

FIRE & RESCUE AUTHORITY SUMMONS

SOUTH WALES FIRE & RESCUE AUTHORITY

You are summoned to attend a meeting of the South Wales Fire & Rescue Authority to be held at **South Wales Fire & Rescue Service Headquarters, Forest View Business Park, Llantrisant, CF72 8LX** on **Monday 19 December 2011 at 1030 hours.**

A G E N D A

1. Apologies for Absence
2. Declarations of Interest

Members of the Fire & Rescue Authority are reminded of their personal responsibility to declare both orally and in writing any personal and/or prejudicial interest in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.

3. Chairman's Announcements
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20. **RESOLUTIONS TO EXCLUDE THE PRESS AND PUBLIC BY VIRTUE OF SECTION 100A AND PARAGRAPHS 12, 13 & 14 OF PART 4 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED).**
21. Fire & Rescue Authorities in Wales: Strategic Outline Case and Discussion Document 171
22. To consider any items of business that the Chairman deems urgent (Part 2)

Signature of Proper Officer:



**MEMBERSHIP
Councillors:**

D	Bolter	Caerphilly	C	Mann	Caerphilly
S	Bradwick	Rhondda Cynon Taff	R	McKerlich	Cardiff
J	Daniel	Rhondda Cynon Taff	R	Patel	Cardiff
D T	Davies	Caerphilly	G	Price	Merthyr Tydfil
A M	Ernest	Vale of Glamorgan	W J	Routley	Newport
R J W	Greenland	Monmouthshire	D	Sage	Bridgend
D	Hando	Newport	J	Singh	Cardiff
K	Hyde	Cardiff	V	Smith	Monmouthshire
C	James	Bridgend	G	Stacey	Rhondda Cynon Taff
R	Jones	Torfaen	B	Thomas	Blaenau Gwent
S J	Jones	Rhondda Cynon Taff	W	Tomlinson	Torfaen
L W	Kelloway	Cardiff	E T	Williams	Vale of Glamorgan

SOUTH WALES FIRE & RESCUE AUTHORITY
MINUTES OF THE HR & EQUALITIES MEETING
HELD ON MONDAY 11 JULY 2011 AT
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

01. PRESENT:

Councillor	Left	Authority
R McKerlich (Chairman)		Cardiff
J Daniel (Vice-Chairman)		Rhondda Cynon Taff
D T Davies		Caerphilly
C James		Bridgend
S Jones		Rhondda Cynon Taff
J Singh		Cardiff
G Stacey		Rhondda Cynon Taff
E T Williams		Vale of Glamorgan

APOLOGIES:

S Bradwick		Rhondda Cynon Taff
R J W Greenland		Monmouthshire
D Hando		Newport
K Hyde		Cardiff
G Price		Merthyr Tydfil
V E Smith		Monmouthshire
W Tomlinson		Torfaen

ABSENT:

OFFICERS PRESENT:- ACO P Haynes – Director of People Services, ACO S Chapman – Director of Corporate Services

02. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in each agenda item which affected their Authority.

03. MINUTES OF PREVIOUS MEETING

The minutes of the HR & Equalities meeting held on 11 April 2011 were received and accepted as a true record of proceedings.

The ACO People Services confirmed Members would receive a report containing full facts on Disciplinary Dismissal Appeals at the Fire Authority meeting on 26 September 2011.

04. HUMAN RESOURCES DEPARTMENT STRUCTURE AND FUNCTION

The ACO People Services presented a report on the current organisational structure and functions established within the Human Resources Department. The report also included the major objectives facing the Department which have been identified within the HR Directorate and Departmental Plans 2011/2012.

RESOLVED THAT

04.1 Members noted the content of the report.

04.2 Members agreed with the proposed future work programme and committee reports.

05. TRAINING & DEVELOPMENT DEPARTMENT STRUCTURE & FUNCTION

The ACO People Services presented a report to Members detailing the current organisational structure and functions established within the Training & Development Department that have been identified within the People Services Directorate and Departmental Plans 2011/12.

RESOLVED THAT

05.1 Members noted the content of the report.

05.2 Following a request by Members, the ACO People Services agreed to include in the Forward Work Programme an information brief on the National Vocational Qualification Level 3 – Operations in the Community.

06. FORWARD WORK PROGRAMME

The ACO People Services presented the Forward Work Programme.

RESOLVED THAT

- 06.1 Members accepted the Forward Work Programme for the HR & Equalities Committee 2011/12.
- 06.2 Due to Council Elections taking place in May 2012, the ACO People Services agreed to consider rearranging April 2012 reports in the Forward Work Programme.
- 06.3 Following a request from Members, the ACO People Services agreed to provide Members with an explanation on Officers' role marking epaulettes.

SOUTH WALES FIRE & RESCUE AUTHORITY

MINUTES OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT MEETING HELD ON MONDAY 18 JULY 2011 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

01. PRESENT:

Councillor

Left

R J W Greenland (Chairman)
C Mann (Vice Chairman)
C James
W Routley
B Thomas

Monmouthshire
Caerphilly
Bridgend
Newport
Blaenau Gwent

APOLOGIES:

S J Jones
L W Kelloway
G Price

Rhondda Cynon Taff
Cardiff
Merthyr Tydfil

ABSENT:

B Jones
E T Williams

Torfaen
Vale of Glamorgan

OFFICERS PRESENT:- CFO A Marles, DCFO H Jakeway, ACO P Haynes – Director of Peoples Services, Mr Steve Greenslade – Treasurer, AM A Thomas – Head of Operational Risk Management, Mr G Thomas – Head of Finance, Ms H Wheatley – RSM Tenon Auditor, Ms J Joyce – Wales Audit Officer, Ms V De Zouche - KPMG Accountant

02. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in each agenda item which affected their Authority.

03. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's Announcements.

04. MINUTES OF PREVIOUS MEETING

The following minutes were received and accepted as a true record of proceedings:-

- Asset Management Working Group meeting held on 8 April 2011
- FAPM meeting held on 16 May 2011

05. STATEMENT OF ACCOUNTS AND REVENUE OUTTURN 2010/2011

The Treasurer presented a report to Members on the statutory Statement of Accounts of the Authority, outlining the revenue outturn position for the year, and recommendations for reserve deployment.

The Treasurer and Chairman wished to thank the Head of Finance and his team for the work carried out in producing the accounts.

RESOLVED THAT

Members agreed:-

05.1 The Statement of Accounts, including replenishment of the Change Management Reserve, is approved for submission to the external auditors.

05.2 The remaining revenue surplus be shown as transferring to the General Reserve at the financial year end and deployed as follows within the current year of account:-

- Extinguish the pay reserve and create a strategic contingency reserve at an opening value of £1 million to mitigate financial risk during the current period of turbulence and austerity.
- Create a day crewing protection reserve of £1.75 million to be applied to meet the revenue implications of time limited

commitments, with Officers being authorised to negotiate on 'buying' these allowances out if financial savings can be demonstrated.

- 05.3 The Treasurer be authorised to make such adjustments to the Statement of Accounts as he considers necessary in consultation with the external auditors.
- 05.4 The audited accounts and the statutory report of the external auditor are considered by the Fire & Rescue Authority at its September meeting.
- 05.5 The Members of the Finance Working Group are asked to scrutinise the end of year surplus to establish whether improvements might be made to monitoring processes, and whether there are any structural budget issues for consideration within the Medium Term Financial Plan or the forthcoming budget cycle.

06. CAPITAL OUTTURN 2010/11

The Head of Finance provided Members with details of the Capital Budgets for 2010/11, compared to the actual expenditure for the year, together with explanations for variations against budget heads.

RESOLVED THAT

Members noted the content of the report.

07. COMPLIANCE, EVIDENCE, DELIVERY & REVIEW OF THE AUTHORITY'S TREASURY MANAGEMENT FUNCTION

The Treasurer provided Members with the results of a review of the Treasury Management function commissioned from the Authority's Treasury Advisors.

RESOLVED THAT

Members agreed to:-

- 07.1 Accept the review report attached to the report and noted the high levels of assurance.
- 07.2 To receive a Treasury Management training presentation at the start of a future Finance, Audit & Performance Management Committee meeting, to which all Fire & Rescue Authority Members would be invited.
- 07.3 To receive an update on implementation of the report recommendations as part of the scheduled interim Treasury Management report for 2011/12.

08. WALES AUDIT OFFICE REGULATORY PROGRAMME FOR PERFORMANCE AUDIT 2011/12 & FINANCIAL AUDIT OUTLINE

The Wales Audit representative presented the Regulatory Programme attached to the report on the performance audit work that the Auditor General would undertake on South Wales Fire & Rescue Authority during 2011/12.

The representative of the external auditor presented the Wales Audit Office Financial Audit Outline.

In response to a question from Members, Officers confirmed that management responses on the ICT Strategy audit would be provided within one month.

RESOLVED THAT

- 08.1 Members noted the Regulatory Programme and the incorporation of relevant Wales Audit Office reports into the Forward Work Programme for the Committee.
- 08.2 Members noted the Wales Audit Office Financial Audit Outline report.

09. IMPROVEMENT ASSESSMENT INCLUDING THE CORPORATE ASSESSMENT UPDATE

The Deputy Chief Fire Officer and Wales Audit Officer presented the findings of the Wales Audit Office corporate assessment and provided an update of the improvement assessment of the Authority.

RESOLVED THAT

- 09.1 Members noted the positive corporate assessment update and the progress that has been made under the 2010 proposals for improvement together with the actions to be undertaken by the Service to improve its performances further.
- 09.2 Members noted the Wales Audit Officer would provide suggestions on engagement with the public.
- 09.3 Following a suggestion by Members, the Chief Fire Officer agreed to consider publicising the cost to the taxpayer of attending fires and other incidents.

10. CORPORATE RISK REGISTER – ANNUAL REPORT

The Deputy Chief Fire Officer reported on the risks within the Corporate Risk Register and the management of these risks.

RESOLVED THAT

- 10.1 Members agreed the validity to the significant and material risks contained within the Corporate Risk Register.
- 10.2 Members requested a matrix is included in Appendix B to the report.
- 10.3 Members agreed to raise the risk level of risk no 59 to 25.
- 10.4 Members requested the Chief Fire Officer keeps Members updated on negotiations with Representative Bodies.

11. NATIONAL RESILIENCE ASSURANCE PROCESS – WELSH URBAN SEARCH AND RESCUE CAPABILITY

The Area Manager, Operational Risk Management, informed Members that in October 2010 the Welsh Urban Search and Rescue (USAR) capability underwent an assurance process by the National Resilience Assurance Team (NRAT). The conclusion of the NRAT assurance is that the Wales Urban Search and Rescue capability can respond to national level incidents in line with published expectations and maintain the response for the duration of any national level incident.

The Chairman congratulated the team on the high level of capability and training within their area.

RESOLVED THAT

Members noted the positive comments identified within the report.

12. FUEL

Following an internal audit on fuel, and at the request of Members at their meeting on 15 December 2010, the Deputy Chief Fire Officer presented an up to date report on fuel.

RESOLVED THAT

12.1 Members noted the actions taken by Officers following the fuel audit.

12.2 Members noted the strategic holding of bunkered fuel and the need for such facilities for business continuity of the Service.

12.3 Members received assurances that robust management was now in place and directed Officers to maintain that position whilst considering more cost effective longer term solutions than currently presented.

12.4 Members noted the follow up date of the fuel audit on week commencing 5 December 2011.

13. UPDATE ON PROCUREMENT AND FUNDING STRATEGY FOR THE CORPORATE GAZETTEER AND FIRE SAFETY MANAGEMENT INFORMATION SYSTEM

The Treasurer informed Members of a change in direction of the procurement source from a commercial off the shelf solution to an open source option for the corporate gazetteer and Fire Safety Management Information System. This has the potential to save in the region of £245,000 from the 2011/12 Capital Budget. However, this would require £93,000 from the 2011/12 Revenue Budget.

RESOLVED THAT

- 13.1 Members approve the procurement of a Corporate Gazetteer and Fire Safety Management Information System in collaboration with West Midlands Fire Safety.
- 13.2 Members approve a revenue budget of £63,000 to be funded from 2011/12 revenue under-spends if available and otherwise by application of the change management reserve and notes the revenue implications for future years.
- 13.3 Members agreed that £245,000 of capital budget be removed from the 2011/12 programme.
- 13.4 Members approved work to investigate the potential for further collaboration with West Midlands Fire & Rescue Service in the development of open source software.

14. FORWARD WORK PROGRAMME

The Chief Fire Officer presented the Forward Work Programme.

RESOLVED THAT

Members accepted the Forward Work Programme for Finance, Audit & Performance Management.

15. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 1)

There were no items of urgent business.

SOUTH WALES FIRE & RESCUE AUTHORITY

MINUTES OF THE FIRE & RESCUE AUTHORITY MEETING HELD ON MONDAY 26 SEPTEMBER 2011 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

34. PRESENT:

Councillor	Left	Authority
A M Ernest (Chairman)		Vale of Glamorgan
S Bradwick		Rhondda Cynon Taff
J Daniel		Rhondda Cynon Taff
D T Davies	1430 hrs	Caerphilly
R J W Greenland		Monmouthshire
C James	1205 hrs	Bridgend
R Jones		Torfaen
L W Kelloway		Cardiff
C Mann	1455 hrs	Caerphilly
R McKerlich		Cardiff
R Patel	1235 hrs	Cardiff
G Price		Merthyr Tydfil
W J Routley	1325 hrs	Newport
J Singh	1235 hrs	Cardiff
V E Smith		Monmouthshire
G Stacey	1235 hrs	Rhondda Cynon Taff
B Thomas	1235 hrs	Blaenau Gwent
W Tomlinson	1235 hrs	Torfaen
E T Williams		Vale of Glamorgan

APOLOGIES:

K Hyde	Cardiff
S J Jones	Rhondda Cynon Taff
D Sage	Bridgend

ABSENT:

D Bolter	Caerphilly
D Hando	Newport

OFFICERS PRESENT:- CFO A Marles, DCFO H Jakeway, ACFO R Hammerton – Director of Technical Services, Mr S Greenslade – Treasurer, ACO P Haynes – Director of People Services, AM G Clement – Head of Major Projects & Property Maintenance, Mr M Watt – FBU Representative, Ms V Stevens – Wales Audit Officer, Mr M Chown – Chairman of the Trustees of Firebrake, Ms H Prior – Chief Executive Officer of Firebrake

35. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in each agenda item which affected their Authority.

In addition the following Members specifically drew attention to the following interests as it affected their home Authority:-

Councillor Bradwick	Item 28
Councillor Daniel	Item 28

As a trustee of Firebrake, the Chief Fire Officer declared an interest in agenda item 9.

36. CHAIRMAN'S ANNOUNCEMENTS

TODAY'S MEETING

Due to the length of the agenda the Chairman announced Members would break for lunch at 1230 hours and reconvene at 1315 hours.

WELSH AMBULANCE TRUST

The Annual Public Meeting of the Board of the Welsh Ambulance Services NHS Trust is to be held at 1030 hrs on 29 September 2011 in G7 Atrium, Gorseinon Development Trust, Millers Drive, Gorseinon, Swansea, SA4 4QN. The Trust welcomes the attendance of all members of the public and fully embraces equality and diversity. Members were reminded that if they had any special requirements in order to aid their attendance to inform the Trust at least five working days in advance to enable them to help accommodate Members requirements. Welsh simultaneous translation facilities would also be available.

The Annual Public Meeting would be followed by a Trust Board Meeting also open to the public, to be held at 1130 hours. Further details, including directions to the location, were available from Nia Cockburn on 01745 532994.

TREASURY MANAGEMENT WORKSHOP

Members were requested to note that as a result of the Treasury Management Compliance Review which was reported to the Finance Audit and Performance Management Committee in July, a Treasury Management Workshop would be held at 2pm on 17 October, to which all Members were encouraged to attend. Members should inform Members Support of their attendance.

FIREFIGHTERS' CHARITY GALA PRESENTATION EVENING

This year's Firefighters' Charity Gala Presentation Evening is to be held at Caerphilly Castle on Friday 28 October 2011, 1900-1930 hours. Tickets are on sale at £25.00 each, and include complimentary wine, 5 course meal and entertainment.

GLEISION COLLERY MINING TRAGEDY

The Chairman was sure that all Members would join him in expressing his condolences to the families of the miners who tragically lost their lives in last week's incident. Whilst support was provided by a number of agencies the Chairman was able to confirm that a number of personnel from South Wales Fire & Rescue Service provided assistance, and that he would be writing to each of them thanking them for the extreme efforts that they exhibited throughout the incident.

Members held a minute's silence.

PRESENTATION EVENING

The Chairman reminded Members that a Presentation Evening is to be held at Headquarters on Thursday 3 November 2011, commencing at 7pm, and urged all Members to attend if possible.

