendix 2.
- This Authority has engaged **external consultants** to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- All investments will be denominated in **sterling**.

However, this Authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness Policy

This Authority applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

- “watches” and “outlooks” from credit rating agencies;
- CDS spreads that may give early warning of changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.





This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will, therefore, use counterparties within the following durational bands

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 Year
- Red 6 months
- Green 100 days
- No Colour not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored on a monthly basis through investment reports provided by Link Treasury Services

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

Creditworthiness

Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Limits

Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.





The Authority has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 2. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

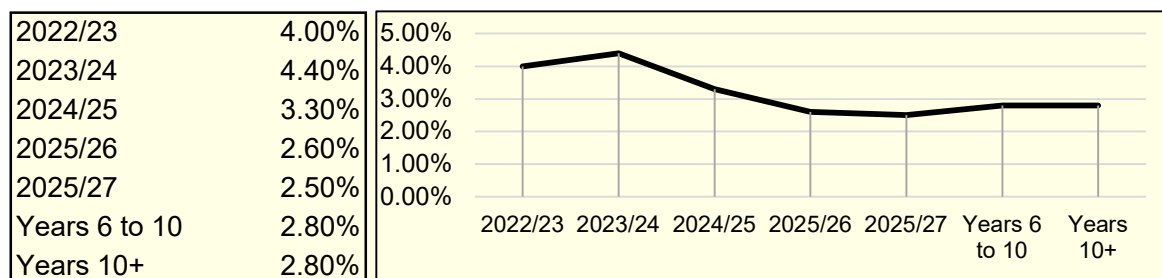
Credit and counterparty limits are detailed further in the Authority's Treasury Management Policy.

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. Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

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



As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Environmental, Social & Governance (ESG) Considerations

The Authority will consider making investments that factor in ESG considerations however, investments will only be made if the investment is within the Authority's risk appetite and meets its investment criteria. ESG investments will not have any priority over any other investments with other institutions.

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.





Scheme of Delegation and Role of Section 151 Officer

This Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Resources Committee. The execution and administration of treasury management decisions is delegated to its Treasurer, who will act in accordance with the organisation's policy statement and TMPs and if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.





APPENDICES

APPENDIX 1: PROSPECTS FOR INTEREST RATES

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 19.12.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

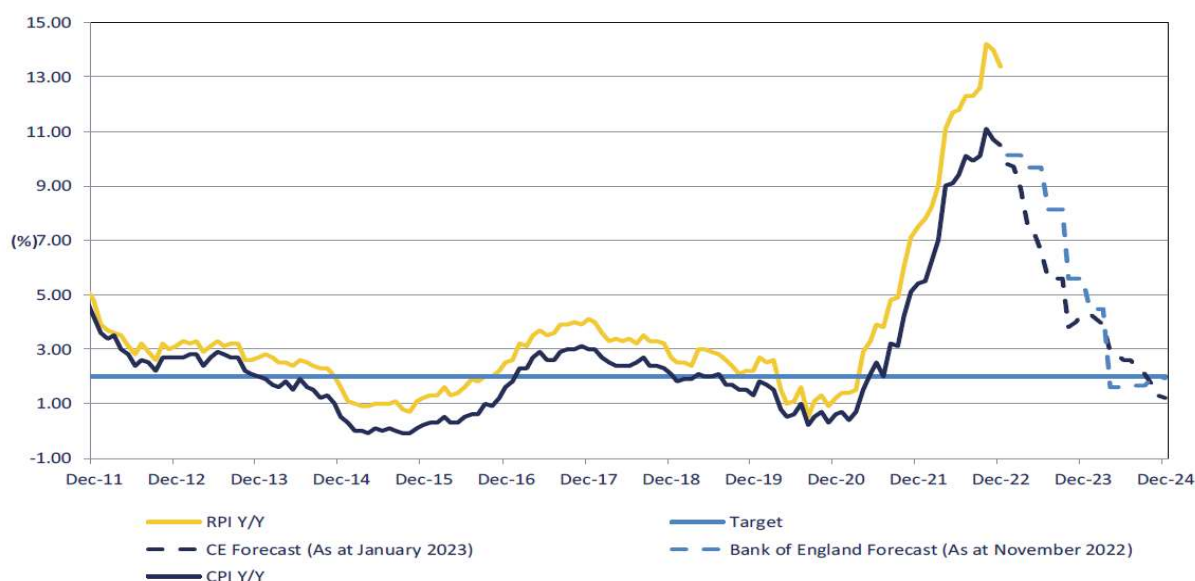
Link Group Interest Rate View	19.12.22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE		3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings		3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings		4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings		4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB		4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB		4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB		4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB		4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Additional notes by Link on this forecast table: -

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in H1 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in the final quarter of 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.





In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.





APPENDIX 2: APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA	Australia Denmark Germany	Netherlands Norway Singapore	Sweden Switzerland
AA+	Canada	Finland	U.S.A.
AA	Abu Dhabi (UAE)	France	
AA-	Belgium	Qatar	U.K.

Our Investment Limits (see Treasury management policy):

ORGANISATION	CRITERIA	MAX AMOUNT	MAX 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.	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.	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	6 months
Government backed Institutions	Government Supported	25% of available funds up to £10m per institution.	1 year
Local Authorities	N/A	£2m	1 year
Non-UK bank and Institution	A1 or P1 short term backed up by AAA or AA long term credit rating.	£2m	1 year



To: Cambridgeshire and Peterborough Fire Authority

From: Deputy Chief Executive Officer - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren
Telephone 01480 444619
matthew.warren@cambsfire.gov.uk

Date: 10 February 2023

Draft Pay Policy Statement 2023-24

1. Purpose

- 1.1 The purpose of this report is to present the Fire Authority with a Pay Policy Statement for 2023/24 for approval.

2. Recommendation

- 2.1 The Authority is asked to approve the draft Pay Policy Statement attached at Appendix 1.

3. Risk Assessment

- 3.1 Political – in recent years remuneration has increasingly come under the spotlight. In approving this policy, the Authority will have to be mindful of future changes to ensure flexibility of their approach toward remuneration levels.
- 3.2 Legislative – the Authority is now required to produce a Pay Policy Statement in accordance with the Localism Act 2011.

4. Background

- 4.1 Since financial year 2013/14 the Localism Act 2011 (s38) has required a relevant local authority to produce an annual pay policy statement. This follows Will Hutton's 2011 Review of Fair Pay in the Public Sector which has been a key driver for the Government's aim for greater transparency and value for money in terms of senior public sector pay.
- 4.2 Having been reviewed and strengthened in line with recommendations made following a Member-Led Review of Pay Policy in January 2014, the attached policy meets the legal requirements and clearly sets out the Authority's position in terms not only of its remuneration for Principal Officers but also other employees, including the lowest paid.