WELCOME

The Chairman welcomed Mr Mike Chown, Chair of Trustees and Helen Prior, Chief Executive Officer from Firebrake, who were invited to talk to Members in regard to agenda item number 9. The Chairman also welcomed Ms V Stevens, from the Wales Audit Office.

RETIREMENT OF THE CHIEF FIRE OFFICER

The Chairman announced that as it was the Chief Fire Officer's last Fire Authority meeting before he retires on 30 November, the Chairman would like to take the opportunity to wish the Chief Fire Officer all the very best in his retirement, and on behalf of the Fire Authority wished to thank him formally for all his outstanding work and achievements carried out on behalf of the Service.

The Chief Fire Officer thanked Members for their best wishes.

37. MINUTES OF PREVIOUS MEETING

The following minutes were received and accepted as a true record of proceedings:-

- HR & Equalities Meeting held on 11 April 2011
- Finance Audit & Performance Management Meeting held on 16 May 2011
- Fire & Rescue Authority Meeting held on 27 June 2011

38. UPDATE ON ACTIONS

The Chief Fire Officer informed Members of actions undertaken since the last meeting.

39. MEMBERS ATTENDANCE

The Chairman drew Members attention to the up to date figures on Fire Authority Members attendance for 27 June 2011 – 23 September 2011.

RESOLVED THAT

Members noted the content of the report.

40. STATEMENT OF ACCOUNTS 2010/2011

The Treasurer informed Members that the South Wales Fire & Rescue Authority (SWFRA) is required to adopt its Statement of Accounts for 2010/11 by 30 September 2011, by which date the external auditor is also required to provide his/her opinion on the financial statements. The report and appendix discharged those obligations, and also considered the associated letter of representation by the auditor.

The Chairman of the Finance Audit & Performance Management Committee wished to convey his thanks to the Treasurer and members of staff for the good work carried out in producing the Statement of Accounts.

RESOLVED THAT

Members unanimously agreed to adopt the Statement of Accounts for the year ended 31 March 2011 as provided electronically via the Member portal.

41. AUDIT OF FINANCIAL STATEMENTS – REPORT TO THOSE CHARGED WITH GOVERNANCE (AUDIT OF FINANCIAL STATEMENT REPORT)

The Treasurer and the Welsh Audit Officer jointly informed Members that the appointed auditor is required to give their opinion on the true and fairness of the financial statements for the year ended 31 March 2011.

RESOLVED THAT

41.1 Members agreed to consider the Audit of Financial Statement Report of the appointed auditor shown at Appendix 1 to the report.

41.2 Members agreed to note the letters of representation included in the Audit of Financial Statement Report and delegate authority to the Treasurer for these to be reviewed and finalised on behalf of the Authority.

42. FIREBRAKE FUNDING

The Treasurer presented a report highlighting Members key concerns raised at their 27 June 2011 meeting on the supplementary funding request by Firebrake to cover their accommodation costs for the next three years from April 2011, in addition to the funding already provided to the charity. The Chief Executive of the charity was present at the meeting to address Members concerns and answer any questions.

Due to an electrical failure Members and Officers continued the meeting in Meeting Room 8 from 1130 hours.

RESOLVED THAT

- 42.1 Members noted the report.
- 42.2 Members confirmed the decision not to provide the additional funding requested and resolved to reduce the longstanding funding in next year 2012/13 budget to £15,000 subject to no salary increases being awarded and progress in value added initiatives in South Wales being evidenced prior to final budget setting.
- 42.3 Members requested a microphone to be available for guest speakers at future meetings

43. BUDGET STRATEGY 2012/13

The Treasurer presented a report for Members consideration on the budget strategy to be employed in the construction of the 2012/13 Revenue Budget.

RESOLVED THAT

- 43.1 Members agreed to approve the strategic budget issues discussed in the paper.
- 43.2 Members approved the 2011/2015 Medium Term Financial Plan made available to Members electronically.
- 43.3 Members agreed the 2012/13 budget process and timetable shown at Section 2.9 to the report.

44. RISK REDUCTION PLAN 2012/13

The Deputy Chief Fire Officer presented a report for Members to consider the responses received during the consultation process on the draft Risk Reduction Plan 2012-13, and the content of the final version of the Risk Reduction Plan 2012-13 that Members would adopt.

RESOLVED THAT

- 44.1 Members agreed to note the consultation responses.
- 44.2 Members agreed to adopt the draft 2012-13 Risk Reduction Plan approved by Members on 9 May 2011.
- 44.3 Members agreed that consultation and negotiations continue with the relevant trade unions on specific project proposals before formal recommendation proposals are presented to Members.
- 44.4 Members agreed that the final version of the Risk Reduction Plan 2012-13 be submitted to the Welsh Government by 31 October 2011 in accordance with statutory requirements and published on the Authority's internet site.
- 44.5 Members agreed that the Chief Fire Officer be given delegated authority to implement the adopted Risk Reduction Plan 2012-13.
- 44.6 Following Members concerns on comments received from an internal member of staff, the Deputy Chief Fire Officer agreed to discuss further with the staff member.

45. PUBLICATION OF THE ANNUAL IMPROVEMENT PLAN 2011/12

The Deputy Chief Fire Office presented Members with a report on publishing the Service's Annual Improvement Plan in accordance with the requirements of the Local Government (Wales) Measure 2009.

RESOLVED THAT

45.1 Members noted the report and agreed the general content and strategic direction of the plan.

45.2 Members approved the publishing of the Improvement Plan on the SWFRS internet site by 31 October 2011.

(Councillor C James left the meeting at 1205 hours)

46. REPORT ON DISCIPLINARY DISMISSAL APPEALS ISSUES

The ACO People Services informed Members that under the existing South Wales Fire & Rescue Service Discipline Policy and Procedures, following dismissal from the Service all employees have the right of appeal to the Disciplinary Appeals Committee of the Fire & Rescue Authority.

The Finance & Audit Performance Management Committee received an auditor's report which recommended that disciplinary appeals against dismissal should fall within the ambit of the Principal Officers' roles and responsibilities.

The matter was then referred to the HR & Equalities Committee for further consideration of the wider personnel issues to take place.

In doing so, the HR & Equalities Committee received information which identified that when an employee is dismissed from the Service and they subsequently appeal the dismissal to the Disciplinary Appeals Panel that they remain on full pay until the appeal is heard.

RESOLVED THAT

In accordance with the HR & Equalities Committee resolution Members agreed to accept the following recommendation:-

46.1 That the Disciplinary Dismissal Appeals should be heard by members of the Executive Leadership Team (CFO, DCFO, and ACOs).

Following lengthy discussion, Members voted 11 votes to 7 to defer the following recommendations until legal advice had been obtained:-

- That the practice of continuing to pay employees after dismissal but whilst awaiting their appeal should be ceased.
- That where the employee is reinstated on appeal they would be reimbursed their loss of earnings from their original dismissal date.

The meeting was adjourned for lunch at 1235 hours.

(Councillors Singh, Patel, Stacey, Thomas, and Tomlinson, left the meeting at 1235 hours)

The meeting resumed at 1315 hours.

47. STRATEGIC PROPERTY UPDATE

Area Manager Clement updated Members upon the key issues arising from the detailed Strategic Property Update at the Fire & Rescue Authority meeting held June 2011.

RESOLVED THAT

47.1 Members noted the work being undertaken by Officers in relation to the sites detailed in the report.

47.2 Members requested that both current and past Members are invited to the opening ceremony of the Cardiff Central and Aberbargoed Fire Stations.

48. DISPOSAL OF APPLIANCES

The ACFO Technical Services informed Members that the Fire & Recue Service vehicle disposal has been a matter of debate within the CFOA Wales Transport Officers Group for some time, with concerns being raised regarding security and second usage. Whilst all current Water Ladder disposals are being donated to Serbia, recent interest within the market place for specific vehicles have rendered 4x4 Water Ladders worth considerably more that was previously the case.

RESOLVED THAT

- 48.1 Members agreed to authorise delegated powers to the ACFO Technical Services, and the Treasurer, to test the market place and seek Best Value for the Authority when disposing of vehicles.
- 48.2 Members requested a further report on the outcome of sales to be presented to the Asset Management Working Group.

(Councillor Routley left the meeting at 1325 hours)

49. DISPOSAL OF WATER TANKER

The ACFO Technical Services informed Members that further to a delivery of a replacement vehicle during the summer of 2011, South Wales Fire & Rescue Service has a Water Tanker for disposal that has attracted interest from Cini Fire Tech Limited on the Isle of Wight, who are prepared to offer £5,000 to purchase it. In view of the vehicle's age and condition this is considered a good price.

RESOLVED THAT

- 49.1 Members agreed to authorise the sale of the Water Tanker to Cini Fire Tech Limited.
- 49.2 Members agreed to make a donation of £2500 from the proceeds of the sale, subject to legal review to assist in the delivery of vehicles to Serbia.

50. BRIBERY ACT 2010

The Treasurer informed Members of the existence of the Bribery Act 2010 and how this relates to them in their role as a Fire & Rescue Authority Member, and to ask that they note the action being taken by Officers to update the Authority's robust policies and procedures currently in place to mitigate against possible acts of bribery by or on behalf of the Authority.

RESOLVED THAT

50.1 Members agreed to note the report and the action being taken by Officers to mitigate against possible acts of bribery by, or on behalf of, the Authority.

50.2 Members agreed that the responsibility for this Act should sit with the Standards Committee and that the ACO Corporate Services be given delegated authority to amend the terms of reference of the Standards Committee accordingly.

51. DRAFT ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL FOR WALES – DECEMBER 2011

The Treasurer summarised for Members the key findings relevant to Fire & Rescue Authority Members in the Panel's draft report and sought Members' views upon the consultation response to be submitted to the Panel Secretariat by 3 October 2011.

RESOLVED THAT

51.1 Following consideration on the issues raised within the report, Members agreed to delegate authority to the Chief Fire Officer and Treasurer, in consultation with the Chairman, to respond to the panel by the 3 October deadline.

51.2 The Chairman agreed to send a copy of the response to Members.

52. HEALTH & SAFETY REPORT 2010/2011

The ACFO Technical Services informed Members that the Annual Health & Safety report for 2010/2011 presents statistics and activities which provides data on performance within South Wales Fire & Rescue Service.

The report continues to identify the downward trend in accidents and injuries from the base line data of 1997/1998 in line with our Health & Safety Strategy.

The Chairman thanked the ACFO Technical Services for an excellent report, and suggested that it be reported in the next Chief Fire Officer's Newsletter.

RESOLVED THAT

Members unanimously agreed:-

- 52.1 To note the report on the performance of South Wales Fire & Rescue Service in the area of Health & Safety.
- 52.2 To note the overall success achieved in the area of Health & Safety across the Service area.
- 52.3 To note the range of initiatives underway to support Health & Safety for South Wales Fire & Rescue Service.

53. MOTORCYCLE SAFETY PROGRAMME – 'RIDE OUT RIDE RIGHT'

The Deputy Chief Fire Officer updated Members on the progress that has been made with the 'Ride Out Ride Right' (RORR) motorcycle safety programme, since its launch in June 2010. The RORR programme is funded by the Welsh Government with the aim to assist in reducing the number of motorcyclists killed and seriously injured on the roads of Wales.

RESOLVED THAT

- 53.1 Members agreed that the RORR motorcycle programme continues within South Wales Fire & Rescue Service, taking on board feedback from partners and attendees plus evaluation, with the intention to continuously improve where required.
- 53.2 Members requested that any evaluation conducted by Wales Government be reported to the Authority.

54. LOCAL, REGIONAL, NATIONAL: WHAT SERVICES ARE BEST DELIVERED WHERE? THE SIMPSON REVIEW

The Chief Fire Officer introduced the Simpson Review to Members of the Fire & Rescue Authority.

RESOLVED THAT

54.1 Members noted the report and submission to the Welsh Local Government Association (WLGA).

54.2 Members requested a report on joint collaboration with the other Emergency Services (JESG) to be presented at December's Fire Authority meeting.

55. USE OF EMERGENCY RELATED POWERS BY DEPUTY CHIEF FIRE OFFICER AND APPROVAL FOR ATTENDANCE AT OVERSEAS EVENTS

The Deputy Chief Fire Officer advised Members of the use of Emergency Powers by the Deputy Chief Fire Office, in consultation with the Chairman of the Finance, Audit & Performance Management Committee, to approve attendance at events overseas; and requested Members' approval for travel overseas.

RESOLVED THAT

55.1 Members agreed to note that in the absence of the Chief Fire Officer and Chairman of the Authority, the use by the Deputy Chief Fire Officer of Emergency Powers to authorise the attendance of a member of the UK International Search and Rescue (ISAR) Team on a Staff Management Course in Sweden on 18-23 September 2011.

55.2 Members agreed to authorise the attendance of the UK-ISAR Team member to represent the UK-ISAR Management Team at the UN INSARAG meeting in Tunisia on 24-28 November 2011.

55.3 Members agreed to authorise and fund the air fare for a Station Manager to attend the WRO/UKRO training initiative in Ghana on 12-26 November 2011.

56. PERFORMANCE MONITORING REPORT – QUARTER 1 APRIL 2011 TO JUNE 2011

The Deputy Chief Fire Officer presented to Members the performance information and recorded incident statistics from April 2011 to June 2011.

RESOLVED THAT

56.1 Members agreed to note the performance details and statistical data contained within the report.

56.2 Members agreed to approve its publication on the SWFRS internet site.

56.3 Members agreed for Officers not to pursue the disaggregation of data to ward level for the reasons detailed within the report.

The Chairman thanked the Deputy Chief Fire Officer for an excellent report, and wished to pass his thanks on to members of staff who had carried out the work.

57. STRATEGIC PLANNING FOR POTENTIAL INDUSTRIAL ACTION OVER CHANGES TO PUBLIC SECTOR PENSIONS

The ACFO Technical Services informed Members that proposed changes to Public Sector Pension Schemes, and the current consultation process, are creating a period of industrial tension which presents the potential for industrial action to take place in the near future. In previous disputes Fire & Rescue Authorities have been able to rely on support from the military in providing emergency cover. This is no longer available. This fact, combined with the fact that SWFRS has extremely high union membership, are key factors in planning for any industrial dispute. The report set out the Statements of Strategic Intent that are required to enable adequate action plans to be developed.

RESOLVED THAT

Members agreed to note the content of the report and endorsed the Statements of Strategic Intent.

58. FORWARD WORK PROGRAMME

The Chief Fire Officer presented the Forward Work Programme.

RESOLVED THAT

Members accepted the Forward Work Programme for the Fire & Rescue Authority 2011/12.

59. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 1)

There were no items of urgent business.

60. RESOLUTIONS TO EXCLUDE THE PRESS AND PUBLIC BY VIRTUE OF SECTION 100A AND PARAGRAPHS 12, 13 & 14 OF PART 4 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 (AS AMENDED)

A resolution to exclude the press and public by virtue of Section 100A and paragraphs 12, 13 & 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended) was passed.

61. DISPOSAL OF LANELAY HALL SITE

Councillor Daniel left the meeting in the consideration of this item.

Area Manager Clement updated Members on progress made towards securing planning permission and marketing the Lanelay Hall site since the June 2011 meeting.

RESOLVED THAT

Members accepted the following recommendations, whilst Councillor Bradwick abstained:-

61.1 Members noted the current progress to the planning process for the Lanelay Hall site.

61.2 Members approved the Authority contributing up to £250,000 in remediating the difficulties in maximising site value by a contribution to the costs of a third party subject to gaining planning permission.

61.3 Members agreed that if the contribution of £250,000 needs to be increased then delegated authority be authorised to the Chief Fire Officer, Treasurer and Chairman.

Councillor Daniels returned to the meeting.

(Councillor D T Davies left the meeting at 1430 hours)

62. RETIREMENT OF THE CHIEF FIRE OFFICER

The Deputy Chief Fire Officer left the meeting in the consideration of this item.

The Chief Fire Officer advised the Authority of his intention to retire. Members were offered two alternatives to put interim arrangements in place to give continued leadership at the top of the Service.

(Councillor Mann left the meeting at 1455 hours)

RESOLVED THAT

62.1 Members unanimously agreed to making temporary appointments from existing staff members to achieve an interim solution to commence on 1 December 2011 for an initial 6 month period, subject to review. These arrangements to include the temporary promotion of the Deputy Chief Fire Officer to Chief Fire Officer and Assistant Chief Officer Corporate Services to Deputy Chief Officer. To maintain the ratio of three uniformed officers in the Executive Leadership Team for top level rota response, an Area Manager would need to be temporarily promoted to Assistant Chief Fire Officer. There would also need to be a realignment of officer responsibilities with an extended role for the Treasurer.

62.2 That the ACO People Services be given delegated authority to consult with the Chairman to set the level of honoraria payments to Officers taking on additional temporary responsibilities under the recommendation of the report.

62.3 The Chairman asked Members to consider asking the Chief Fire Officer to remain in the Authority's employment as an

advisor to the management team after 30th November in view of the expected industrial action on 30th. This was unanimously agreed. ACO People Services was given authority to make suitable arrangements.

The Deputy Chief Fire Officer returned to the meeting.

63. RENT OF DESK SPACE AT HEADQUARTERS

Area Manager Clement appraised Members of the proposal for a third party private sector Company to occupy office space within Headquarters.

RESOLVED THAT

63.1 Members agreed for negotiations to take place between FARMSS and SWFRS on the basis of the rental and other charges.

63.2 Members agreed to accommodate a FARMSS member of staff in the Headquarters building, subject to safeguarding security and confidentiality, and delegate authority to the ACO Corporate Services to make the necessary arrangements, including negotiating the rental charge.

64. STAFF REDUNDANCY – NON UNIFORMED

The ACO People Services outlined for Members changes in the workload of the Equalities and Diversity Unit, with arguments to support the redundancy of a part-time post.

RESOLVED THAT

64.1 Members approved the voluntary redundancy of the support member of staff with effect from 30 September 2011.

64.2 Members agreed that the one off redundancy costs be met from in-year savings generated by the redundancy.

65. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 2)

There were no items of urgent business.

SOUTH WALES FIRE & RESCUE AUTHORITY

MINUTES OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT MEETING HELD ON MONDAY 17 OCTOBER 2011 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

16. PRESENT:

Councillor	Left	
R J W Greenland (Chairman)		Monmouthshire
C James		Bridgend
B Jones		Torfaen
S J Jones	1225 hrs	Rhondda Cynon Taff
L W Kelloway		Cardiff
G Price		Merthyr Tydfil
V Smith		Monmouthshire
B Thomas (arrived 1135 hrs)		Blaenau Gwent
E T Williams		Vale of Glamorgan

APOLOGIES:

C Mann	Caerphilly
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ABSENT:

W Routley	Newport
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OFFICERS PRESENT:- CFO A Marles, DCFO H Jakeway, ACO P Haynes – Director of Peoples Services, ACO S Chapman – Director of Corporate Services, ACFO R Hammerton – Director of Technical Services, AM G Clement – Head of Major Projects & Property Maintenance, Mr G Thomas – Head of Finance, Mr C Powell – Head of Business Support, Ms H Cargill – RSM Tenon, Ms L Williams – Wales Audit Office

17. PRESENTATION – TREASURY MANAGEMENT

A representative from Sector Treasury Services delivered a presentation on Treasury Management to Fire Authority Members.

RESOLVED THAT

17.1 Following a question and answer session, Members agreed to note the content of the presentation.

17.2 The Head of Finance agreed to provide Members with a hard copy of the presentation.

18. DECLARATIONS OF INTEREST

Each Member declared a personal non-prejudicial interest in each agenda item which affected their Authority.

19. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's Announcements.

20. MINUTES OF PREVIOUS MEETING

The following minutes were received and accepted as a true record of proceedings:-

- Asset Management Working Group meeting held on 1 July 2011
- Finance Working Group meeting held on 15 July 2011
- FAPM meeting held on 18 July 2011

21. REVENUE MONITOR 2011/12

The Head of Finance informed Members that the Revenue Monitor report provided details of the annual revenue budget, expenditure and income up to 31 August, and the forecast outturn position for the period ending 31 March 2012.

RESOLVED THAT

21.1 Members agreed to note and receive the budget monitoring report.

21.2 Members approved the requested virements detailed at paragraph 2.5 of the report.

22. CAPITAL MONITOR 2011/12

The Head of Finance informed Members that the Capital Monitor report provided details of the total capital budget for the year and the actual expenditure to the end of August. The forecast spend to the end of the year was given based on information contained within departmental plans for the remainder of the year.

RESOLVED THAT

22.1 Members approved the amendments to the Capital Programme outlined in 2.2.5 and 2.4.5 to the report.

22.2 Members noted the content of the report.

23. TREASURY MANAGEMENT OUTTURN 2010/11

The Head of Finance requested Members consideration of the results of the treasury management activity for 2010/11 in accordance with the Authority's approved Treasury Policy Statement.

RESOLVED THAT

Members agreed to approve the results of the treasury management activities, and the performance achieved in 2010/11.

(Councillor S Jones left the meeting at 1225 hrs)

24. REVIEW OF GREAT PLAINS STOCK MANAGEMENT SYSTEM

The Head of Finance updated Members on the work undertaken following the internal audit of key financial controls.

The Head of Finance wished to thank Ms Amanda Jenkins, Performance Management Officer, for leading the team in introducing a new Stock Management System.

RESOLVED THAT

24.1 Members agreed to note the work and findings of the review team.

24.2 Members requested a further update report at a later date.

25. INTERNAL AUDIT REPORT

The Head of Business Support and Internal Auditor updated Members upon progress being made against the Internal Audit Plan 2011/12.

RESOLVED THAT

Members noted the work and findings of the Internal Audit.

26. AUDIT ACTION UPDATES

The Head of Business Support requested Members consideration on an update on actions arising from internal audits, showing a presentation of progress since February 2010, a snapshot of the current situation by action category, and a summary of actions completed since 1 September 2010.

Members were also requested to consider a brief report showing ongoing actions categorised as high or fundamental.

RESOLVED THAT

Members agreed to note the content of the report.

27. RISK REDUCTION PLAN – RELOCATION/DETRIMENT ARRANGEMENTS FOR DAY DUTY CREWED STAFF

The Deputy Chief Fire Officer informed Members that Officers have presented the representative bodies with an offer of a one-off payment in lieu of the ongoing and annual detriment package that would be paid to the individuals concerned.

RESOLVED THAT

- 27.1 Members agreed to note the progress and action taken by Officers.
- 27.2 Members agreed to receive a further report on the response from the representative bodies at the next Finance & Audit Performance Management meeting.

28. THE MANAGEMENT OF HEALTH & SAFETY IN THE GB FIRE & RESCUE SERVICE

The ACFO Technical Services presented Members with a report covering the outcomes of a benchmarking exercise against the recommendations of the consolidated report of the Health and Safety Executive that was based on the inspections of 8 Fire & Rescue Services. The report identified that in the majority of areas, South Wales Fire & Rescue Service is performing satisfactorily but there are 4 key areas for improvement.

RESOLVED THAT

- 28.1 Members noted the content of the report.
- 28.2 Members requested that the report is presented before the HR & Equalities Committee.

29. FORWARD WORK PROGRAMME

The ACO Corporate Services presented the Forward Work Programme.

RESOLVED THAT

Members accepted the Forward Work Programme for the Finance, Audit & Performance Management Committee.

30. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 1)

There were no items of urgent business.

AGENDA ITEM NO 5

UPDATE ON OUTSTANDING ISSUES ARISING FROM PREVIOUS FIRE & RESCUE AUTHORITY MEETINGS

Meeting of: Fire & Rescue Authority

Sally Chapman – DCO Huw Jakeway - CFO Rod Hammerton – ACFO/TS Phil Haynes – ACO/PS Andy Thomas – ACFO/Ops	Steve Greenslade – Treasurer Business Support Unit – BSU Tony Carter – Strategic Property Manager Performance Management Unit – PMU Calvin Powell – BSM
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Minute No	Item	Action	Leading Officer	Current Status:
08/09-137	Proposed Emergency Services Collaboration	Detailed Terms and Conditions of lease with Coast Guard Agency to be agreed.	DCO	Lease now completed
		ACO/CS (now DCO) to be given delegated authority to enter into appropriate agreements (including leases) where appropriate to existing arrangements for the Fire and Rescue Service's premises.	DCO	The first lease agreement for Maesteg Station has now been completed. Other agreements now under discussion.

Minute No	Item	Action	Leading Officer	Current Status:
08/09-153	Relocation of Paintshop	Prepare plans and apply for Local Authority Planning permission to relocate the Paintshop to the HQ site.	Strategic Property Manager	Planning consent is still awaited due to changes to the design due to ground conditions. Further report on costs of project scheduled for September 2011 but deferred to December 2011.
09/10 – 37	Pilot Scheme for AFA-Generated Calls to Fire Control	Extending existing pilot scheme for a further six months – then Members to receive a final report.	ACFO/Ops	Report deferred to February 2012 meeting due to agenda size.
09/10 – 38	Review of Hydrant Testing Arrangements	Review progress in 2011.	ACFO/TS	Report deferred to February 2012 due to agenda size.

Minute No	Item	Action	Leading Officer	Current Status:
09/10-120	Motorcycle – Road Safety Programme	DCO to provide Members with statistics on the number of accidents involving motorcyclists.	CFO	Completed
09/10-151	Medium Term Financial Plan 2010/2014 – ICT Project	To present a more detailed report on the ICT Project.	ACFO/TS	Report initially to FWG & FAPM Cttee on financial implications scheduled for October meeting. Further information required. Report has also been taken to the Asset Management Working Group.
09/10-156	Quarterly Stats Update	Further report on individual wards.	CFO	Completed
10/11-43	Local Government Measure	Refer issue of scrutiny to Standing Orders Working Group.	DCO	To be referred when contract standing order, financial regulation and delegation amendments submitted. Contract amendments completed and

Minute No	Item	Action	Leading Officer	Current Status:
				financial regs currently being amended.
10/11 – 78.4	Health & Safety 2009/10	Comparative data with other organisation to be incorporate in the next Health & Safety Report.	ACFO/TS	Completed
10/11 - 120	Extrication Team overseas travel	Update to be provided to members following the overseas travel by extrication team.	CFO	Completed
10/11 - 122	Appointment of Station Manager (Control) in RR Dept	Substantive post to be created Family tree diagram of where post sits within the department to be provided to members for information.	ACFO/Ops ACO/PS	Completed Ongoing
10/11 - 125	Forward Work Programme – Joint Consultative Forum	Potential of re-establishing Joint Consultative Forum to be discussed by HR and Equalities Committee and reported back to future FA.	ACO/PS	On agenda
11/12 – 23	Overseas Travel	To provide an annual report to members on requirements and costs for overseas travel by officers to avoid individual requests throughout the year.	ACFO/Ops	Being reviewed. To be considered as part of ongoing standing orders review. February 2012
11/12 – 27	Firebrake Funding	To invite the Chief Executive of Firebrake to the next Fire Authority meeting to answer Member questions on their business case and the charity's	DCO	Completed

Minute No	Item	Action	Leading Officer	Current Status:
		value for money to the organisation.		
11/12 - 42	Firebrake Funding	Reduce funding to £15,000 for 2012/13 financial year providing no pay increase awarded by Firebrake to its staff.	Treasurer	Completed – reduced figure factored into 2012/13 budget.
11/12 - 46	Disciplinary Dismissal Appeals	Appeals to be heard by members of the Executive Leadership Team. Further report following legal advice on payment following dismissal and prior to appeal determination.	ACO/PS ACO/PS	Report to HR & Equalities Committee including legal advice being considered – January 2012. Further report to FRA to follow.
11/12 - 48	Disposal of appliances	Delegations to be amended to give ACFO/TS and Treasurer delegated authority to obtain best value in disposal of vehicles.	DCO	Completed
11/12 - 50	Bribery Act 2012	Terms of Reference of Standards Committee to be amended to include responsibility for the Bribery Act 2010.	DCO	Completed
11/12 - 51	Draft Report of the Independent Remuneration Panel for Wales	Authority response to be submitted.	DCO	Completed
11/12 -	The Simpson Review	Further report on joint collaboration with the other	CFO	Scheduled for February 2012

Minute No	Item	Action	Leading Officer	Current Status:
54		emergency services and JESG		meeting
11/12 - 62	Retirement of CFO	Temporary appointment of CFO, DCO & ACFO. Interim arrangements for ex-CFO advice on operational industrial action.	ACO/PS	Completed
11/12 - 63	Rent of Desk Space at FSHQ	Rental of desk space to FARMSS.	DCO	Completed – in occupation
11/12 - 64	Non-uniformed Redundancy	Post to be made redundant	DCO	Completed

Fire Authority Members Attendance 2011/12

AGENDA ITEM 6

Attendance between 27 June 2011 - 19 December 2011

		R = Requisite P = Present A = Apologies Ab = Absent No Apologies Received														
Members	Totals FA					Totals FAPM					Totals HR&E					
	R	P	A	Ab	T	R	P	A	Ab	T	R	P	A	Ab	T	
1. Cllr Brian Thomas	2	2			2	3	2	1		3						
2. Cllr David Sage	2	1	1		2											
3. Cllr Clive James	2	2			2	3	3			3	2	2			2	
4. Cllr D T Davies	2	2			2						2	2			2	
5. Cllr Dennis Bolter	2	1		1	2											
6. Cllr Colin Mann	2	2			2	3	2	1		3						
7. Cllr Ramesh Patel	2	1	1		2											
8. Cllr Roderick McKerlich	2	2			2						2	2			2	
9. Cllr Keith Hyde	2	1	1		2						2	1	1		2	
10. Cllr L W Kelloway	2	2			2	3	2	1		3						
11. Cllr Jaswant Singh	2	2			2						2	1	1		2	
12. Cllr Glenn Price	2	2			2	3	1	2		3	2	1	1		2	
13. Cllr Val Smith	2	2			2						2	1	1		2	
14. Cllr R J W Greenland	2	2			2	3	3			3	2		2		2	
15. Cllr David Hando	2		1	1	2						2	1	1		2	
16. Cllr W J Routley	2	2			2	3	1		2	3						
17. Cllr Graham Stacey	2	2			2						2	2			2	
18. Cllr John Daniel	2	2			2						2	1	1		2	
19. Cllr Sylvia Jones	2	1	1		2	3	1	1	1	3	2	2			2	
20. Cllr Steven Bradwick	2	2			2						2		2		2	
21. Cllr W Tomlinson	2	2			2						2		2		2	
22. Cllr Anthony Ernest	2	2			2											
23. Cllr Emlyn Williams	2	2			2	3	2	1		3	2	2			2	
24. Cllr Bob Jones	2	2			2	3	1	1	1	3						

R = Requisite | P = Present | A = Apologies | Ab = Absent No Apologies Received

		R = Requisite P = Present A = Apologies Ab = Absent No Apologies Received									
Members		Totals Asset Management Working Group					Totals Finance Working Group				
		R	P	A	Ab	T	R	P	A	Ab	T
1.	Cllr Brian Thomas	3	3			3					
2.	Cllr David Sage	3		2	1	3					
3.	Cllr Clive James	3	2	1		3	3	3			3
4.	Cllr D T Davies	3	3			3	3	3			3
5.	Cllr Dennis Bolter										
6.	Cllr Colin Mann	3	3			3					
7.	Cllr Ramesh Patel										
8.	Cllr Roderick McKerlich										
9.	Cllr Keith Hyde										
10.	Cllr L W Kelloway	3	2		1	3	3	3			3
11.	Cllr Jaswant Singh										
12.	Cllr Glenn Price						3	1	2		3
13.	Cllr Val Smith	3	1	2		3					
14.	Cllr R J W Greenland						3	3			3
15.	Cllr David Hando										
16.	Cllr W J Routley						3		1	2	3
17.	Cllr Graham Stacey										
18.	Cllr John Daniel	3	3			3					
19.	Cllr Sylvia Jones	3	1	2		3					
20.	Cllr Steven Bradwick										
21.	Cllr W Tomlinson										
22.	Cllr Anthony Ernest										
23.	Cllr Emlyn Williams										
24.	Cllr Bob Jones										

R = Requisite | P = Present | A = Apologies | Ab = Absent
No Apologies Received

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 7

19 DECEMBER 2011

REPORT OF THE ACTING DEPUTY CHIEF OFFICER

APPOINTMENT TO HR & EQUALITIES COMMITTEE

SUMMARY

This report brings to Members attention the need to appoint a Member to the HR & Equalities Committee for the remainder of the Municipal Year.

RECOMMENDATION

That Members appoint a Member to represent the Conservative group for the remainder of this Municipal Year.

1. BACKGROUND

- 1.1 Members will be aware that the Authority's HR & Equalities Committee has fifteen Members and is a politically balanced Committee.
- 1.2 Unfortunately one of the appointed Members who represented the Conservative Group has found it necessary to resign.

2. ISSUE

- 2.1 In order to maintain the membership of this Committee at its optimum level it is necessary to appoint another Member to represent the Conservative Group for this Municipal Year.
- 2.2 For Members information this Committee meet quarterly and there are only two meetings left this Municipal Year which will take place on 23 January 2012 and 16 April 2012.