- 4.3 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 require the Service to publish information relating to any gender pay gaps. Whilst compliant with this requirement, based on recommendations arising from an independent 2019 equal pay audit and subsequent approval from the Authority, the Service implemented a new management band pay structure for professional support service roles in 2020. This action further demonstrates our commitment to best practice, equality and transparency.
- 4.4 Members are aware that the Service is facing a number of significant financial planning challenges not least of which is unresolved national pay negotiations. At the time of writing national negotiations to determine the 2022/23 pay award for Grey Book employees was ongoing although it is likely to be at least 5%.
- 4.5 Members will further be aware that as uncertainty over government cuts and funding streams beyond 2023/24 prevails, the Service has developed a Financial Business Continuity Plan to ensure it can respond to significant changes in the financial climate. This dynamic document was presented to the Authority in November 2022 and will continue to be updated as the Treasurer (and wider senior management team) proactively monitor and report on the national landscape.

Source Document

Localism Act 2011

Location:

Fire Service HQ, Hinchbrooke Cottage, Brampton Road, Huntingdon

Contact Officer:

Matthew Warren tel: 01480 444619 matthew.warren@cambsfire.gov.uk

PAY POLICY STATEMENT 2023/24

Introduction

This statement of Pay Policy is provided in line with Section 38(i) of the Localism Act 2011 and is authorised by Cambridgeshire and Peterborough Fire Authority.

Purpose

The purpose of this statement is to provide transparency to the Pay Policy adopted by Cambridgeshire Fire and Rescue Service.

Accountability

The Fire Authority is responsible for establishing the Pay Policy for the employees of Cambridgeshire Fire and Rescue Service.

The Fire Authority is directly responsible for reviewing the pay structure for Principal Officers.

The Chief Fire Officer has delegated responsibility to establish appropriate grading and salaries for all other employees of Cambridgeshire Fire and Rescue Service.

Pay Negotiating Bodies

The Authority applies the annual pay settlements negotiated by the:

- National Joint Council for Local Government Services;
- National Joint Council for Local Authority Fire and Rescue Services;
- National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services.

The Authority undertakes negotiation with its recognised representative bodies on local agreements which affect the terms and conditions of its employees and which may include agreement of local allowances.

The representative bodies recognised for negotiating purposes are the:

- Fire Brigades Union;
- Fire Officers Association;
- Fire Leaders Association;
- Fire and Rescue Services Association;
- UNISON.

Section One - General Pay Policy

- 1.1 The Authority applies the pay scales adopted by the respective National Joint Councils (NJC) for all its employees up to the level of Principal Officer.
- 1.2 Local pay arrangements for Principal Officers are established through the provisions of the NJC for Brigade Managers of Local Authority Fire and Rescue Services and are reviewed bi-annually by the Fire Authority. Further details are set out in Section 2.
- 1.3 The number and level of roles within the Service are determined by the Fire Authority on advice from the Chief Fire Officer.

- 1.4 Pay Policy reflects the different roles, duties and responsibilities undertaken by service employees. This is reflected in pay differentials between different groups of workers and between workers in the same pay group. The pay bands established are based on nationally applied role maps (operational employees) or grading bands established through a job evaluation process (professional support services employees).
- 1.5 Pay Policy reflects adherence to the principle of “equal pay for work of equal value”. Since April 2018 the Service has complied with the requirements of the Equality Act 2010 and reported on any gender pay gaps; it will continue to do this annually and is committed to taking relevant action to reduce any such gaps.
- 1.6 In applying its policy, the Authority will work to eliminate any elements which may, directly or indirectly, discriminate unfairly on the grounds of sex, race, colour, nationality, ethnic or national origin, age, marital status, having dependants, sexual orientation, gender reassignment, religion or belief, trade union activity, disability or any other factors. Part-time workers receive the same pay and remuneration as full-time workers undertaking the same job role on a pro-rata basis.

Generic Pay Information

1.7 Pay multiples

The idea of publishing the ratio of the pay of an organisation's top earner to that of its lowest earner has been recommended in order to support the principles of Fair Pay (Will Hutton 2011) and transparency.

The current lowest ratio is 1:7.59; this will be monitored each year within the Statement of Pay Policy.

Section Two - Pay Policy for Principal Officers

2.1 General Principles

- 2.1.1 National pay awards negotiated by the NJC for Brigade Managers of Local Authority Fire and Rescue Services are applied by the Authority on an annual basis. This represents a cost of living increase.
- 2.1.2 The Performance Review Committee undertakes an annual review of performance, in accordance with the performance system in place for Principal Officers (Chief Fire Officer, Deputy Chief Executive and Assistant Chief Officer). Members of this Committee agree a series of objectives at the start of the financial year; these objectives are formally assessed by the Committee at the end of the financial year.
- 2.1.3 Performance related pay for Area Commanders was paid in 2022/23 at a rate of 4% of their basic pay plus flexi and Group Commanders were paid 3% of their basic pay plus flexi, weekend resilience and positive hours.

2.2 Establishing the Pay of the Chief Fire Officer

- 2.2.1 The base salary for the Chief Fire Officer role at Cambridgeshire Fire and Rescue Service is currently set at £153,828 per annum. This is established through a local pay review, details of which are set out below.

2.2.2 Additionally a car is provided for operational and business use and where applicable, pension contributions are paid at the appropriate rates as detailed in Paragraph 3.7.1.

2.3 Local Pay Review

2.3.1 In 2008 the Authority, through its Performance Review Committee, approved a methodology for the review of Principal Officer pay based upon a comparator for the role of Chief Fire Officer. The review compared the pay levels of fire and rescue authorities and established a benchmark salary. This was updated in 2016 when the current Chief Fire Officer was appointed. At the time of writing no pay increase for Principal Officers had been agreed due to the ongoing national negotiations.

2.4 Other Principal Officer Pay

2.4.1 The Authority has established a policy that Principal Officer roles below that of Chief Fire Officer are paid as follows:

- Deputy Chief Executive - £134,116
- Assistant Chief Fire Officer - £124,845

Salaries of newly appointed Officers will be reviewed and determined in line with the conditions of the local pay review.

2.5 Publication of Principal Officer Pay

2.5.1 Details of Principal Officer Pay are published on the Cambridgeshire Fire and Rescue Service internet site and can be found by clicking on the section Home – Transparency – Senior Officer Pay.

2.6 Principal Officer – Internal Pay Comparators

2.6.1 In 2022/23, the lowest paid role within the Service was £20,258 (full time equivalent); the highest paid role within the Service was £153,828. The Service does not have a policy of direct correlation between the highest and lowest paid roles (it does not apply a pay multiple in establishing Principal Officer pay).

2.6.2 The ratio of pay between the highest paid employee of the Service is set out in Paragraph 1.7 above.

2.6.3 The pay, including rota allowances, of the most senior officer below Principal Officer (Area Commander) is 52% (with CPD) of Chief Fire Officer pay.

2.6.4 The pay of the most senior professional support services role below Principal Officer is 41% of Chief Fire Officer pay.

2.6.5 It should be taken into account that the salaries of Principal Officers and other flexible duty officers include an allowance for the associated additional responsibility and hours of work required to provide duty cover on a 24/7, 365 basis.

2.7 Severance Payments

2.7.1 Principal Officers are subject to the same severance arrangements as other service employees; these are set out in more detail in Section 6.