3. RECOMMENDATION

- 3.1 That Members appoint a Member to represent the Conservative Group for the remainder of this Municipal Year.

SALLY CHAPMAN
ACTING DEPUTY CHIEF OFFICER

Background Papers:-

None

Contact Officer:-

Calvin Powell

Head of Business Support

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SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 8

19 DECEMBER 2011

REPORT OF THE TREASURER

TREASURY MANAGEMENT OUTTURN 2010/11**SUMMARY**

To consider the results of treasury management activity for 2010/11 in accordance with the Authority's approved Treasury Policy Statement.

RECOMMENDATION

That the Fire & Rescue Authority be recommended to approve the results of the treasury management activities and the performance achieved in 2010/11.

1. BACKGROUND

- 1.1 To comply with the Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance, the Authority needs to review and approve a report of the performance of treasury management activities for the 2010/11 financial year.
- 1.2 The purpose of this report is to consider the results of treasury management activity for 2010/11 in accordance with the Authority's approved Treasury Policy Statement.
- 1.3 The Authority also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Finance Audit & Performance Management Committee before they were reported to the full Authority. No Member training on treasury management issues was undertaken during the year however this will be provided during 2011/12 in order to support Members' scrutiny role.
- 1.4 Recent changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of

Treasury Management Policy and Activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by Members.

2. ISSUE

2.1 A requirement of the Authority's Treasury Policy Statement is the reporting of both the expected treasury activity for the forthcoming financial year (the annual treasury management strategy statement) and subsequently the results of the treasury management activities in that year (this annual treasury management report). Treasury management in this context is defined as:

“The management of the Authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks”.

2.2 This annual report covers:

- the Authority's treasury position for 2010/11;
- the strategy for 2010/11;
- the economy in 2010/11
- borrowing and investment rates in 2010/11;
- the borrowing outturn for 2010/11;
- debt rescheduling;
- compliance with treasury limits and Prudential Indicators;
- Investment rates in 2010/11;
- investment outturn for 2010/11;

The Annual Treasury Report for 2010/11 is contained in Appendix 1.

3. FINANCIAL IMPLICATIONS

3.1 Borrowing Outturn

The average debt portfolio interest rate decreased slightly in 2010/11 from 4.04% to 3.92%. This was due to the favourable rates achieved on loans raised during the year in respect of the capital programme for 2010/11.

3.2 Investment Outturn

Internally managed funds, performed well above the benchmark with a return of 1.82% against a benchmark of 0.421%. This was due to negotiation with the Authorities bankers to achieve a fixed interest rate of 1.5% on all funds held in our main account and two twelve month fixed term investment bonds achieving rates of 2.0% and 2.35% respectively. Any funds exceeding our counterparty limit of £10.0million were invested short term with a return of 0.9%. This maintains the Authority's low risk investment strategy.

4. RECOMMENDATION

- 4.1 That the Fire & Rescue Authority be recommended to approve the results of the treasury management activities and the performance achieved in 2010/11.

SKF GREENSLADE TREASURER

Background Papers:

None

Contact Officer:-

Geraint Thomas

Head of Finance & Procurement

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Annual Treasury Management Report 2010/11

Introduction and background

This report summarises:

- Capital activity during the year;
- Impact of this activity on the Authority's underlying indebtedness (the Capital Financing Requirement);
- Reporting of the required prudential and treasury indicators;
- Overall treasury position identifying how the Authority has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

1. The Authority's Capital Expenditure and Financing 2010/11

The Authority undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Authority's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m	2009/10 Actual	2010/11 Estimate	2010/11 Actual
Total capital expenditure	4.770	10.183	7.461
Resourced by:			
• Capital receipts	0	0	0
• Capital grants	1.008	0	0.224
• Capital reserves	1.307	0.627	0.627
• Revenue	0.220	0.220	0.232
Unfinanced capital expenditure	2.235	9.336	6.378

2. The Authority's overall borrowing need

The Authority's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Authority's debt position. The CFR results from the capital activity of the Authority and what resources have been used to pay for the capital spend. It represents the 2010/11 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Authority's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Authority's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Authority.

Reducing the CFR – the Authority's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Authority is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Authority's 2010/11 MRP Policy (as required by WAG Guidance) was approved as part of the Treasury Management Strategy Report for 2010/11 on 15/03/2010.

The Authority's CFR for the year is shown below, and represents a key prudential indicator. This includes PFI and leasing schemes on the balance sheet, which increase the Authority's borrowing need, the CFR. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

CFR (£m)	31 March 2010 Actual	31 March 2011 Original Indicator	31 March 2011 Actual
Opening balance	35.935	30.808	36.625
Add unfinanced capital expenditure (as above)	2.235	9.336	6.378
Add adjustment for the inclusion of on-balance sheet PFI and leasing schemes (if applicable)			
Less MRP	-1.545	-0.983	-1.086
Less PFI & finance lease repayments			0.722
Closing balance	36.625	37.825	41.195

The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Net borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term the Authority's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Authority is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2010/11 plus the expected changes to the CFR over 2011/12 and 2012/13. This indicator allows the Authority some flexibility to borrow in advance of its immediate capital needs in 2010/11. The table below highlights the Authority's net borrowing position against the CFR. The Authority has complied with this prudential indicator.

	31 March 2010 Actual	31 March 2011 Original	31 March 2011 Actual
Net borrowing position	£19.526m	£25.427m	£20.906m
CFR	£36.625m	£37.825m	£41.195m

Explain here if net borrowing position is above CFR that borrowing in advance has been undertaken and is within forecast CFR for the next two years.

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Authority does not have the power to borrow above this level. The table below demonstrates that during 2010/11 the Authority has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Authority during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2010/11
Authorised limit	£58.0m
Operational boundary	£55.0m
Financing costs as a proportion of net revenue stream	4.81%

3. Treasury Position as at 31 March 2011

The Authority's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Authority's Treasury Management Practices. At the beginning and the end of 2010/11 the Authority's treasury position was as follows:

TABLE 1	31 March 2010 Principal		Rate/ Return	Average Life yrs	31 March 2011 Principal	Rate/ Return
Fixed rate funding:						
-PWLB	£30.761m				£32.460m	
-Market	<u>£0m</u>		4.04%		<u>£0m</u>	3.92%
Variable rate funding:						
-PWLB	£0m				£0m	
-Market	<u>£0m</u>		<u>0%</u>		<u>£0m</u>	<u>0%</u>
Total debt	£30.761m		4.04%		£32.460m	3.92%
CFR	£36.625m				£41.195m	
Over/ (under) borrowing	(£5.864m)				(£8.735m)	
Investments:						
- in house	£10,008m		0.35%		£11.015m	1.84%
- with managers	<u>£0m</u>		<u>0%</u>		£0m	<u>0%</u>
Total investments	£10.008m		0.35%		£11.015m	1.84%

The maturity structure of the debt portfolio was as follows:

	31 March.2010 actual	%	31 March.2011 actual	%
Under 12 months	£1.302m	4.23%	£1.302m	4.01%
12 months and within 24 months	£1.302m	4.23%	£1.302m	4.01%
24 months and within 5 years	£3.206m	10.42%	£3.806m	11.73%
5 years and within 10 years	£8.010m	26.04%	£11.009m	33.92%
10 years and above	£16.942m	55.08%	£15.041m	46.33%

Add comments as appropriate to explain any major changes

The maturity structure of the investment portfolio was as follows:

Investments	2009/10	2010/11	2010/11
All investments were for under one year			

The exposure to fixed and variable rates was as follows:

	31 March 2010 Actual	2010/11 Original Limits	31 March 2011 Actual
Fixed rate (principal)	100%	100%	100%
Variable rate (principal)	0	0	0

4. The Strategy for 2010/11

The expectation for interest rates within the strategy for 2010/11 anticipated low but rising Bank Rate (starting in quarter 4 of 2011) with similar gradual rises in medium and longer term fixed interest rates over 2010/11. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and reduce counterparty risk.

The actual movement in interest rates broadly followed the expectations in the strategy, as detailed in the following section.

5. The Economy and Interest Rates

2010/11 proved to be another watershed year for financial markets. Rather than a focus on individual institutions, market fears moved to sovereign debt issues, particularly in the peripheral Euro zone countries. Local authorities were also presented with changed circumstances following the unexpected change of policy on Public Works Loan Board

(PWLB) lending arrangements in October 2010. This resulted in an increase in new borrowing rates of 0.75 – 0.85%, without an associated increase in early redemption rates. This made new borrowing more expensive and repayment relatively less attractive.

UK growth proved mixed over the year. The first half of the year saw the economy outperform expectations, although the economy slipped into negative territory in the final quarter of 2010 due to inclement weather conditions. The year finished with prospects for the UK economy being decidedly downbeat over the short to medium term while the Japanese disasters in March, and the Arab Spring, especially the crisis in Libya, caused an increase in world oil prices, which all combined to dampen international economic growth prospects.

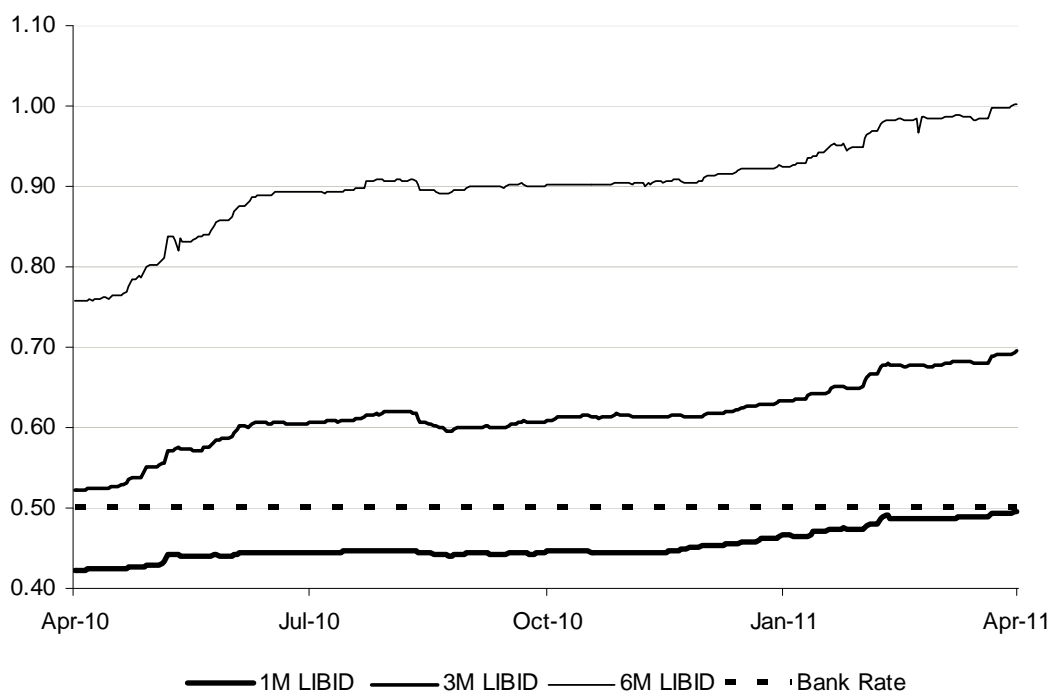
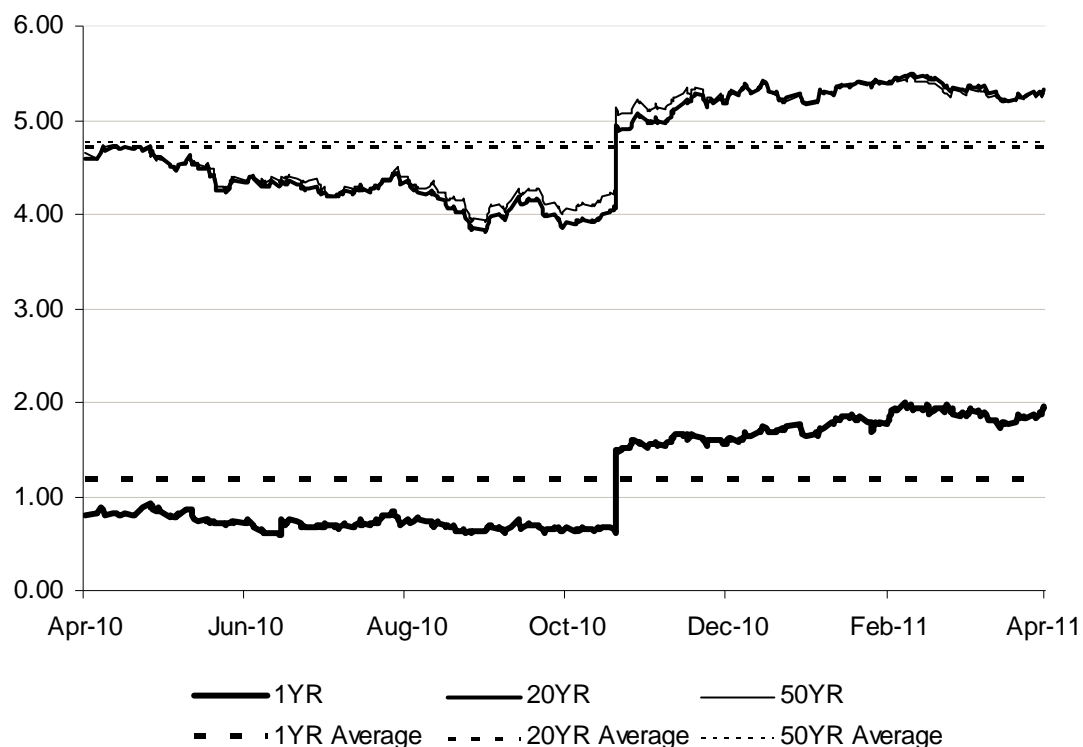
The change in the UK political background was a major factor behind weaker domestic growth expectations. The new coalition Government struck an aggressive fiscal policy stance, evidenced through heavy spending cuts announced in the October Comprehensive Spending Review, and the lack of any “giveaway” in the March 2011 Budget. Although the main aim was to reduce the national debt burden to a sustainable level, the measures are also expected to act as a significant drag on growth.

Gilt yields fell for much of the first half of the year as financial markets drew considerable reassurance from the Government’s debt reduction plans, especially in the light of Euro zone sovereign debt concerns. Expectations of further quantitative easing also helped to push yields to historic lows. However, this positive performance was mostly reversed in the closing months of 2010 as sentiment changed due to sharply rising inflation pressures. These were also expected (during February / March 2011) to cause the Monetary Policy Committee to start raising Bank Rate earlier than previously expected.

The developing Euro zone peripheral sovereign debt crisis caused considerable concerns in financial markets. First Greece (May), then Ireland (December), were forced to accept assistance from a combined EU / IMF rescue package. Subsequently, fears steadily grew about Portugal, although it managed to put off accepting assistance till after the year end. These worries caused international investors to seek safe havens in investing in non-Euro zone government bonds.

Deposit rates picked up modestly in the second half of the year as rising inflationary concerns, and strong first half growth, fed through to prospects of an earlier start to increases in Bank Rate. However, in March 2011, slowing actual growth, together with weak growth prospects, saw consensus expectations of the first UK rate rise move back from May to August 2011 despite high inflation. However, the disparity of expectations on domestic economic growth and inflation encouraged a wide range of views on the timing of the start of increases in Bank Rate in a band from May 2011 through to early 2013. This sharp disparity was also seen in MPC voting which, by year-end, had three members voting for a rise while others preferred to continue maintaining rates at ultra low levels.