Section Three - Pay Policy for Firefighters

- 3.1 This policy applies to wholetime and On-Call firefighters and combined control staff.
- 3.2 National pay awards negotiated by the NJC for firefighters of Local Authority Fire and Rescue Services are applied by the Authority on an annual basis. At the time of writing no pay increase had been agreed due to the ongoing national negotiations.
- 3.3 Pay is based upon the role undertaken and the stage of competence of each individual for example, trainee, in development and competent.
- 3.4 A formal assessment of individuals is undertaken at each stage of development before moving to the next salary level. Maintenance of competence is a requirement at all levels of the Service and is reviewed annually.
- 3.5 Progression between roles is subject to a competitive selection process.

3.6 On-Call Duty System

- 3.6.1 Employees employed on the On-Call duty system are paid an annual retaining fee based on their availability and receive subsequent payments based on attendance at incidents and other activity including attendance at drill nights, disturbance fees, turnout fees, attendance and training fees, other authorised duties and compensation for loss of earnings. All payments are made in line with nationally agreed pay scales and rates.

3.7 Other Allowances and Payments

- 3.7.1 Pension contributions. The Service makes an employer contribution to the Firefighters Pension Scheme 2015 of 28.8% of salary. The employee made a contribution in 2022/23 of between 11% and 14.57% of pensionable pay for the scheme. Combined control staff contributions are detailed at Paragraph 4.7.1.
- 3.7.2 Flexible duty payment. Under national conditions of service, a flexible duty payment is made to Station Commanders, Group Commanders and Area Commanders who provide flexible duty cover on a 24/7 rota basis and who are available to attend emergency incidents when required and provide Duty Officer cover. This is paid at an allowance of 20% of base salary.
- 3.7.3 Area Commander rota payment. Under local arrangements, Area Commanders are paid an additional 9% for additional responsibilities carried out under their shared operational duties rota with Bedfordshire Fire and Rescue Service.
- 3.7.4 Acting up. An allowance is paid on a daily basis where employees temporarily undertake the duties of a higher graded role. This is paid at the rate applicable to the role being undertaken; employees must be qualified to undertake the higher level role.
- 3.7.5 Overtime rates. These are paid for roles below Station Commander at time and a half or double time on public holidays or time may be granted in lieu at the appropriate enhanced rate. We also pay pre-arranged overtime which would be at single time for Cambridgeshire Fire and Rescue Service meetings and voluntary development training courses or overtime rates for mandatory critical need courses.

- 3.7.6 Detachments. We pay overtime for travelling time for standby duties (when operational employees are required to provide cover at other stations) based on a matrix depending on station travelled to.
- 3.7.7 Recall to duty. These are paid at a minimum of three hours at double time rates.
- 3.7.8 Continuous Professional Development Payment (CPD). Under national conditions of service, a CPD payment is approved annually on an individual basis for employees with more than five years of service (since attaining competence in role). It is an annual payment of £615 for wholtime and for On-Call it is pro-rata based on availability (100%/75%/50%/25%). The payment is made by application and authorised at middle or senior management level. To be eligible, an individual must demonstrate evidence of CPD over and beyond that required for competence and have a good attendance, performance and disciplinary record.
- 3.7.9 Additional Responsibility Allowance (ARA). We pay Training Centre employees 5% of basic pay (non pensionable) for providing weekend training courses. We also pay Officers with a HDIM qualification £500 per annum (paid monthly) and firefighters with the 'Safe to Ride' qualification £500 per annum (paid monthly). We pay On-Call Watch Commanders for additional administration duties, equivalent to one hour per week (paid monthly).
- 3.7.10 Local resilience payment. A local payment is made for employees, at Station/Group Commander level, volunteering to provide operational cover for periods when the Service struggles to provide an operational response owing to external factors for example, industrial action. Current payments are £1082.95 per person per annum.
- 3.7.11 Travel allowance. A local allowance to cover additional travel costs when an operational employee is compulsorily transferred to another work base including substantive and temporary promotion. A payment is made of the difference in mileage undertaken and is paid for four years (compulsory transfer). We also pay our professional support service employees an excess travel payment for the mileage as well as a travelling time allowance.
- 3.7.12 Reimbursement of medical fees. This only applies to employees whose service commenced before November 1994. The reimbursement of fees covers dental, optical and prescription fees and is paid at NHS rates.
- 3.7.13 Holiday Pay. Any entitlement to holiday pay will be paid annually.

Section Four - Pay Policy for Professional Support Services Roles

- 4.1 This policy applies to employees covered by the NJC for Local Government Services and includes all non-operational staff.
- 4.2 National pay awards negotiated by the NJC for Local Government Services are applied by the Authority on an annual basis and represent a cost of living increase. For 2022/23 the NJC for Local Government Services agreed an uplift of £1,925 per full time employee be applied; pro-rata for part time employees.
- 4.3 The pay structure for non-management band professional support staff is aligned to a spinal column point system. Spinal column points are configured into groups to provide incremental pay points. The incremental rises occur on 1 April and employees progress incrementally through their respective grade until they reach the maximum point.

- 4.4 In 2020, Cambridgeshire Fire and Rescue Service implemented a new management band pay scale for professional support staff in order to replace the previous wide and significantly overlapping management pay bands with narrower bands which have no overlap and even, incremental steps, with an equal number of steps within each grade. The new management band pay structure resulted from the recommendations of an independent equal pay audit undertaken in 2019. Movement along the existing pay grade is not automatic but depends on assessment against prevailing market rates for similar roles and must be authorised by the Deputy Chief Executive. A 5% pay award was applied by the NJC for Local Government Services from 1 April 2022 to 31 March 2023.
- 4.5 Starting salary for non-management band roles may be uplifted along the incremental structure if experience and knowledge warrant this approach. Starting salary on management band scales (which each cover 16 scale points) may exceptionally be uplifted beyond the top of the lower quartile, if experience and market pressures warrant this, at the discretion of the relevant Chief Officer. Where this is the case, justification will be recorded by the recruitment team. Movement between grades is through a competitive selection process.
- 4.6 Cambridgeshire Fire and Rescue Service apply the Hay analytical job evaluation process that systematically ranks each job objectively and fairly. The Hay Group evaluation system is a recognised best practice, non-discriminatory method of ranking jobs against a predetermined scale. The evaluation process assesses all roles and allocates an appropriate grade according to the duties and responsibilities undertaken. A review of the grading of a role is undertaken where permanent, substantial and material changes have increased the level of duties and responsibilities attached to the role. Any substantive changes to grade or pay scale must be authorised by the Deputy Chief Executive.

4.7 Other Allowances and Payments

- 4.7.1 Pension contributions. The Service makes an employer contribution of 18.6% of salary for all members of the Local Government Pension Scheme. The employee will make a contribution of between 5.5% and 12.5% of pensionable pay depending on their salary band.
- 4.7.2 Additional responsibility. An allowance, at the discretion of the Deputy Chief Executive, may be requested and paid if an employee is required to fill a higher level role.
- 4.7.3 Honorarium. A discretionary payment may be made, with the approval the Deputy Chief Executive, for duties undertaken outside of the normal job requirements for an extended period of time.
- 4.7.4 On-Call. Employees required to attend work outside of normal office hours or to be on-call are paid an allowance depending on the nature of the arrangements.
- 4.7.5 Disturbance. An allowance is paid when an employee is required to move work location (see also Paragraph 3.7.11).
- 4.7.6 Holiday Pay. Any entitlement to holiday pay will be paid annually.