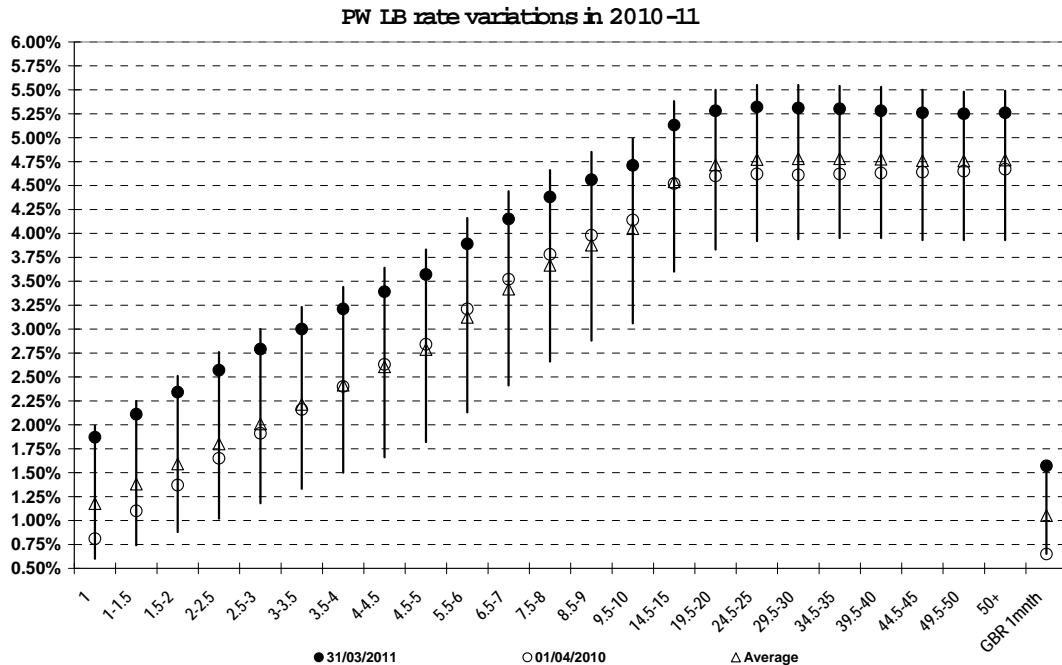
Risk premiums were also a constant factor in raising money market deposit rates beyond 3 months. Although market sentiment has improved, continued Euro zone concerns, and the significant funding issues still faced by many financial institutions, mean that investors remain cautious of longer-term commitment. The European Commission did try to address market concerns through a stress test of major financial institutions in July 2010. Although only a small minority of banks “failed” the test, investors were highly sceptical as to the robustness of the tests, as they also are over further tests now taking place with results due in mid-2011.

Chart 1: Bank Rate v LIBID investment rates**Chart 2: Average v new borrowing rates**

6. Borrowing Rates in 2010/11

PWLB borrowing rates - the graph and table for PWLB maturity rates below show, for a selection of maturity periods, the range (high and low points) in rates, the average rates and individual rates at the start and the end of the financial year.

Variations in most PWLB rates have been distorted by the October 2010 decision by the PWLB to raise its borrowing rates by about 0.75 – 0.85% e.g. if it had not been for this change, the 25 year PWLB at 31 March 2011 (5.32%) would have been only marginally higher than the position at 1 April 2010.



PW LB BORROWING RATES 2010/11 for 1 to 50 years

	1	1.5-2	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1m onth variable
01/04/2010	0.810%	1.370%	1.910%	2.400%	2.840%	4.140%	4.620%	4.650%	0.650%
31/03/2011	1.870%	2.340%	2.790%	3.210%	3.570%	4.710%	5.320%	5.250%	1.570%
HIGH	1.990%	2.510%	3.000%	3.440%	3.830%	4.990%	5.550%	5.480%	1.570%
LOW	0.600%	0.880%	1.180%	1.500%	1.820%	3.060%	3.920%	3.930%	0.650%
Average	1.177%	1.590%	2.009%	2.413%	2.788%	4.050%	4.771%	4.756%	1.052%
Spread	1.390%	1.630%	1.820%	1.940%	2.010%	1.930%	1.630%	1.550%	0.920%
High date	07/02/2011	07/02/2011	07/02/2011	07/02/2011	09/02/2011	09/02/2011	09/02/2011	09/02/2011	07/03/2011
Low date	15/06/2010	12/10/2010	12/10/2010	12/10/2010	12/10/2010	31/08/2010	31/08/2010	31/08/2010	01/04/2010

7. Borrowing Outturn for 2010/11

Treasury Borrowing –

Borrowing - loans were drawn to fund the net unfinanced capital expenditure and naturally maturing debt. The following fixed rate PWLB loans drawn were:

This compares with a budget assumption of borrowing at an interest rate of 3.0%.

Amount	Period	Interest Rate	Loan Type
£0.5m	4.5 years	1.84%	Maturity
£0.5m	10.5 years	3.22%	Maturity
£1.0m	5.5 years	2.15%	Maturity
£1.0m	7.5 years	2.68%	Maturity

Rescheduling –the Authority did not reschedule any of its debt portfolio during the year.

Summary of debt transactions – the overall position of the debt activity resulted in a fall in the average interest rate by 0.12%.

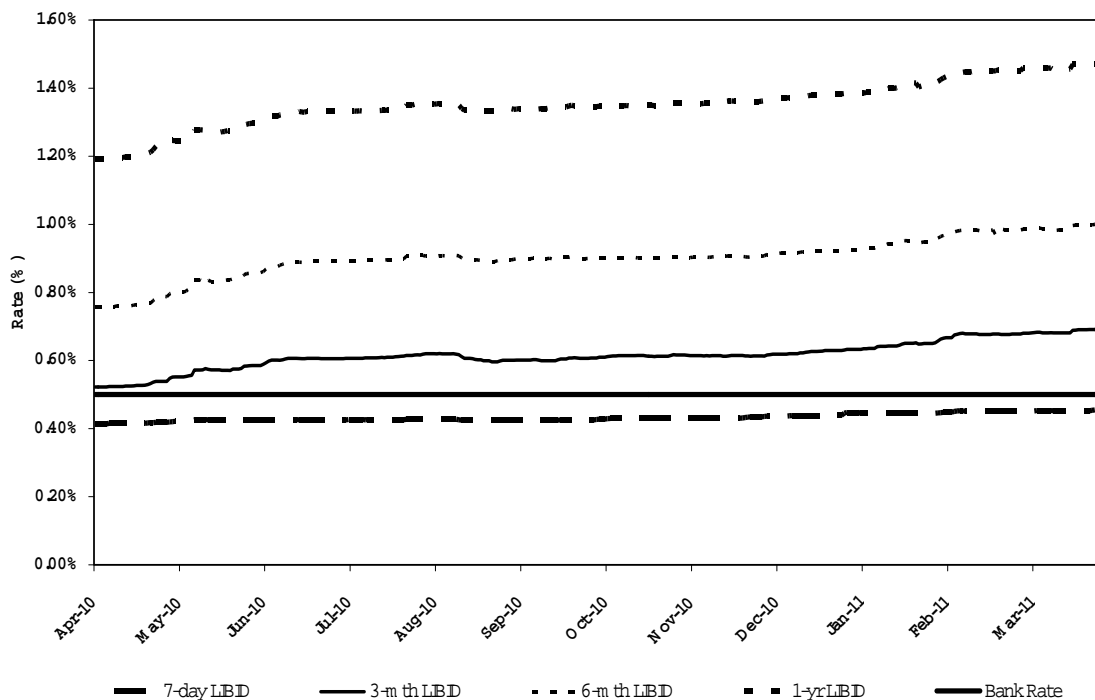
8. Investment Rates in 2010/11

The tight monetary conditions following the 2008 financial crisis continued through 2010/11 with little material movement in the shorter term deposit rates. Bank Rate remained at its historical low of 0.5% throughout the year, although growing market expectations of the imminence of the start of monetary tightening saw 6 and 12 month rates picking up.

Overlaying the relatively poor investment returns was the continued counterparty concerns, most evident in the Euro zone sovereign debt crisis which resulted in rescue packages for Greece, Ireland and latterly Portugal. Concerns extended to the European banking industry with an initial stress testing of banks failing to calm counterparty fears, resulting in a second round of testing currently in train. This highlighted the ongoing need for caution in treasury investment activity.

	Overnight	7 Day	1 Month	3 Month	6 Month	1 Year
01/04/2010	0.41%	0.41%	0.42%	0.52%	0.76%	1.19%
31/03/2011	0.44%	0.46%	0.50%	0.69%	1.00%	1.47%
High	0.44%	0.46%	0.50%	0.69%	1.00%	1.47%
Low	0.41%	0.41%	0.42%	0.52%	0.76%	1.19%
Average	0.43%	0.43%	0.45%	0.61%	0.90%	1.35%
Spread	0.03%	0.04%	0.07%	0.17%	0.24%	0.28%
High date	31/12/2010	30/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011
Low date	01/04/2010	01/04/2010	01/04/2010	01/04/2010	01/04/2010	01/04/2010

Investment Rates 2010-11



9. Investment Outturn for 2010/11

Include and amend whichever of the below is applicable.

Investment Policy – the Authority’s investment policy is governed by WAG guidance, which was been implemented in the annual investment strategy approved by the Authority on 22nd March 2010. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Authority had no liquidity difficulties.

Resources – the Authority’s longer term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Authority’s core cash resources comprised as follows, and met the expectations of the budget:

Balance Sheet Resources (£m)	31 March 2010	31 March 2011
Balances	2.358	4.602
Earmarked reserves*	3.964	4.116
Provisions	0.418	0.418
Usable capital receipts	0.025	0.475
Total	6.765	9.611

* (includes PFI Equalisation reserve)

Investments held by the Authority - the Authority maintained an average balance of £8.8 million of internally managed funds. The internally managed funds earned an average rate of return of 1.84%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.433%. This compares with a budget assumption of £5.0m investment balances earning an average rate of 0.40%.

Prudential and treasury indicators

This appendix has been included in case clients prefer to use this format as below

1. PRUDENTIAL INDICATORS	2009/10	2010/11	2010/11
Extract from budget and rent setting report	actual	original	actual
	£'000	£'000	£'000
Capital Expenditure	£4,770	£8,180	£7,461
Ratio of financing costs to net revenue stream	2.56%	2.64%	4.81%
Net borrowing requirement			
brought forward 1 April	£18,363	£19,311	£20,754
carried forward 31 March	£20,754	£30,311	£20,933
in year borrowing requirement	£2,391	£11,000	£179
Capital Financing Requirement as at 31 March	£36,625	£37,825	£41,195
Annual change in Cap. Financing Requirement	£690	£1,200	£4,570

2. TREASURY MANAGEMENT INDICATORS	2009/10	2010/11	2010/11
	actual	original	actual
	£'000	£'000	£'000
Authorised Limit for external debt -			
borrowing	£38,000	£	£46,000
other long term liabilities	£	£	£12,000
TOTAL	£38,000	£	£58,000
Operational Boundary for external debt -			
borrowing	£29,500	£	£44,000
other long term liabilities	£	£	£11,000
TOTAL	£29,500	£	£55,000
Actual external debt	£36,997	£	£
Upper limit for fixed interest rate exposure expressed as either:-			
Net principal re fixed rate borrowing / investments OR:-	100%	100%	100%
Upper limit for variable rate exposure expressed as either:-			
Net principal re variable rate borrowing / investments	20%	20%	20%
Upper limit for total principal sums invested for over 364 days	£0	£0	£0

Maturity structure of fixed rate borrowing during 2010/11	upper limit	lower limit
under 12 months	25%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	70%	0%
10 years and above	95%	0%

Note. Movements in the treasury management and prudential Indicators for 2010/11 reflect the changes brought about by the introduction of International Financial Reporting Standards. Therefore balance sheet impacts of P.F.I. and finance leases are included.

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 9

19 DECEMBER 2011

REPORT OF THE TREASURER

TREASURY MANAGEMENT 2011/12 MID-TERM REVIEW REPORT

SUMMARY

The Mid-term Review Report sets out comprehensive information on treasury management activity undertaken during the period 1 April – 30 September 2011 and provides further commentary on recent events affecting the money markets.

RECOMMENDATION

That the Fire & Rescue Authority be recommended to approve the result of the treasury management activities and the performance achieved to date in 2011/12.

1. BACKGROUND

- 1.1 In February 2011 the Fire & Rescue Authority approved the Treasury Management Policy Statement (TMPS) for 2011/12.
- 1.2 The TMPS sets out details of the reporting requirements which include an annual report on the strategy and plan to be pursued in the coming year, a mid-term review report and an annual report on the performance of the Treasury Management function together with reports as required should circumstances occur where there is any non-compliance with the TMPS.
- 1.3 The TMPS requires the Mid-term Review Report to be considered by the full Authority.
- 1.4 The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) underpins the system of capital finance. Authorities determine their own programmes for capital investment and the Prudential Code has been

developed as a professional code of practice to support them in taking these decisions. Authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties in accordance with the Local Government Act 2003.

- 1.5 The Prudential Code requires prudential indicators to be determined by the Authority prior to the start of the financial year. These are designed to support and record local decision making in a manner that is publicly accountable. The prudential indicators for 2011/12 were agreed along with the Treasury Management Policy Statement (TMPS) and Treasury Management Strategy for the year on 7 February 2011 following decisions made in relation to the budget and Medium Term Financial Plan (MTFP).

2. ISSUE

- 2.1 The Mid-term Review Report is attached at Appendix A and has been prepared in conjunction with Sector, the Authority's treasury management advisers.
- 2.2 Details of performance and information on the agreed Prudential and Treasury Management Indicators are set out in Appendix A of the Report.
- 2.3 The TMPS sets out detailed information in relation to risks associated with treasury management activity and proposed mitigating actions whilst acknowledging that the risk cannot be entirely eliminated. The TMPS and the procedures detailed within it are intended to limit the Authority's exposure to unforeseen and unbudgeted financial consequences of treasury management activity. The reporting requirements are intended to ensure that treasury management activity has been conducted in accordance with the policy and strategy agreed by the Authority and that treasury management operations have been performed within agreed limits.
- 2.4 **Borrowing** - The average debt portfolio interest rate decreased slightly in 2011/12 to 3.832%. This was due to the favourable rates achieved on the PWLB loans raised to date in respect of the capital programme for 2011/12.

- 2.5 **Investment** - Internally managed funds, performed well above the benchmark with a return of 1.78% against a benchmark of 0.421%. This was due to negotiation with the authorities bankers to achieve a fixed interest rate of 1.5% on all funds held in our main account and two twelve month fixed term investment bonds achieving rates of 2.0% and 2.35% respectively. Any funds exceeding our counterparty limit of £10.0million are invested short term with a return of 0.9%. This maintains the authority's low risk investment strategy.
- 2.6 Sector has provided officers of the Authority with additional information in relation to treasury management activity. However it must be recognised that the responsibility for all decisions with regard to policies, strategy and transactions remain with the Authority.

3. FINANCIAL IMPLICATIONS

- 3.1 The Mid-term Review Report sets out details of the treasury management activity undertaken in the period 1 April to 30 September 2011. The financial implications of this activity have been factored into the Authority's budget monitoring reports. The MTFP will be revised to reflect the forecast of future interest rates along with other factors. The Treasury Management Strategy for 2012/13 will be developed alongside the MTFP and budget for next year and will include further information on and a revision of the 2011/12 Prudential Indicators.

4. LEGAL IMPLICATIONS

- 4.1 The Authority is required to comply with the requirements of the Local Government Act 2003 and to have regard to both the CLG guidance and the CIPFA Code when determining its treasury management policy and strategies. The TMPS requires the Authority to consider a mid-term review of treasury management activity.

5. RECOMMENDATION

- 5.1 That the Fire & Rescue Authority be recommended to approve the result of the treasury management activities and the performance achieved to date in 2011/12.

SKF GREENSLADE **TREASURER**

Background Papers:

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Treasury Management Strategy Statement and Annual Investment Strategy

Mid-year Review Report 2011/12

1 Background

The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising 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 the Authority can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Authority risk or cost objectives.

As a consequence treasury management is defined as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2 Introduction

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by this Authority on 7th February 2011.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.

3. Receipt by the full Authority of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority the delegated body is the Finance Audit and Performance Management Committee.

This mid year report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- An economic update for the first six months of 2011/12;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Authority's capital expenditure (prudential indicators);
- A review of the Authority's investment portfolio for 2011/12;
- A review of the Authority's borrowing strategy for 2011/12;
- A review of any debt rescheduling undertaken during 2011/12;
- A review of compliance with Treasury and Prudential Limits for 2011/12.

3 Economic update

3.1 Global economy

The Euro zone sovereign debt crisis continued with Spain, and particularly Italy, being the focus of renewed market concerns that they may soon join with Greece, Ireland and Portugal in needing assistance. This uncertainty and the lack of a co-ordinated or credible Euro zone response, left commentators concerned over the potential impact of sovereign default and resulting effect on the Euro zone banking sector. The approval by various countries of the €440bn bail out fund in September has brought temporary relief to financial markets but this does not provide a credible remedy to the scale of the Greek debt problem or the sheer magnitude of the potential needs of other countries for support.

This, coupled with political difficulties in the US over their plans to address the budget deficit, the size and control over the US sovereign debt, and the subsequent loss of the AAA credit rating from Standard and Poor's, has led to a much more difficult and uncertain outlook for the world economy.

Growth prospects in the US, UK and the euro zone have been lower than expected, with future prospects similarly cut. Whilst not a central view, concerns of a double dip recession in some Western countries have increased. World stock markets fell in the second quarter of 2011/12 as a consequence.

3.2 UK economy

Following zero growth in the final half of 2010/11 the UK economy grew by a weaker than expected 0.1% in the first quarter of 2011/12, providing a knock on effect to future growth prospects. Growth prospects will be governed by UK consumer sentiment, which is currently subdued due to falling disposable income. Higher VAT, overhanging debt, high inflation and concerns over employment are likely to weigh heavily on consumers into the future.