Section Five - Policy on Re-engagement and Pension Abatement

- 5.1 This applies where individuals retire from the Service, draw pension benefits and are subsequently re-engaged into the same or other role with Cambridgeshire Fire and Rescue

Service. The policies set out below apply to all employees; re-engagement of Principal Officers is subject to Fire Authority consideration and approval.

- 5.2 The Service operates a Re-engagement Policy, which has been authorised by the Authority, for operational employees. This permits re-engagement if there is a tangible benefit for public safety. During any period of re-engagement the employee has full abatement of pension i.e. when combined with salary their pension cannot make them earn more than they did in their previous role. This complies with the provisions of the Firefighters Pension Scheme and is in accordance with the revised National Framework for England.
- 5.3 The Service operates a Flexible Retirement Policy for employees in the Local Government Pension Scheme which allows employees to take their pension benefits and be re-employed on reduced hours or at a lower grade without abatement of pension. This complies with the provisions of the Local Government Pension Scheme.
- 5.4 Where employees who have taken retirement benefits (either as former service employees or employees of another public sector organisation) apply for a professional support services role with Cambridgeshire Fire and Rescue Service as part of a competitive selection process and are successful, abatement of pension could be applied.

Section Six - Severance Payments

- 6.1 In the event of redundancy, the Service applies statutory redundancy payments under the provisions of its Redundancy Policy. This applies to both compulsory and voluntary redundancy situations. All relevant legislative requirements are adhered to.
- 6.2 In 2022/23 there were three settlement agreements, when the employment of an employee was terminated by the Service, or in settlement of a claim. Such agreements are subject to confidentiality clauses.

Early Payment of Pension Benefits

- 6.3 Under the provisions of the Local Government Pension Scheme employees aged over 55 who are made redundant, or who are retired from Service on the grounds of efficiency, are awarded early payment of pension benefits.
- 6.4 In this case, a charge is made against the Fire Authority by the pensions fund; this is referred to as actuarial strain.
- 6.5 In 2022/23 the Service had one agreement for the early payment of pension.

To: Cambridgeshire and Peterborough Fire Authority
From: Jodie Houseago – P126 Project Manager
Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren
Telephone: 01480 444619
matthew.warren@cambsfire.gov.uk

Date: 10 February 2023

P126 Project – Update on relocation of Huntingdon Fire Station and Service Training Centre

1. Purpose

- 1.1 The purpose of this report is to update the Fire Authority on the work undertaken by Cambridgeshire Fire and Rescue Service (CFRS) in relation to the relocation of Huntingdon Fire Station and Service Training Centre to St John's, Percy Road, Huntingdon.

2. Recommendation

- 2.1 The Authority is asked to note the report.

3. Background

- 3.1 The last report brought to the Authority detailed the full background of this project and provided Members with an update that saw the project to the start of its 'build' phase. This report will provide more detail on the 'build' phase, which is now complete, as well as outline high level 'commission and move' activities.

4. Project Progress to Date

- 4.1 Artisan Developers started work on site 6 September 2021 with an original contract end date of 5 September 2022.
- 4.2 The 'build' programme stayed relatively on schedule throughout, with minor delays occurring through fire integrity changes to the design and a prolonged bout of record hot weather. A three week extension was agreed to 26 September 2022 as additional contingency due to the addition of a sprinkler system and became the working assumption for 'building handover'. It is worth mentioning that both contractors, Artisan and Crofton, were very diligent in keeping to schedule during a period that saw unprecedented impacts from the pandemic and a global market collapse in availability of raw materials, such as steel, fuelled by the war in Ukraine.

- 4.3 In early October 2022, Artisan requested a time extension of eight weeks, taking the contract completion date to 21 November 2022. This was caused by a delay connecting the electrical sub-station that would power the site, resulting in commissioning and testing delays. Artisan were able to make some of this time delay up and formally handover the new site on 11 November 2022, with 'snagging' of the site being managed in accordance with the 12 month warranty terms.
- 4.4 Throughout the project there have been a number of design changes. These design changes have been taken after listening to our employees and the contractors. All changes were subject to a change review process before being accepted.
- 4.5 Communication with staff directly impacted by the project has been continuous throughout the 'build' stage and regular project updates have been communicated across the wider organisation, including images of progress and more recently drone footage provided by the crews.
- 4.6 A large project team was fully engaged throughout the 'build' stage, comprising of representatives from many of our organisational departments. To make efficient use of resource time, key leads within the project team were identified and tasks allocated to smaller teams with common themes for example, 'Movers' (A27, Training Centre, Operational Support Group, Health and Safety and Occupational Health), 'Technical' (all ICT leads and Application Support Group) and 'Enablers' (People Team, Media and Communications, Property and Business Support Group).

5. Financial Details

- 5.1 A summary of the project final position is shown in the table below:

PROJECT BUDGET	BUDGET	CLIENT	ACTUAL	PLANNED	TOTAL	STATUS
Build and Groundwork	£6,772,426	Artisan	£6,648,429	£261,018	£6,909,447	G
Developer and Consultancy Fees	£1,266,000	Artisan	£953,088	£16,662	£969,750	G
		Bremner	£112,000	£0	£112,000	COMPLETE
Contract Extension	£25,000	Artisan	£0	£25,000	£25,000	G
Land Cost	£1,186,000	St Johns	£1,186,300	£0	£1,186,300	COMPLETE
		Cheffins	£8,000	£0	£8,000	COMPLETE
Training Facilities	£1,450,000	Crofton	£1,564,726	£0	£1,564,726	COMPLETE
Fixtures and Fittings	£312,000	Various	£245,963	£125,274	£371,237	A
TOTAL	£11,011,426		£10,718,506	£427,954	£11,146,460	G

- 5.2 The original budget was increased to account for the archaeological dig and the sprinkler system. These items were reported to the Authority as they occurred and are included in the cost table.

- 5.3 Final invoices for build and groundworks, as well as developer and consultancy fees have not yet been received from Artisan. Based on regular conversations held with them it is forecast we will come in on, or slightly under, the revised budget with regard to these two items as the differences balance the overall spend out.
- 5.4 Crofton's final invoices have been issued and paid. The total spend for the training facilities came in over budget by £114,726. This was predominantly due to increased costs of build materials and in particular steel as well as fabrication cost increases. Crofton advised that they absorbed as much of the cost as they could, whilst remaining proactive in purchasing as much as they could physically store in advance of price increases and only passed down additional costs that were absolutely necessary.
- 5.5 The fixtures and fittings budget was increased from £212,000 to £312,000 in autumn 2022, following a review undertaken of what was left to buy as the build started to take shape. It was clear that the only provisions being installed were toilets and showers, all other fixtures and fittings were to be provided as part of this budget. Now, we are forecasting a spend of £371,000 to fully fit out the building and the additional costs will be met from underspends in the current financial year.
6. Commission and Move Stage
- 6.1 Since 'building handover', key stakeholders involved in the project have been fitting out the building in preparation for occupation by those transitioning as part of the relocation project. This commissioning activity will continue until the site is deemed complete.
- 6.2 During the months of November and December 2022, the project team successfully moved professional support staff and Training Centre from the current site and Occupational Health (from St Ives) over to the new site.
- 6.3 On 1 February 2023, crews began responding from the new site and the following day the Hartford Road site was closed for decommissioning in preparation for disposal. It is planned to hold an official opening event shortly.