The announcement by the MPC on 6 October of a second round of quantitative easing of £75bn emphasised how seriously the MPC now views recession as being a much bigger concern than inflation. Although inflation remains stubbornly high, the MPC's expectation of future falls resulting in an undershoot of its 2% target opened the way for this new round of QE.

International investors continue to view UK government gilts as being a safe haven from the EU sovereign debt crisis. The consequent increase in demand for gilts has helped to add downward pressure on gilt yields and sent PWLB borrowing rates to low levels.

3.3 Outlook for the next six months of 2011/12

There remain huge uncertainties in economic forecasts due to the following major difficulties:

- the increase in risk that the UK, US and EU could fall into recession
- the likely political gridlock in the US preventing significant government fiscal action to boost growth ahead of the Presidential elections in November 2012
- the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economies
- the degree to which government austerity programmes will dampen economic growth;
- the potential for further quantitative easing, and the timing of this in both the UK and US
- the speed of recovery of banks' profitability and balance sheet imbalances and the risk of substantial losses being incurred on EU sovereign debt

The overall balance of risks is weighted to the downside:

- We expect low growth in the UK to continue, with a low Bank Rate to continue for at least 24 months, coupled with a possible further extension of quantitative easing. This will keep investment returns depressed.
- The expected longer run trend for PWLB borrowing rates is for them to rise, primarily due to the need for a high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. However the current safe haven status of the UK may continue for some time, postponing any increases until 2012.

3.4 Sector's interest rate forecast

	NOW	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.25	2.50
3 month LIBID	0.75	0.70	0.70	0.70	0.70	0.70	0.75	0.80	0.90	1.20	1.40	1.60	2.10	2.40	2.60
6 month LIBID	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.20	1.40	1.60	1.80	2.00	2.50	2.70	2.90
12 month LIBID	1.50	1.50	1.50	1.50	1.50	1.60	1.70	1.80	1.90	2.20	2.40	2.60	3.10	3.20	3.30
5 yr PWLB	2.30	2.30	2.30	2.30	2.30	2.40	2.50	2.60	2.70	2.80	2.90	3.10	3.30	3.50	3.70
10 yr PWLB	3.30	3.30	3.30	3.30	3.40	3.40	3.50	3.60	3.70	3.80	4.00	4.20	4.40	4.60	4.80
25 yr PWLB	4.20	4.20	4.20	4.20	4.30	4.30	4.40	4.50	4.60	4.70	4.80	4.90	5.00	5.10	5.20
50 yr PWLB	4.30	4.30	4.30	4.30	4.40	4.40	4.50	4.60	4.70	4.80	4.90	5.00	5.10	5.20	5.30

4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2011/12 was approved by this Authority on 7th February 2011.

- *There are no policy changes to the TMSS, the details in this report update the position in the light of the updated economic position and budgetary changes already approved.*
- *The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out below:*

Set out any PI or investment strategy changes that may be required.

5 The Authority's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Authority's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure	2011/12 Original Estimate £m	Current Position £m	2011/12 Revised Estimate £m
Total	8.635	2.571	5.833

The reduction in estimated capital expenditure is due to savings and programme slippage as highlighted in the capital monitoring reports presented to the Finance Audit and Performance Management Committee.

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Authority by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2011/12 Original Estimate £m	2011/12 Revised Estimate £m
Total spend	8.635	5.833
Financed by:		
Capital receipts	0	0
Capital grants	0	0
Capital reserves	0	0
Revenue	220	220
Borrowing need	8.415	5.613

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The forecast Capital Financing Requirement has been reduced as a result of slippage in the capital programme reducing the level of capital expenditure to be incurred during the year.

Prudential Indicator – External Debt / the Operational Boundary

	2011/12 Original Estimate £m		2011/12 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
Total CFR	47.620		44.658
Net movement in CFR			
Prudential Indicator – External Debt / the Operational Boundary			
Borrowing	49.000		49.000
Other long term liabilities*	11.000		11.000
Total	60.000		60.000

* On balance sheet PFI schemes and finance leases etc.

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose*. Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2011/12 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Authority has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2011/12 Original Estimate £m	Current Position £m	2011/12 Revised Estimate £m
Gross borrowing	37.449	34.809	35.158
Plus other long term liabilities*	10.678	7.848	7.848
Less investments	(12.000)	(13.832)	(10.500)
Net borrowing	36.127	28.825	32.506
CFR* (year end position)	47.620	42.471	44.658

* Includes on balance sheet PFI schemes and finance leases etc.

The Treasurer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2011/12 Original Indicator		2011/12 Revised Indicator
Borrowing	51.000		51.000
Other long term liabilities*	12.000		12.000
Total	63.000		63.000

* Includes on balance sheet PFI schemes and finance leases etc.

6 Investment Portfolio 2011/12

In accordance with the Code, it is the Authority's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Authority's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing Euro zone sovereign debt crisis, and its potential impact on banks, prompts a low risk and short term strategy. Given this risk adverse environment, investment returns are likely to remain low.

The Authority held £13.832m of investments as at 30 September 2011 (£11.554m at 31 March 2011) and the investment portfolio yield for the first six months of the year is 1.72% against a benchmark 7 day LIBID average rate of 0.472%

The Treasurer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2011/12.

The Authority's budgeted investment return for 2011/12 is £100,000, and performance for the year to date is £110,368 therefore already exceeding budget.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

7 Borrowing

The Authority's capital financing requirement (CFR) for 2011/12 is £44.658m. The CFR denotes the Authority's underlying need to borrow for capital purposes. If the CFR is positive the Authority may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Authority has borrowings of £34.809m and has utilised £1.6m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate.

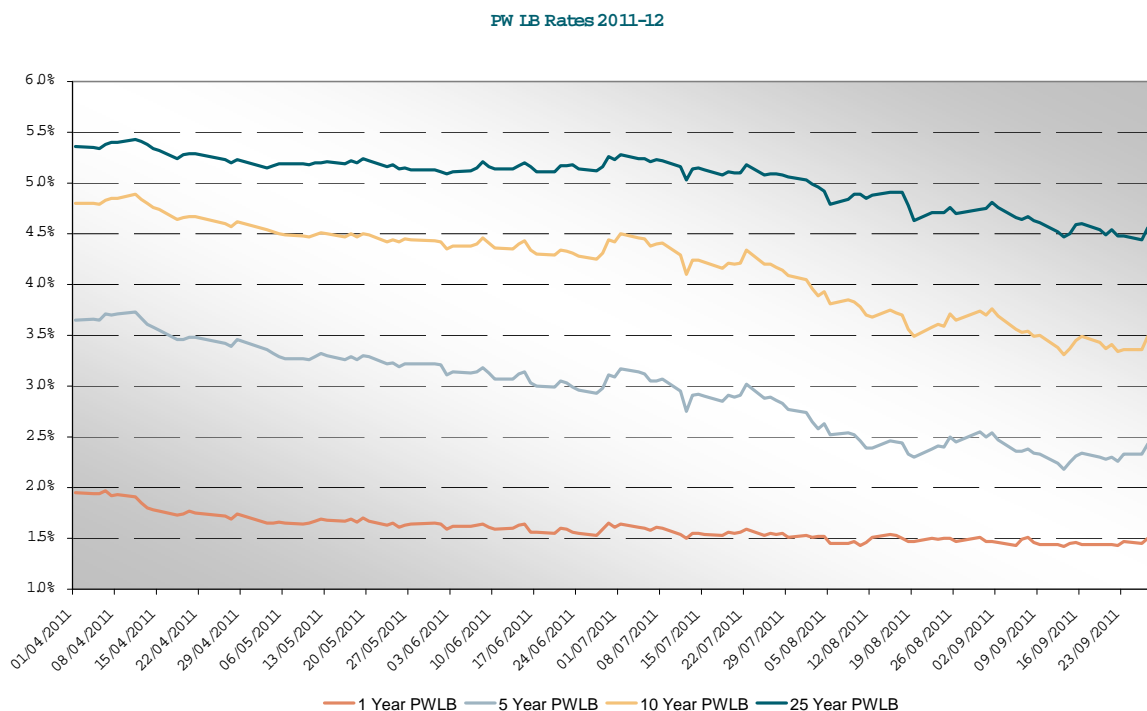
Due to the overall financial position and the underlying need to borrow for capital purposes (the capital financing requirement - CFR), new external borrowing of £3.0m has been undertaken from the PWLB.

Amount	Period	Interest Rate	Loan Type
£0.5m	5 years	2.79%	Maturity
£0.5m	7 years	3.40%	Maturity
£1.0m	11 years	4.27%	Maturity
£1.0m	12 years	4.42%	Maturity

As outlined below, the general trend has been a reduction in interest rates during the six months, across all maturity bands.

It is anticipated that further borrowing will be undertaken during this financial year.

The graph and table below show the movement in PWLB rates for the first six months of the year and provide benchmarking data showing high and low points etc:



8 Debt Rescheduling

No debt rescheduling was undertaken during the first six months of 2011/12.

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 10

19 DECEMBER 2011

REPORT OF THE ACTING CHIEF FIRE OFFICER

RISK REDUCTION PLAN & MEDIUM TERM FINANCIAL PLAN PROJECTS

SUMMARY

This report provides Members with an update regarding the projects contained in Risk Reduction Plans 2011/12 and 2012/13 and the Medium Term Financial Plan 2011/15.

RECOMMENDATION

Members note the content of this report and the progress being made by Officers, and the impact of implementing the recommendations of the projects.

1. BACKGROUND

- 1.1 The Welsh Government, through its document 'Wales a Safer Country' (2006), requires Fire & Rescue Authorities to prepare a full Risk Reduction Plan or an annual action plan every year, and to consult the public and other stakeholders before formal adoption and implementation of the Plan. The Authority has fully complied with this requirement since 2007 and has produced a series of Risk Reduction Plans and subsequent action plans.
- 1.2 The Medium Term Financial Plan is one of a number of critical corporate plans which all support the statutory Risk Reduction Plan. Together they form the strategic planning framework which maximises resources in support of the Fire & Rescue Authority's priorities and ensures that all efforts are focussed on effective and efficient service delivery.

2. ISSUE

- 2.1 Members will recall authorising the Risk Reduction Plan 2011/12, the more recent Risk Reduction Action Plan for

2012/13 and the Medium Term Financial Plan 2011/15. This report provides Members with the opportunity to review the progress the Service is making in implementing the strategic projects contained within these Plans.

- 2.2 Appendix A, attached to this report, provides a breakdown of the projects contained in the Plans. In respect of each project it details the progress made to date, the anticipated savings, including the financial year in which they will be realised, and any proposed future action by Officers.

3. FINANCIAL IMPLICATIONS

- 3.1 The Medium Term Financial Plan is wholly dependent upon the projects realising the projected cost reductions.

4. RECOMMENDATION

- 4.1 Members note the content of this report and the progress being made by Officers, and the impact of implementing the recommendations of the projects.

HUW JAKEWAY
ACTING CHIEF FIRE OFFICER

Background Papers:

Risk Reduction Plan 2011/12

Risk Reduction Plan 2012/13

Medium Term Financial Plan 2011/15

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**South Wales Fire & Rescue Service
Risk Reduction Plans 2011/12 & 2012/13 and Medium Term Financial Plan 2011/15 Projects
Progress Update - November 2011**

PROJECT	OVERVIEW	SAVINGS	FUTURE
<p>RRP 2011/12 Flexible Rostering</p>	<p>The introduction of Flexible Rostering across all wholetime stations in April 2011 will see the removal of 40 wholetime firefighter posts from the establishment. The effectiveness of the system is continuously being monitored and adjustments made where necessary. As at 1 November 2011, it is anticipated 24 posts will be realised by end of February 2012. The revenue budget will continue to be modelled on these changes.</p>	<p>£1.466m</p>	<p>Monitor effectiveness and revise as necessary, procure an electronic resource allocation system</p>
<p>RRP 2011/12 Operational Tactical Managers</p>	<p>Following the review of Tactical Managers, 5 Group Managers have been realised and removed from the establishment at the beginning of 2011/12. An implementation group has been set up under the leadership of the ACFO Technical Services to address the training and operational competence issues contained in the recommendations of the report.</p>	<p>£324k 11/12</p>	<p>Implementation Group set up to progress training requirements and other recommendations</p>
<p>RRP 2011/12 Middle Managers and Day Duty</p>	<p>Following the review of Middle Managers, 6 non uniformed posts were removed from the establishment at the beginning of 2011/12 producing savings of £114k. The implementation of phase 2 will have associated costs but will produce further savings of £150k pa from 2013/14.</p> <p>The Day Duty element of this project was tasked with looking at the 9 day fortnight with a view to finding efficiency savings. The project has identified that revised working practices could create additional capacity, a reduction in overtime and greater flexibility for employees and managers. This project is seeking to reduce costs and align resources to demand. Detailed negotiations with the Representative Bodies are ongoing.</p>	<p>Total £264k Phase 1 £114k 11/12 Phase 2 £150k 13/14</p>	<p>Implement Phase 2 of Middle Managers</p> <p>Continue consultation and negotiations with Rep Bodies</p> <p>Continue with direct engagement with affected groups of staff</p>

PROJECT	OVERVIEW	SAVINGS	FUTURE
<p>RRP 2011/12 Overtime and Allowances</p>	<p>From a position of significant overspend of £500k in previous years the overtime budget for 2011/12 has been reduced by £100k. The work of the project is ongoing and is currently focused on areas of large spend. Local working practices are being amended and it is anticipated that additional savings will be achieved this financial year and the projected savings for 2012/13 will be realised. Achieving savings in future years may require changes to nationally agreed conditions of service.</p>	<p>Total £400k £100k 11/12 £100k 12/13 £100k 13/14 £100k 14/15</p>	<p>Project is ongoing</p>
<p>RRP 2011/12 Second Pumps</p>	<p>The project has concluded that:</p> <ul style="list-style-type: none"> • Set against existing standards, the locations of the second pumping appliances meets the current needs of the Service and the public it serves and there would be little benefit of rationalising these appliances at this time. • Extending existing wholetime crewing models of optimum crewing level of 4 on the second pumps at Bridgend, Maesteg, Tonypany, Pontypridd, Aberdare, Merthyr, Caerphilly, Cefn Fforest and Cwmbran would reduce the establishment by 18 RDS posts producing savings of between £190k and £208k pa. • Jump crewing the RDS specials at Pontypridd, Aberdare, Caerphilly and Cwmbran would further reduce the establishment by 12 RDS posts producing savings of between £127k and £139k pa. • The provision of standard pumping appliances at the 3 Monmouth stations would simplify mobilisation and improve resilience. • Changing the crewing of the second pump at Barry from wholetime to RDS could produce savings in the region of £400k pa. However, this could not be implemented until such time as 	<p>Total £717k</p> <p>£190k (13/14)</p> <p>£127k (13/14)</p> <p>£400k (14/15)</p>	<p>Continue with consultation and negotiation with Rep Bodies and staff</p>

PROJECT	OVERVIEW	SAVINGS	FUTURE
	<p>an extensive Fire Cover Review is complete.</p> <p>Initial engagement and consultation with the Representative Bodies and staff is ongoing.</p>		
<p>RRP 2011/12 Special Response</p>	<p>The project brief has been enlarged to include the Technical Rescue Unit. Work is ongoing to evaluate the different types of incidents attended, the necessary appliances and to identify scope for rationalisation. Coupled to this is an analysis of their location and crewing arrangements.</p>	<p>£260k 2014/15</p>	<p>Project is ongoing through established Programme Board</p>
<p>RRP 2011/12 Fire Cover Review</p>	<p>This project has yet to be resourced and will require extensive computer and data analysis. In the absence of Welsh Government explicit Service Standards, the Fire Authority will need to provide direction to Officers on the Service Standards that they wish to resource.</p>	<p>£534k 2013/14</p>	<p>Project not yet commenced</p>
<p>RRP 2011/12 Back Office ICT</p>	<p>The project brief was to improve back office IT systems with a view to installing an Enterprise Resource Planning system. Research has shown that this may not be the best way forward and options are now being drawn up for collaborative opportunities for Finance, Payroll and HR.</p>		<p>Project is ongoing</p>
<p>RRP 2011/12 Processes (Structures)</p>	<p>The Project Team has been involved in a range of activities:</p> <ul style="list-style-type: none"> • Redesigning processes to enable the same work to be done with less people following the removal of posts identified in phase 1 of the Middle Managers review. Similar work is ongoing to accommodate phase 2 reduction in establishment. • Where there appears to be an over reliance on overtime the Project Team are reviewing the key business processes in order to match resources to workload thereby reducing the overtime budget. • Redesigning processes to free up capacity in anticipation of the increased workload during the implementation phase of new back 		<p>Project is ongoing with the full engagement of the Senior Management Team, staff focus groups, departments and staff</p>

PROJECT	OVERVIEW	SAVINGS	FUTURE
	office IT systems.		
MTFP 2011/15 Supervisory and Non-Supervisory Structures	This Project is a natural follow on from the review of Middle Managers. It will look to identify supervisory posts that can be removed from the establishment and also where uniformed posts can be changed to non-uniformed, without having an impact on the resilience of the organisation or firefighter safety.	£100k 2013/14	Project has commenced
MTFP 2011/15 Station Catering	The project will examine the way catering is provided on wholetime stations and will identify options for making savings.	£200k 2013/14	Project not yet commenced
MTFP 2011/15 Technical Rescue Unit	This piece of work has been incorporated into Special Response review. The project will identify options for making the savings.	£700k 2014/15	Project is ongoing through the established Programme Board

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 11

19 DECEMBER 2011

REPORT OF THE TREASURER

REVENUE & CAPITAL BUDGET PROPOSALS 2012/13

SUMMARY

To provide Members with information enabling them to make budget proposals to constituent councils by the due date, and to consider the framework Capital Programme for 2012/13.