Source Documents

Huntingdon Fire Station and Service Training Centre Relocation Data – available on request

Location:

Hinchingbrooke Cottage, Brampton Road, Huntingdon

Contact Officer:

Jodie Houseago, Project Manager tel: 07825 506697 Jodie.houseago@cambsfire.gov.uk

To: Cambridgeshire and Peterborough Fire Authority

From: Monitoring Officer – Ms Shahin Ismail

Presenting officer(s): Monitoring Officer - Ms Shahin Ismail

Telephone 01480 444500

shahin.ismail@cambsfire.gov.uk

Date: 10 February 2023

Appointment of an Independent Remuneration Panel

1. Purpose

- 1.1 The purpose of this report is to seek approval from the Fire Authority to appoint an independent remuneration panel (IRP) to review its scheme of allowances.

2. Recommendations

- 2.1 The Authority is asked to:

2.1.1 agree the appointment of an IRP to review the scheme of allowances and note the associated costs,

2.1.2 extend the current Members' Allowances Scheme until the outcome(s) of the IRP are known and agreed.

3. Risk Assessment

- 3.1 Legal – the Authority are required under the Local Authorities (Members' Allowances) (England) Regulations 2003 to put in place a compliant scheme for the payment of allowances to its Members. Failure to do so would place the Authority in breach of its legal duty.
- 3.2 Political – the scheme of allowances must be published and should be set with regard to recommendations made by an IRP or other agreed mechanism.
- 3.3 Economic – the Authority has duties to ensure it complies with legislation and that such a scheme is managed efficiently, effectively and cognisant of any National Joint Council (NJC) pay awards and index linking.

4. Background

- 4.1 Historically, the most cost effective method of reviewing Member allowances (required every four years) has been to ask Cambridgeshire County Council (CCC) to consider Authority requirements as part of its own review cycle. However in 2017 CCC rejected the report findings of an IRP and approved an alternative scheme which did not consider the Authority. This also came at a time when the

future governance of the Authority was under consideration by the then Police and Crime Commissioner. In view of this and the ongoing uncertainty, the Authority has agreed twelve month extensions of their existing scheme since financial year 2018/19. During this time there have been three uplifts in line with NJC pay awards and minor wording amendments as the consequence of wider work on the constitutional documents (Minute 15 of the Authority meeting held on 4 November 2021 refers).

- 4.2 Whilst the Government White Paper is still awaited, it is now known that the current Police and Crime Commissioner does not wish to pursue his predecessor's course of action and therefore the future of the Fire Authority is more certain than it has been previously. At its meeting in February 2021 the Authority discussed and approved the current scheme but as local elections loomed it resolved that 'early in the life of the new Fire Authority, options and costs for a review of its allowances scheme' should be presented (Minute 164 of the Authority meeting held on 11 February 2021 refers). At its meeting in the following February, the Authority resolved unanimously to receive a report from the Monitoring Officer on the options and costs of an IRP, or other mechanism, to determine future allowances as soon as practicable (Minute 28 of the meeting held on 10 February 2022 refers). The recommendation at Paragraph 2.1.1 above seeks to achieve this.
- 4.3 As previously stated, the Authority is required to make a scheme of allowances for its appointed Members. The process for making and reviewing such schemes is strictly regulated in order to ensure that the public can have confidence in the independence, openness and accountability of the process involved. At the heart of this process is the requirement that the Authority scheme is reviewed every four years by an independent, appropriately qualified entity.
- 4.4 Research has concluded that the only realistic option to achieve an independent review is to engage a subject matter expert to lead a panel in a review of the current scheme of allowances. The Regulations (Part 4, Regulation 20 (2)) require an IRP to consist of at least three members.
- 4.5 It is therefore recommended that Mark Palmer from East of England LGA is appointed to lead a panel in an independent review. Mr Palmer has experience in this area and has worked successfully with both primary authorities within Cambridgeshire, Huntingdonshire District Council and several other fire and rescue services. He is able to draw on a small pool of individuals who have experience within both primary authorities, the Combined Authority and other public bodies. Together they will conduct the review based on the specific duties required of this authority's Members and benchmark against other authorities within the family group and wider sector.
- 4.6 As the current scheme of allowances, approved in February 2022, covers the period 1 April 2022 to 31 March 2023 it will require extending until the findings of the IRP are known and agreed thus the recommendation at Paragraph 2.1.2.

5. Review Process

- 5.1 Subject to the approval of the recommendation at Paragraph 2.1.1 above and preliminary discussions with Mr Palmer, the process will commence mid-March as follows;
- key interviews with Chief Fire Officer, Fire Authority Chair and Vice Chair, other Committee Chairs,
 - questionnaire shared with all Fire Authority Members (based on current scheme and relevant inputs) via an email link with a ten day response window,
 - comparative work with other fire and rescue authorities within the family group and wider sector.
- 5.2 The IRP will submit a report of their findings and recommendations to the Authority in June 2023. At that time, it will be open to the Authority to accept the recommendations in full, part or amend them.
- 5.3 The process will take no more than five days at a cost of £850 per day and will be drawn from the 2022/23 democratic services budget.

Source Documents

- Fire Authority Minutes – various
- Member Allowances Scheme 2022/23
- Local Authorities (Members' Allowances) (England) Regulations 2003

Location:

Fire Service HQ, Hinchbrook Cottage, Brampton Road, Huntingdon

Contact officer:

Deb Thompson, Scrutiny and Assurance Manager deb.thompson@cambsfire.gov.uk

Fire Overview and Scrutiny Committee Minutes

Date: Thursday 19 January 2023

Time: 14:00 – 16:00

Venue: Fire Service Headquarters

Present: Councillors Bond, Gardener, Gowing, Kindersley (Chair), McGuire, Rae, Taylor and Warren

46. Apologies for Absence and Declarations of Interest

No apologies were received. There were no declarations of interest.

47. Minutes – 6 October 2022 and Action Log

The minutes of the meeting held on 6 October 2022 were agreed as a correct record and signed by the Chair. The action log was noted.

48. Integrated Risk Management Plan Performance Measures

The committee received a report which reviewed the service's progress between 1 April and 30 September 2022 with regard to incidents and workforce diversity. There had been a decrease in road traffic collisions; an increase in minor injuries and co-responding with special services; and a spike in primary, secondary and non-domestic fires, which was not anticipated to be a trend. Applicant diversity had been affected by recruitment difficulties and a high staff turnover.