RECOMMENDATIONS

That Members consider the recommendations of the Finance, Audit & Performance Management Committee meeting of 21 November and resolve:

- To note the implications of the 2012/13 final Local Government Settlement and the indicative settlements for 2013/15.
- To consult constituent councils on a proposed revenue budget of £70,588,366 for 2012/13, a reduction of £569,249 or 0.8 % on the equivalent figure for the current financial year.
- To approve the use of Population Forecasts as a contributions allocation proxy for 2012/13 and beyond.

That Members provisionally approve the 2012/13 capital budget of £5.083 million for further consideration at the 6 February 2012 budget setting meeting.

1. BACKGROUND

- 1.1 Members will know that Section 21(2) of the South Wales Fire Service (Combination Scheme) Order 1995 (as amended) requires the Authority, before 31 December in any year, to submit to each constituent council, an estimate of its net expenditure for the next financial year. After taking account of consultation, the Fire & Rescue Authority is required to finalise its budget and resultant contributions by 15 February.

- 1.2 The meeting of the Fire & Rescue Authority held on 26 September 2011 decided the budget strategy to be adopted for 2012/13 based on decisions previously made within the 2011 and 2012 (consultation version) Risk Reduction Plans and the 2011/14 Medium Term Financial Plan. On 21 November 2011, the Finance, Audit & Performance Management Committee considered a budget shaping report and received observations from the Members' Finance Working Group (FWG) that had met the previous working day. The FWG endorsed the recommendations of the report which, if adopted, would better the changes in average Aggregate External Finance for SWFRA constituent councils by 1.2% (based on the provisional revenue settlement).
- 1.3 The report considered by the Finance, Audit & Performance Management Committee is attached as Appendix 1 for the convenience of Members, with the relevant extract of the draft minutes being included as Appendix 2.

2. ISSUE

- 2.1 On 7 December 2011, the Minister announced the final Local Government Settlement for Wales. As expected there was no material change to the net figures (after transfers) announced at provisional stage but as this announcement was subsequent to the making of the Finance, Audit & Performance Management recommendations, Members need to review those recommendations taking the final announcement into account.
- 2.2 Table 1 below shows the relative positions of constituent councils at provisional and final stages. It will be noted in this respect that the variations are at the margins and result from more recent non-financial data being used in the final settlement calculations than was available at provisional stage. The two issues that might have resulted in slightly increased volatility have been dealt with by excluding Learning Disability Resettlement Grant from the 2012/13 settlement (by Ministerial decision) and using revised pupil (PLASC) data. The Minister has decided against a funding floor for 2012/13 which increases individual volatility within the settlement.

Table 1 – Final Revenue Settlement, SWFRS area

SWFRA Constituent	2011/12 Final AEF	2012/13 Provisional AEF	2012/13 Final AEF	% Change from 11/12 to 12/13 Prov.	from 11/12 to 12/13 Final
Bridgend	178,682	179,649	179,665	0.54%	0.55%
The Vale Of Glamorgan	150,597	150,872	151,175	0.18%	0.38%
Rhondda Cynon Taf	344,130	344,756	345,651	0.18%	0.44%
Merthyr Tydfil	86,249	85,715	85,682	-0.62%	-0.66%
Caerphilly	250,980	254,397	253,635	1.36%	1.06%
Blaenau Gwent	108,470	107,459	107,439	-0.93%	-0.95%
Torfaen	129,626	129,184	129,236	-0.34%	-0.30%
Monmouthshire	96,170	94,537	94,406	-1.70%	-1.83%
Newport	194,341	193,051	192,799	-0.66%	-0.79%
Cardiff	395,247	402,194	400,981	1.76%	1.45%
Totals	1,934,492	1,941,814	1,940,670	0.38%	0.32%

- 2.3 It can be seen from the above that the position for SWFRA constituent councils has changed slightly from an average 0.38% AEF increase to 0.32%. The range has also changed slightly and is, at final stage, from +1.45% (Cardiff) to -1.83% (Monmouthshire). The changes from provisional to final are not considered material and do not change the recommendations made from the Finance, Audit & Performance Management Committee which, if approved, will see the SWFRA setting a budget some 1.1% lower than the average settlement.
- 2.4 For completeness, the fortunes of SWFRA constituent councils are slightly ahead of the average for all authorities in Wales, where the average increase in AEF is 0.24%.
- 2.5 Of greater significance to the changes from provisional to final settlements however is the Chancellor's Autumn statement where he makes reference to the Government's pay policy for the public sector as being capped at 1% for two years after the end of the current two year pay freeze. Somewhat confusingly the statement advises that for most workers the pay freeze ends in 2013 but for some the end date will be 2012.
- 2.6 Local Government staff and firefighters will have seen their pay frozen for two years by the end of the 2011/12 financial

year and there may, in consequence, be an expectation of a 1% award for 2012/13. However, last year's Autumn statement of the Chancellor said "a two year pay freeze will be introduced from 2011/12 for public sector workforces, except for those earning £21,000 or less who will receive an increase of £250 per year". On this basis, Members are not being recommended to review their previous decision to budget for a pay freeze in 2012/13, albeit this will, in effect, be planning for a third year pay freeze.

- 2.7 Members now need to formally consider the revenue budget proposals to be made for 2012/13 as recommended by the Finance, Audit & Performance Management Committee. These will then form the basis for consultation with constituent councils, including the option of a consultation meeting with the Chairman of the Finance, Audit & Performance Management Committee in January. The budget proposals result in no reduction to front line service delivery and require no further staff reductions over and above those that have already been negotiated resulting in a limited need for officers to consult with the Staff Representative Bodies.
- 2.8 The final WG revenue settlement also provided indicative AEF figures for 2013/15 and, in considering the 2012/13 budget proposals, Members also need to be mindful of the medium term prognosis which is one of unremitting gloom. The published figures are shown in table 2 below. These are lower than the figures anticipated in the Medium Term Financial Plan and increases the challenge of producing balanced budgets in future years whilst continuing to protect front line services.

Table 2 – Indicative AEFs 2013/15, SWFRA area

SWFRA Constituent	2011/12 Final AEF	2013/14 Indicative AEF	% Change from 12/13 to 13/14	2014/15 Indicative AEF	% Change from 12/13 to 13/14
Bridgend	178,682	182,153	1.38%	183,240	0.60%
The Vale Of Glamorgan	150,597	153,178	1.32%	153,953	0.51%
Rhondda Cynon Taf	344,130	350,262	1.33%	352,466	0.63%
Merthyr Tydfil	86,249	86,882	1.40%	87,234	0.41%
Caerphilly	250,980	257,118	1.37%	258,706	0.62%
Blaenau Gwent	108,470	108,819	1.28%	109,265	0.41%
Torfaen	129,626	130,896	1.28%	131,345	0.34%
Monmouthshire	96,170	95,300	0.95%	95,308	0.01%
Newport	194,341	195,481	1.39%	196,526	0.53%
Cardiff	395,247	408,125	1.78%	412,424	1.05%
Totals	1,934,492	1,968,216	1.42%	1,980,465	0.62%

2.9 As Members know, producing a budget 0.8% lower in cash terms than the current revenue budget and over 6% lower when compared with current inflation represents an immense challenge but one which is necessitated by the national economic position and the final Local Government Settlement visited upon constituent councils. The detail of the revenue budget proposals is contained within the appended report to the Finance, Audit & Performance Management Committee but the objectives thereof can be summarised as follows:

2.9.1 Producing a budget that is sensitive to the challenges being placed on constituent councils by bettering the average (0.32%) increase in AEF that authorities will receive in 2012/13.

2.9.2 Ensuring that, with the accelerated delivery of Risk Reduction Plan savings (as tracked through the Medium Term Financial plan), essential front line services will continue to be maintained without reduction.

2.9.3 Maintaining the UK Government's stated aim of a public sector pay freeze continuing into 2012/13.

2.9.4 Acknowledging the medium term implications of low AEF growth as shown within the WG indicative figures.

2.9.5 Providing a financial buffer against volatility in uncertain financial times whilst also providing a “soft landing” to a return to more normal economic circumstances where pay awards will become a budget feature, by retaining strategic funding within the core revenue budget.

2.9.6 Continuing the capital expenditure policy of providing the revenue consequential of vehicles, plant and station renovations within the revenue budget with new builds being financed from capital receipts as and when secured.

2.9.7 Pre-funding elements of capital expenditure from the projected 2011/12 underspend.

2.9 In the event the recommendations of this report find favour, the revenue budget upon which constituent councils will be consulted will be as shown in Appendix 3. It is summarised at a high subjective level in table 3 below.

Table 3 – Revenue Budget Proposals 2012/13

Expenditure/Income Head	2011/2012 Budget exc. Grants	12/13 Budget exc. Grants	11/12 to 12/13 Budget Variance	% variance on 2011/12
Direct Employee Costs	47,543,004	46,514,419	-1,028,585	-2.2%
Pensions Costs	8,391,906	8,402,539	10,633	0.1%
Officer Travel & Subs.	898,296	983,608	85,312	9.5%
Premises Related	4,268,931	4,914,529	645,598	15.1%
Training Expense	1,208,536	1,231,575	23,039	1.9%
Supplies and Services	2,767,267	2,753,840	-13,427	-0.5%
Transport Costs	1,354,800	1,413,350	58,550	4.3%
Contracted Services	439,450	500,973	61,523	14.0%
Other Expenditure	372,148	308,556	-63,592	-17.1%
Capital Costs / leasing	4,082,641	4,106,450	23,809	0.6%
Reserves Contribution	0	400,000	400,000	
Sub Total Expenditure	71,326,979	71,529,839	202,860	0.3%
Income	-169,364	-941,473	-772,109	455.9%
TOTAL BUDGET 2012/13	71,157,615	70,588,366	-569,249	-0.8%

- 2.10 As Members will know, many revenue and capital grants for 2012/13 have yet to be announced but, for completeness, it is important for Members to monitor revenue expenditure budgeted to be financed from grant. The proposed grant funded Service's budget is shown at Appendix 4 but this may need to be revisited when grant allocations are known. Based on current expectations however and the importance placed by the Welsh Government on Fire Service activity, it is anticipated that sufficient revenue grant funding will become available.
- 2.11 One recommendation made from the Finance, Audit & Performance Management Committee is to change the mechanism for allocation contributions between authorities. Members will know that the Combination Order prescribes that, unless otherwise agreed by constituent councils, the total sum of contributions needed is recovered by the proxy of ordinarily resident population from the latest available mid-year census estimates published by the Office for National Statistics. This has, historically, been a proxy used within the annual revenue settlements but, with effect from 2011/12, population forecasts have been used instead.
- 2.12 The rationale for the change is that whilst population estimates look backwards (for example the latest currently available are for mid year 2010), projections look forward and are likely to be more accurate and relevant to the financial year in question. The following table shows the relative impact of changing the allocation proxy together with the individual contributions needed in the event the proxy is changed to population forecasts and the consultation version of the revenue budget is eventually adopted.

Table 4 – Comparison of allocation proxies

Authority	2011/12 Contribution	2012/13 Contribution by population Forecast	2012/13 Contribution by Mid Year Estimate	% Change by using Population Forecast	% Change by using Mid Year Estimate	£ Variance by using Population Forecast
Bridgend	6,606,073	6,581,964	6,541,673	-0.4%	-1.0%	40,291
The Vale Of Glamorgan	6,133,891	6,116,721	6,075,563	-0.3%	-1.0%	41,157
Rhondda Cynon Taf	11,538,882	11,349,152	11,390,660	-1.6%	-1.3%	-41,508
Merthyr Tydfil	2,739,810	2,689,663	2,707,742	-1.8%	-1.2%	-18,080
Caerphilly	8,503,270	8,370,163	8,416,223	-1.6%	-1.0%	-46,059
Blaenau Gwent	3,378,427	3,322,716	3,323,631	-1.6%	-1.6%	-915
Torfaen	4,465,845	4,348,622	4,401,157	-2.6%	-1.4%	-52,535
Monmouthshire	4,330,324	4,278,102	4,282,345	-1.2%	-1.1%	-4,243
Newport	6,909,211	6,789,736	6,869,427	-1.7%	-0.6%	-79,691
Cardiff	16,551,882	16,741,526	16,579,945	1.1%	0.2%	161,582
Total SWFRA	71,157,615	70,588,366	70,588,366	-0.8%	-0.8%	-0

- 2.13 There is no obligation for the Authority to consult constituent councils on its capital budget but there is an indirect relationship as the costs of capital expenditure fall to be met from the revenue account as borrowing costs, lease costs or income foregone. The capital budget build used for revenue purposes is summarised below, with a more detailed draft budget appearing as Appendix 5.

Table 5 – Summary Capital Budget 2012/13

Property	2,255,000
Vehicles and Plant	2,828,000
Total Capital Funded	5,083,000

3. FINANCIAL IMPLICATIONS

- 3.1 No financial implications arise directly as a result of this report. The Fire & Rescue Authority budget will be set at its February meeting after consultation.

4. EQUALITY IMPACT ASSESSMENT

- 4.1 The recommendations of this report will, if eventually adopted, result in reduced revenue budgets in real and cash terms for 2012/13 over the equivalent amounts for the current year. This will represent the second successive year of real and cash reductions.

- 4.2 The Risk Reduction Plans which are the cornerstone in budget construction have been designed to ensure there is no reduction in the quality of front line service delivery and, hence, there will be no disproportionate impact on different categories of people. Assembly grants have yet to be announced and, in consequence, the above statements do not consider the impact of any grant reductions that might be visited on the Authority.
- 4.3 There are no compulsory redundancies expected to result from the budget plans. The fact that wholetime recruitment is currently suspended means that the Authority is unable to pro-actively manage progress towards its diversity targets.

5. RECOMMENDATIONS

- 5.1 That Members consider the recommendations of the Finance, Audit & Performance Management Committee meeting of 21 November and resolve:
- 5.1.1 To note the implications of the 2012/13 final Local Government Settlement and the indicative settlements for 2013/15.
 - 5.1.2 To consult constituent councils on a proposed revenue budget of £70,588,366 for 2012/13, a reduction of £569,249 or 0.8 % on the equivalent figure for the current financial year.
 - 5.1.3 To approve the use of Population Forecasts as a contributions allocation proxy for 2012/13 and beyond
- 5.2 That Members provisionally approve the 2012/13 capital budget of £5.083 million for further consideration at the 6 February 2012 budget setting meeting.

STEVE GREENSLADE
TREASURER

Background Papers:

Medium Term Financial Plan

Risk Reduction Plans 2011 and 2012 (consultation version)

Final Local Government Settlement 2012/13

Previous Reports to the Fire and Rescue Authority

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Appendix 1 – Copy of report considered by FAPM Committee

OF 21st November 2011

REPORT OF THE TREASURER

TITLE BUDGET SHAPING 2012/13

SUMMARY

To provide Members with information enabling them to review progress with formulating budget proposals to constituent councils by the due date, in the light of the recently announced Provisional Local Government Settlement and work previously undertaken by Members.

RECOMMENDATION

Members consider the information contained within this report together with the oral update from the Finance Working Group set in the context of the Provisional Local Government Settlement and require officers to produce detailed proposals for a 2012/13 contributions budget that is 0.8% lower than the equivalent 2011/12 budget.

That exemplifications are produced enabling proposals to be made to constituent Councils at the Fire and Rescue Authority meeting of 19th December 2011.

That Members resolve to be minded to use population projections in determining the attribution of contributions between constituent councils for 2012/13 and beyond pending receipt of exemplifications at their December meeting.