During discussion members:

- Clarified that while the percentage killed or seriously injured had increased 9% over the five year period, the overall population had increased 11%.
- Noted that the A1307, A1198 - Papworth St Agnes junction - and A1 Wittering had high rates of road traffic accidents. Signage work occurring to mitigate accidents. The service agreed to request information from police databases regarding road accidents occurring on the A14 from Ellington to the Keyston/Bythorn junction following a change to the road layout. Action.
- Learned that road traffic collision deaths were recorded if the death occurred within 28 days of the accident.
- Were reassured that the National Fire Chief's Council and local authority recognised the impact of climate change on spate conditions and were seeking to mitigate the resulting trends.

It was resolved unanimously to:

Note the contents of the performance report in Appendix 1 which covers the first two quarters of the year, 1 April to 30 September 2022 and make comment as they deem appropriate.

49. Update on the Expansion of Crews of Three Appliance Mobilisations to all Incident Types

The committee received a report which detailed the use of crews of three appliance mobilisations for all incidents, approved by the Programme Board 13 September 2022. This had enabled CFRS to increase availability of on-call fire stations, improved response times, and prevented further deployment when unnecessary. A training offer existed to mitigate concerns from firefighters, but had been attended by thirteen of 242 officers.

The officer provided updated figures for Section 7 of the report: there had been eight mobilisations – in which a stop message had been utilised for one; 630 hours additional appliance availability; a failure to agree letter from the Fire Brigades Union (FBU) dated 4 January 2023; fifteen letters of compliance under duress, of which ten were from wholetime on call firefighters and three had completed the training session. In response to the letters, the service had written to the FBU acknowledging concerns and met separately with each person. They found the primary concern to be attending incidents for which urgent action was required, which needed over three firefighters to enact. In these instances, there would be a moral dilemma as firefighters would be expected to wait for an additional response unit. The officer countered that preparation work could be done in the interim period.

The Chair invited Mr Harriss, FBU representative for Cambridgeshire, to speak against the proposal. Mr Harriss expressed concerns that crews of three could be waiting sixteen minutes for additional response; and shared that, following implementation, response times had been five minutes quicker to 25% of incidents and one minute quicker to 56% incidents. Prior to commencement, 88% of firefighters in a Whatsapp group had signed a letter of concern, 66% of whom were wholetime staff. He also established that Councillor Murphy, Chair of the Fire Authority, had responded to an email from the Fire Brigades Union recognising their concerns.

In response to questions from members, Mr Harris:

- Clarified that, in a separate email sent to members of the Overview and Scrutiny Committee, he had used rural areas as an example of an instance in which mobilisation of crews of three would not necessarily provide a quicker response time.
- Notified members that this policy required multiple appliances to be mobilised in all circumstances, including those for which previously one was required. This used additional resource in a stretched service.
- Established that preparation work prior to building entry was approximately sixty seconds. This limited action that could be taken by the first response to alleviate the moral pressure to act. This moral pressure to act would be increased by the public

whose expectation for the fire service to act would be subverted. The Chair responded that any form of attendance may provide the public with reassurance.

In response to the public question, the officer stated that:

- The majority of call outs were not of a severe nature and could be handled by a crew of three. It would not be an organisational aim to crew appliances with only three firefighters but, when required, this would mitigate under-resourcing. Currently the service struggled with on-call firefighter retention due to the contrast between the role's significant time commitment relative to the number of call-outs.
- There had been a house fire prior to the mobilisation of crews of three appliances which had become more serious due to the nearest station having a smaller crew than necessary available for mobilisation.
- This measure had been implemented in other counties, and the officer was not aware of any redaction of the policy.
- Following commencement of the mobilisation of three, the response time within Cambridgeshire had not been sixteen minutes.
- Firefighters were trained in handling moral pressures and making risk assessments. This reduced firefighter loss of life. Research by the University of Cambridge demonstrated that moral pressure was stronger when officers were unable to take any action. However, actions could be taken by a team of three in a severe situation, such as: setting into the nearest water supply hydrant; running a jet or hose reel out to contain a fire; and window rescues using ladders.
- Representative bodies would receive a written response to their concerns.

It was requested that Mr Harris and Overview and Scrutiny Committee members receive a written response to the statement within five working days. **Action.**

In response to the report, members:

- Reiterated feedback from the consultation that it was residents' preference to see any response from the fire service, rather than wait additional time for their arrival. This included preparatory work.
- Drew comparisons between three-crewed appliances and NHS first response vehicles. When NHS first responders used ambulances, public expectations could also be subverted. For both, changing public perception could alleviate moral pressure.
- Learned that, on accepting the role, officers received ten weeks of initial training, an annual training update, and breathing apparatus training six months after commencement in the role. General training included the minimum number of firefighters required for use of the equipment. Therefore, while three-crew appliance training had been offered in response to officers' requests, it was not mandatory and low uptake was likely because most officers already felt sufficiently trained.

- Were reassured that three-manned appliances would only be crewed by experienced staff.
- Clarified that there were 252 on-call colleagues, 15 of which had penned under duress letters. These letters were received following the mobilisation of three-crewed appliances, whilst the larger volume of letters written by the Whatsapp group and presented by Mr Harriss had been written prior to commencement.
- Reflected that the need to mobilise crews of three had been initiated due to low recruitment and retention, caused largely by the low number of calls outs.
- Established that data from crews-of-three mobilisations would be included on the Performance Dashboard and RNB Performance Report, which would highlight any concerns. This could also be included as a regular report to the Fire Authority. It was requested this was also seen quarterly by the Overview and Scrutiny Committee.
Action.
- Expressed a desire to endorse the action taken. It was therefore proposed by Councillor McGuire, seconded by Councillor Gardener, and resolved unanimously to amend the recommendation to reflect this and circulate the minutes of this meeting to the Fire Authority. **Action.**

It was resolved unanimously to:

Note the contents of this report, specifically the work the service has undertaken with all stakeholders (colleagues, representative bodies and communities) that were affected by this new way of working and **endorse the expansion of crews of three appliances to all incident types.**

50. Update on CFRS Planning for Industrial Action

The committee received a verbal update on the CFRS Industrial Action Plan. Following the rejection of a 5% pay rise by FBU members, a ballot regarding whether to proceed with strike action was taking place, after which strikes could commence from 23 February 2023. A Resilience Agreement was in place, which included the availability of the following officers throughout strike action: a minimum of ten appliances, a silver commander, two group commanders and a fire control commander. It was not anticipated that specialist skillsets would be offered, but available resource would enable officers to manage a tall building fire. Support from other services was also being sought. The Business Continuity Plan had been agreed by the Policy and Resources Committee.

During discussion, members:

- Clarified it would be an individual's choice whether or not to continue with strike action should a terrorist event occur. However, in the event of such a major incident, of any type, it was anticipated that it would be responded to fully regardless of strike action.

- Noted that previous costing for military aid had been £64k to crew two appliances. This would provide defensive support, but not building fire management or aid for road traffic collisions. The fire service would also be required to provide additional resourcing for the training of military personnel. This was therefore deemed an unviable option.

It was resolved unanimously to:

Note the report.

51. Internal Audit Progress Report

The committee received the Internal Audit Progress Report which measured the authority as having controls with reasonable assurance. Following the audit, it was agreed that the journal would be independently verified in future. All actions were agreed with management; however, additional resource was required to enact them.

During discussion, members expressed concern regarding the long timescales for implementation, however, expectations had to be managed as all recommendations were being enacted by a single member of staff.

It was resolved to:

Note the Internal Audit Progress Report.

52. Draft Budget Report

The committee was provided with an overview of the annual budget subject to approval by the Fire Authority. It broke down the £37.136m gross budget for 2023/24. The service was currently functioning in a £1.2m deficit, but £211k short term savings had been made and the 2023/24 gross budget had been reduced by £1m. Spending had been affected by inflation (which was accounted for within the budget), fuel costs, pay awards and anticipated pay increases. Should pay awards increase, the budget would need to be reviewed. Currently the authority was still considered a low cost, high performing organisation.

During discussion, members:

- Learned that reserves would become dangerously low should additional pay awards be granted.
- Noted that the property development reserve and financial business continuity reserve would be utilised to resource the pay award, although the majority of the property development reserve had been used on supporting the St John's project. Borrowing would be more effective than capital revenue to fund pay awards further.
- Were pleased that by end-2023, the sale of the Huntingdon Fire Station would buoy low reserves, as would the additional £1.9m provided by Council tax precepts. However, 800k savings were still required.

- As a result of global warming, the government was considering providing fire services with additional funding should demand in summer 2024 exceed forecasts as it had for summer 2023.
- Acknowledged that the outline strategy had been reviewed by the Policy and Resources Committee who, along with the Fire Authority, would review it again following this meeting.

It was resolved to recommend to the Fire Authority:

1. That approval is given to a Fire Authority budget (as detailed in Appendix 1) to the requirement £33,678,280.
2. That approval is given to a recommended Fire Authority precept for Tax from District Authorities and Peterborough City Authority of £24,143,451.
3. That approval be given to an Authority Tax for each band of property, based on the number of band D equivalent properties notified to the Fire Authority by the District Authorities and Peterborough City Authority (302,095):

Band	2022/23	Authority Tax	2023/24	Band	2022/23	Authority Tax	2023/24		
A	£	49.98	+£3.30	£53.28	E	£	91.63	+£6.05	£97.68
B	£	58.31	+£3.85	£62.16	F	£	108.29	+£7.15	£115.44
C	£	66.64	+£4.40	£71.04	G	£	124.95	+£8.25	£133.20
D	£	74.97	+£4.95	£79.92	H	£	149.94	+£9.90	£159.84

4. That approval is given to the Capital Programme detailed in Appendix 2.

53. Cambridgeshire and Peterborough Fire Authority Overview and Scrutiny Work Programme

The committee discussed what areas or issues might add value to the scrutiny function. It was agreed not to progress the existing member-led review of estates, property management and capital programme but focus on people themes. Terms of reference for a member-led review on employee retention would be drafted and circulated for comment. **Action.**

The committee agreed to a site visit at St John's on 10 February 2023. **Action.**

The committee resolved unanimously to note its work programme.

Chair
20 April 2023

Cambridgeshire and Peterborough Fire Authority Minutes of the Policy and Resources Committee meeting

Date: 20 December 2022

Time: 2.00pm – 3.20pm

Place: Fire HQ, Huntingdon

Present: Councillors: M Atkins, S Bywater, B Goodliffe (Chair), M Jamil (Vice Chair), E Murphy, D Over, K Reynolds, P Slatter and M Smith

Officers: Dawn Cave, Shahin Ismail, Stuart Smith, Chris Strickland, Deb Thompson and Matthew Warren

18. Apologies for absence and declarations of interest

There were no apologies for absence or declarations of interest.

19. Minutes of the Policy and Resources Committee held 28th April 2022

The minutes of the meeting held on 28 April 2022 were approved as a correct record.

20. Policy and Resources Committee Action Log

The Action Log was noted.

21. Draft Medium term Financial Strategy

The Committee considered a late report on the draft Fire Authority medium term financial Strategy (MTFS) for 2023-2028. Members noted that the report had been accepted by the Chair for the following reasons for urgency and lateness:

Reasons for Lateness – the delay was due to the late announcement by government on the changes to the amount Fire Authority Council tax level could be increased, and time was needed to ensure the impact of precept changes on budget could be understood.

Reasons for Urgency – so that the proposed budget and precept can be consulted upon within the relevant timescales

The Fire Authority had considered the significant challenges to the Fire Service's financial position for 2023-24 at their meeting in early November. Whilst the ongoing economic uncertainty continued to be a significant risk across the sector, an uplift in government grant had subsequently been announced, and on 12 December, it had been announced that Fire Authority Council Tax levels could be increased by up to 2.99% or £5 (whichever is higher), without the need to call a referendum. Any such Council Tax increase would be subject to consultation.

Prior to the announcements on the grant and precept uplift, considerable work had been undertaken by the Finance team, robustly challenging every budget holder. The grant and precept uplift would enable the Service to catch up in inflationary terms, and afford the latest offer made to full-time firefighters was for a 5% pay award, with an estimated further 4% on pay next year. However, a pay award higher than this would be challenging.

Notification of the grant increase had been received on 19th December, and this provided an additional £500,000, which provided a total of £9.5M next financial year; service grant of £240K had also been retained, which was unexpected. There was a 1.8% assumption of increase to the Council Taxbase currently, but Cambridge City figures were still awaited.

Detailed budget preparations were as robust as they could be, and a budget book would be provided to Committee in January. The budget book and MTFS would also be reviewed by the Overview and Scrutiny Committee in January, before being presented to the Fire Authority meeting in February for approval. Officers confirmed that the final MTFS document would be more clearer and user friendly, with graphs and images.

In terms of unknowns, with regard to Section 31 Grant, the government had indicated that they were effectively freezing business rates for small businesses, and providing Fire Authorities with a grant to offset this loss.

The Deputy Chief Executive stressed that there was still uncertainty, and the pay awards for both the current year and 2023/24 were major uncertainties from a budgetary perspective. Additionally, the increased Precept was for one year only. The uplifts had been very late, following considerable lobbying of government from both professional and political sources. If all Fire Authorities maximised the Precept, this would not change CFRS's quartile ranking.

It was further noted that the precept £5 was conditional on the Fire Authority providing an efficiency statement plan to the Minister to justify its position. Given the preparatory work already undertaken to scrutinise the Service's

finances, he had no concerns about providing that information, and saw it as a good opportunity to demonstrate that the Fire Authority was starting from a low base and was very efficient.

In response to a question on potential efficiencies that had been considered as part of the budgetary process, officers confirmed that the uplifts enabled them to review these in a controlled manner rather than introducing knee jerk changes. There had already been significant reductions, and scope for further efficiencies would be considered.

A Member asked how the Service was placed in terms of the natural hazards it faced, e.g. field fires, flooding, etc. Officers advised that much was weather dependent, and whilst there was a lot of water in the county, it did not have moorland, so was less susceptible to wildfires in hot dry weather. As climate change resulted in hotter summers and wetter winters, the Service needed to be more flexible in how it delivered services, to ensure it was prepared. Originally all fire stations were effectively autonomous, but a more flexible approach was now taken, with firefighters moving around to provide cover.

Noting that there were currently 28 appliances available out of 38, compared to 14-15 available usually, it was noted that this was probably due to there being more retained firefighters available at home due to the Christmas holidays, in the same way there was greater availability in the evenings and during the Covid-19 pandemic.

In response to a question about utility costs, officers confirmed that these were above inflation, and this would be made clearer in the final version.

A Member asked if the expected increases in cross border charges would be reciprocated? Officers confirmed that they usually balanced out: e.g. Hertfordshire and Suffolk usually attend more incidents in Cambridgeshire, but Norfolk fewer (i.e. Cambridgeshire attends more incidents in Norfolk). This was calculated using an average rate over three years. There was an issue with one neighbouring Service on charges, and CFRS was paying them what was believed to be a fair rate on a per hour or per incident basis.

A Member spoke favourably on the MTFs and the current situation, and applauded the lobbying undertaken by the Fire Authority Chair and senior managers. However, he commented that the devil may be in the detail, and pressure needed to be maintained, suggesting that the key issues would be inflation, salaries and energy. Officers confirmed that inflationary figures had been assumed on premises and running costs, and it was expected that energy bills would go up by 100%. Salaries remained a concern, particularly for next year.

A Member asked what the approach would be to the consultation on tax precepts, and also whether all Fire and Rescue Services would take the full £5, noting that £5 represented an increase of 6.6% on a Band D Council Tax. It was noted that historically, despite considerable communications, there was little engagement in the consultation. The consultation needed to be carefully worded so that options presented were all deliverable. Whilst the uplifts and changes nationally were welcome, it only meant that the Service could “catch up” for the year.

Councillor Murphy, Chair of the Fire Authority thanked officers for the huge amount of valuable work undertaken in preparing the MTFS, which would be very useful going forward, and would also enable officers to provide the efficiency statement to government to justify the £4.95 increase. She applauded this exemplary approach to financial planning. The Chief Fire Officer commented that this had been a team effort, and thanked Members for their lobbying. He commented that there had been some intense contingency planning this year, and none of that work had been lost: business continuity plans would continue to be presented to Members annually, in addition to the Operational Risk Review project which was still going forward.

Councillor Goodliffe, Committee Chair, thanked officers for all their hard work which meant the Service was in a good position going forward.

It was resolved unanimously to:

1. review and approve the attached draft MTFS;
2. review the associated financial plan at Appendix 1 within it;
3. agree the forecast budget for 2023/24 to include public consultation on a £4.95 council tax increase.

22. Revenue and Capital Budget Monitoring Report 2022-23

Members considered an update on revenue and capital spending as of 30 November 2022.

Members noted that the current position was relatively positive, partly due to wholetime firefighters’ pay awards having not yet been applied. Pay awards had been applied for professional support staff.

Cambridgeshire was one of the founding members of the Fire and Rescue Indemnity Company, and insurance premiums for next year would increase by only 2.9%. This was low compared to other members of the consortium, and other blue light services.

A Member observed that Reserves appeared low, and queried capital receipts. It was noted that the former Papworth fire station had recently sold

at auction for £312,000. A decision was expected on the former Huntingdon Fire Station, where there had been pre-application discussions with the District Council, and a determination was expected early in the new year. The site was in a Conservation Area and there were also some flood risk issues, but these were not insurmountable issues. The Planning Authority had indicated that a higher density was desirable, in keeping with the local area. Officers confirmed that they were still keeping an open mind as to whether the site would be sold as one or two lots, in order to maximise the value of that site.

With regard to the new Training Centre, it was agreed that both Policy & Resources and Overview & Scrutiny Committees would be held at the new Training Centre in January, if possible. Officers paid special tribute to those staff involved in the training centre project, including Jodie Housego, Simon Thompson and Stocker Standen.

It was resolved unanimously to:

note the position on revenue and capital spending.

23. CFRS Potential Industrial Action Update

The Committee considered a verbal update on potential industrial action, and the current planning assumptions and work to date to ensure the Service was as prepared as possible should periods of industrial action take place.

Following the rejection of a 5% pay rise offer, the FBU had announced that they would ballot their members for strike action. This ballot would end on 30 January 2023. If the outcome was a mandate for strike action, the earliest date industrial action could commence was 13 February.

The Industrial Action Business Continuity Plan was activated in June 2022. The Industrial Action Business Continuity Planning Cell (IABPCPC) was meeting frequently to ensure that all relevant actions, including training, were in place, should industrial action go ahead. Currently there were 19 individuals who had signed resilience agreements. Additionally, there were six senior leaders and a number of operational personnel, both wholetime and on call, who would be willing to provide cover during periods of industrial action. All resilience colleagues had undertaken 2.5 training days on fire appliance, equipment and operational procedures, and tribute was paid to the training team for arranging this training. The proposed arrangements for serious incident cover up to Gold level were noted. In terms of fire cover, the plan was to have at least the minimum requirement of ten fire appliances available, and this could be higher. In addition, a number of professional

support staff had been trained to help support Combined Fire Control (CFC) staff during periods of industrial action.

In terms of risks, the risk to the public was greater during periods of industrial action, and appropriate positive communications would be undertaken, especially around prevention.

It was noted that specialist skill sets such as water response, rope rescue and large animal rescue could not be guaranteed during periods of industrial action.

Arising from the report:

- a Member asked what would happen if there was an incident such as the recent tragedy where four young boys tragically died after falling through an icy lake in Solihull. Officers outlined the resources available, including the support offered from partners such as the Police, and the actions that could be taken, even if specialist skills sets were unavailable;
- in response to a query about the 19 resilience colleagues, it was confirmed that this was about half the usual number;
- the Chief Fire Officer outlined the positive approach and professionalism of staff generally, and paid particular tribute to the training centre staff for their support;
- a Member asked if there will be real time data shared with striking colleagues during periods of industrial action, so they were aware of incidents involving risk to human life. Officers confirmed that any staff picketing fire stations would have access to those fire stations, including use of welfare facilities and the teleprinter detailing incidents. An agreement for major incidents had been in place during the last industrial action, and that was currently being reviewed nationally. It was unclear whether Service Headquarters would be picketed if industrial action went ahead;
- it was noted that historically, Retained Firefighters had not participated in industrial action, but the FRSA's position had not yet been confirmed;
- it was noted that the legislation around industrial action had changed since 2014, and guidance would be issued to all staff to ensure that

everyone was fully briefed. It was made clear to staff, both striking and non striking, that the Service's Behaviours would continue to be applied to everyone;

- in response to a question raised on lessons learned from industrial action in 2014, it was confirmed that the biggest learning was around culture, and having face to face conversations with those taking industrial action pre- and post-strike, making the experience as amicable as possible. The other lesson was to start preparing as early as possible;
- it was noted that the Service would not be taking up the offer of military support in periods of industrial action, given the level of resilience established through planning. The likely high cost and issues with the military support were noted. However, resilience could be an issue if there were coordinated days of action e.g. both firefighters and teachers.

It was resolved unanimously to note the update.

24. Work Programme

Members noted the forward Work Programme