1. BACKGROUND

1.1 Members will know that Section 21(2) of the South Wales Fire Service (Combination Scheme) Order 1995 (as amended) requires the Authority, before 31st December in any year, to submit to each constituent council, an estimate of its net expenditure for the next financial year. After taking account of consultation, the Fire Authority is required to

finalise its budget and resultant contributions by 15th February.

- 1.2 The meeting of the Fire and Rescue Authority held on 26th September 2011 agreed the budget strategy to be adopted for 2012/13 based on decisions contained within the 2011 Risk Reduction Plan and the 2012 consultation version of the Risk Reduction plan. Also at its meeting of 26th September, Members approved the 2011/14 Medium Term Financial Plan as a framework document for use in working up detailed budget proposals. Since that date, officers have been reviewing and updating budget projections and these are in the process of review by the Members Finance Working Group. Views of that group will be reported orally to the meeting.

2. ISSUE

- 2.1 Members need to consider whether they are content with the work undertaken by the FWG and by officers in developing revenue and capital budget proposals for 2012/13. This will enable detailed recommendations to be made to the meeting scheduled for 19th December 2011, when proposed contributions from constituent councils need to be determined for consultation.

The Provisional Local Government Settlement

- 2.2 The Provisional Settlement was announced by the Minister on 18th October. It followed the indicative expectations published within the 2011/12 Settlement and, to that extent was consistent in providing time for authorities to plan for a near standstill settlement next year and one that is significantly lower than inflation. Following on from the negative settlement for the current financial year the cumulative difficulties facing local councils are material. Obviously, all local authorities are fully aware of the national economic difficulties and the reasons for such a settlement but understanding does not diminish the challenge presented in maintaining front line services against a backdrop of a number of years of significant funding restraint.

2.3 At an all Wales level, Aggregate External Funding (AEF) is set to increase by 0.24% next year, a real terms reduction of 4.3% when compared to current inflation. Distribution between councils range from +1.7% (Cardiff) to -1.6% (Monmouthshire). Built into the settlement is protection for education and social care funding equivalent to 1% above the uplift for the Welsh Government's revenue funding allocation from the UK Government. Although the Fire and Rescue Service does not share in the local government capital settlement, it is worthy of note that capital funding reduces by a further 7.4% next year.

2.4 The final settlement announcement is not due until December. As usual, there will be some level of change between provisional and final due to updated Council Tax Base figures and some updates to data sets. This year however there are a further two issues yet to be resolved that might change things:

- There is a major transfer of Learning Disability Resettlement Grant proposed with a quantum of £32.6 million. The decision of the joint WG/WLGA Distribution sub-group was to assimilate using the proxy of adult social services with fairly significant volatility resulting. It has come to light however that the information on which this decision was based was inaccurate and the matter is being reconsidered.
- There is a data accuracy issue with Free School Meals numbers which are used as a proxy in a number of areas of the distribution formula. This is currently being revisited

Largely as a result of the above, the Minister has made no decision as yet on the need for any settlement floor arrangement.

2.5 The average increase in AEF for SWFRA constituent councils is slightly higher than the all Wales average at 0.4%. the following table identifies the relative fortunes of individual councils:

	2011/12 Final AEF (£000)	2012/13 Provisional AEF (£000)	% Change
Bridgend	178,692	179,649	0.54%
The Vale Of Glamorgan	150,597	150,872	0.18%
Rhondda Cynon Taf	344,138	344,756	0.18%
Merthyr Tydfil	86,248	85,715	-0.62%
Caerphilly	250,989	254,397	1.36%
Blaenau Gwent	108,470	107,459	-0.93%
Torfaen	129,626	129,184	-0.34%
Monmouthshire	96,123	94,537	-1.65%
Newport	194,348	193,051	-0.67%
Cardiff	395,315	402,194	1.74%
Total SWFRA	1,934,546	1,941,814	0.38%

- 2.6 Members will be aware that AEF is only part of the funding story as far as local councils are concerned as they have the option to increase overall funding levels by increases in Council Taxation. In England the UK Government has announced specific grant funding to be applied by local councils towards a Council Tax freeze. There is a Welsh consequential of this decision but as the funding is “one off”, the Wales Government has decided against mirroring the UK Government’s decision. In consequence it is likely that most councils will decide upon a small increase in Council Tax for next year, albeit that the Welsh Local Government Association is anticipating that average increases will run at a ten year low.
- 2.7 The Council Tax position is important for the SWFRA because, in pursuing its aim of matching, if not bettering, the AEF fortunes of constituent councils it is setting itself a more challenging target than that faced by the councils themselves. That said, of course, the challenge faced by constituents in financing non education and non personal social services areas (of which Fire is one) is increased by the 1% protection intended for those service areas.
- 2.8 Fire Service related grants have not been announced and whilst this causes difficulty in operational and financial planning it is not untypical at this stage in the settlement. In striking the revenue budget in December, Members will need to consider contingency planning against possible grant reduction, especially on revenue account where there is greater service dependency on grants.

- 2.9 Looking to the medium term, the announcement of indicative AEF allocation for 2014/15 will require a re-work of the Medium term Financial Plan in due course as these are more challenging than anticipated. For completeness, the following table shows the future indicative allocations for SWFRA constituent councils.

	2012/13 Provisional AEF (£000)	% Change	2013/14 Indicative AEF	% Change	2014/15 Indicative AEF
Bridgend	179,649	1.37%	182,114	0.60%	183,200
The Vale Of Glamorgan	150,872	1.31%	152,850	0.50%	153,618
Rhondda Cynon Taf	344,756	1.31%	349,284	0.63%	351,473
Merthyr Tydfil	85,715	1.40%	86,916	0.41%	87,270
Caerphilly	254,397	1.36%	257,848	0.62%	259,446
Blaenau Gwent	107,459	1.28%	108,829	0.41%	109,275
Torfaen	129,184	1.27%	130,825	0.34%	131,272
Monmouthshire	94,537	0.98%	95,468	0.01%	95,480
Newport	193,051	1.38%	195,715	0.54%	196,767
Cardiff	402,194	1.77%	409,297	1.06%	413,621
Total SWFRA	1,941,814	1.41%	1,969,146	0.62%	1,981,422

Budget Considerations

- 2.10 In the period since adoption of the MTFP, officers have been reviewing budgets and considering operational needs for 2012/13 and beyond. Significant amongst those deliberations has been that of staffing costs as these represent the main element of overall budgeted expenditure and are also key to the cost reductions programmed into the Risk reduction Plan.
- 2.11 In overall terms, projected staff reductions from the flexible rostering project have been exceeded such that the programmed 40 posts reduction is likely to be achieved ahead of target. This is part of the reason for the projected revenue underspend in the current financial year as recently reported. Whilst this assists in balancing the position for 2012/13, it means that reductions programmed for future years will not result as savings will already be within the budget base. Other staffing elements of RRP projects are progressing largely according to plan.
- 2.12 The difficult staffing area however is that of pay inflation, where decisions are taken at national level but the consequences are borne locally. There has now been a pay

freeze in place for two years and this has been achieved without industrial action. Inflation is currently running at over 5% however and private sector pay has started to increase (+3.1% ONS three months to July 2011). Together with increases in direct and indirect taxation, SWFRA staff have seen living standards deteriorate. Some unions are currently balloting and the spectre of possible industrial action looms.

- 2.13 Against this backdrop the SWFRA has decided to assume the national pay freeze will continue for 2012/13 and has made no provision for a pay increase (albeit expected pensions increases have been built in). In terms of non-pay inflation officers have held budgets to below inflation increases for a further year. These approaches have been of significant assistance in producing next years budget but do lead Members into the need to consider how to protect future budgets against potential pay and non-pay volatility. As has often been said, it is easy to deliver a budget but living with it is more difficult.
- 2.14 At the time of writing this report detailed work on budgets continues but I have confidence that a revenue budget can be delivered at a level that betters the +0.4% average provisional AEF settlement for the SWFRA area. The budget range currently under scrutiny is between -0.4% and -1.5% with the difference being the view taken by the authority on the likelihood of volatility in 2012/13 and protection of the medium term as explained below.
- 2.15 In considering the strategic budget position members will also want to consider the projected £1.1million underspend for the current year and how it might best be deployed either in terms of supporting operational service delivery or in reserve or budget support. As concerns reserves, my view remains that general reserves are currently adequate.
- 2.16 My professional view is to take a longer term strategic approach to the opportunities now presented recognising that these have been made possible by difficult decisions being taken on a timely basis with savings being delivered early. The generation of savings will become increasingly difficult if they are not to impact on operational service delivery whilst the need for budget constraint will continue. Many of the savings projected within the Medium term

Financial Plan for future years have yet to be scrutinised for deliverability. There is a risk that a combination of taking a short term view coupled with optimism bias will result in an essential but unpopular “budget bounce” having to be considered in future years.

2.17 One option therefore, and the option favoured by the Senior Management Team, would be to use most of the current years projected underspend in establishing a strategic initiatives fund of £400,000 to finance investments intended to deliver cost efficiencies in future years. It is further suggested in this respect that pressure on next years capital programme is reduced by revenue funding £560,000 of the following operational need:

- Operational Risk management Equipment - £190,000
- Stations Fitness Equipment - £70,000
- Station Mobilising Equipment - £200,000
- Flexible Rostering ICT System - £100,000

2.18 In order to maintain funding in the base budget for potential recurring volatility it is further suggested that approximately £500,000 of 2012/13 base budget is retained in the strategic contingencies reserve (currently standing at £1m but with no recurring funding). This would allow the SWFRA to consult constituent councils on a budget decrease of 0.8% for next year and would prepare the authority for the consequences of a long tail to economic recovery. This is the recommended option and would result in a revenue budget for next year that is 1.2% lower than the average provisional revenue settlement for SWFRA local government and (at current inflation rates) 6.5% less than inflation.

2.19 Alternatively, stripping next years budget of the £500,000 base budget contingency would enable consultation on a contributions decrease of -1.5%. This has obvious attractions but would increase the medium to longer term risk in the event inflation does not reduce, the economic recovery is delayed or the UK Governments pay or pensions policy is diluted in the face of potential industrial action. Obviously,

there is also the option of “mixing and matching” the two alternatives.

- 2.20 On capital account, the revenue budget is predicated on the medium term capital programme approved by members. Members will be asked to consider the capital budget in more detail at their 19th December meeting. The draft budget will however be produced in accordance with previously agreed principles where vehicles, plant and station refurbishments are capitalised with new station builds being dependent on the availability of capital receipts.
- 2.21 These matters will be considered by the Members Finance Working Group at its meeting of 18th November and their conclusions will be reported to the meeting.

Allocation Proxy

- 2.22 The Combination Order prescribes that, unless otherwise agreed by constituent council, the total sum of contributions needed is recovered by the proxy of ordinarily resident population from the latest available mid-year census estimates published by the Office for National Statistics. This has, historically, been a proxy used within the annual revenue settlements but, with effect from 2011/12, population forecasts have been used instead.
- 2.23 The rationale for the change is that whilst population estimates look backwards (for example the latest currently available are for mid year 2010), projections look forwards and are likely to be more accurate and relevant to the financial year in question.
- 2.24 On this basis it is considered that the SWFRA should consider a change and be minded to use population projections in determining the attribution of contributions between constituent councils pending receipt of exemplifications at its December meeting.

3. FINANCIAL IMPLICATIONS

- 3.1 No financial implications arise directly as a result of this report with proposals reserved for the December meeting.

4. EQUALITY IMPACT ASSESSMENT

- 4.1 The recommendations of this report will, if eventually adopted, result in reduced revenue budgets in real and cash terms for 2012/13 over the equivalent amounts for the current year. This will represent the second successive year of real and cash reductions.
- 4.2 The Risk Reduction Plans which are the cornerstone in budget construction have been designed to ensure there is no reduction in the quality of front line service delivery and, hence, there will be no disproportionate impact on different categories of people. Assembly grants have yet to be announced and, in consequence, the above statements do not consider the impact of any grant reductions that might be visited on the Authority
- 4.3 There are no compulsory redundancies expected to result from the budget plans. The fact that whole time recruitment is currently suspended means that the authority is unable to pro-actively manage progress towards its diversity targets.

5. RECOMMENDATIONS

- 5.1 That Members consider the information contained within this report together with the oral update from the Finance Working Group set in the context of the Provisional Local Government Settlement and require officers to produce detailed proposals for a 2012/13 contributions budget that is 0.8% lower than the equivalent 2011/12 budget.
- 5.2 That exemplifications are produced enabling proposals to be made to constituent Councils at the Fire and Rescue Authority meeting of 19th December 2011.
- 5.3 That Members resolve to be minded to use population projections in determining the attribution of contributions between constituent councils for 2012/13 and beyond pending receipt of exemplifications at their December meeting.

STEVE GREENSLADE
TREASURER

Background Papers:

Medium Term Financial Plan

Risk Reduction Plan 2011

Risk Reduction Plan (Consultation Version) 2012

Provisional Local Government Settlement 2012/13

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Appendix 2 – Extract from draft minutes of 21st November FAPM Committee

BUDGET SHAPING 2012/2013

The Treasurer provided Members with information enabling them to review progress with formulating budget proposals to constituent councils by the due date, in the light of the recently announced Provisional Local Government Settlement, and work previously undertaken by Members.

RESOLVED THAT

- 38.1 Following Members consideration of the information contained within the report together with the oral update from the Finance Working Group set in the context of the Provision Local Government Settlement, they unanimously requested that Officers produce detailed proposals for a 2012/13 contributions budget that is 0.8% lower than the equivalent 2011/12 budget.
- 38.2 Members agreed for exemplifications to be produced enabling proposals to be made to constituent councils at the Fire & Rescue Authority meeting of 19 December 2011.
- 38.3 Members agreed to resolve to be minded to use population projections in determining the attribution of contributions between constituent councils for 2012/13 and beyond pending receipt of exemplifications at their December meeting.

Appendix 3 – Revenue Budget proposals

Expenditure/Income Head	2011/2012 Budget exc. Grants	12/13 Budget exc. Grants	11/12 to 12/13 Budget Variance	% variance on 2011/12
Direct Employee Costs				
Whole time uniformed staff	29,419,679	29,042,546	-377,133	-1.3%
Retained fire fighters	6,560,534	6,369,161	-191,374	-2.9%
Control staff	1,696,218	1,711,466	15,248	0.9%
Non-uniformed staff	6,717,859	6,857,533	139,674	2.1%
Overtime & Other Allowances	3,148,713	2,533,713	-615,000	-19.5%
Sub Total Direct Employee Costs	47,543,004	46,514,419	-1,028,585	-2.2%
Pensions				
Firefighters Scheme employers contributions	6,203,775	6,288,116	84,340	1.4%
LGP Scheme employers contributions	1,557,268	1,457,008	-100,259	-6.4%
Injury award pensions & ill health charges	630,863	657,415	26,552	4.2%
Sub Total Pensions Costs	8,391,906	8,402,539	10,633	0.1%
Officer Travel and Subsistence				
Travel & Subsistence	539,238	580,200	40,962	7.6%
Lease & Provided Cars	359,058	403,408	44,350	12.4%
Sub Total Officer Travel & Subs.	898,296	983,608	85,312	9.5%
Premises Related Expenses				
Repair & maintenance	775,421	768,852	-6,569	-0.8%
Grounds maintenance	55,000	55,000	0	0.0%
Cleaning	395,500	401,000	5,500	1.4%
Rates etc.	1,120,160	1,120,160	0	0.0%
Lease/Rent	0	2,625	2,625	
Water	50,000	30,000	-20,000	-40.0%
Energy	942,270	922,270	-20,000	-2.1%
Lease costs - Occ Health unit	81,000	81,000	0	0.0%
Telephones/Communications	849,580	1,533,622	684,042	80.5%
Sub Total Premises Related	4,268,931	4,914,529	645,598	15.1%
Training Expense				
Training	1,153,536	1,176,575	23,039	2.0%
Seminars/Conferences	55,000	55,000	0	0.0%
Sub Total Training Expense	1,208,536	1,231,575	23,039	1.9%

	2011/2012 Budget exc. Grants	12/13 Budget Exc Grants	11/12 to 12/13 Budget Variance	% variance On2011/12
Supplies & Services				
Breathing Apparatus (BA)	23,800	43,150	19,350	81.3%
Hydrant Repair	135,637	135,637	0	0.0%
Furniture	59,750	59,750	0	0.0%
Operational equipment	230,731	272,212	41,481	18.0%
Other equipment	112,700	112,700	0	0.0%
Fitness/training equipment	7,000	7,000	0	0.0%
Equipment repair & maintenance	46,167	51,667	5,500	11.9%
Fire Ground consumables (foam)	30,000	30,000	0	0.0%
Extinguisher purchases	11,622	11,000	-622	-5.4%
Community Safety	30,530	29,030	-1,500	-4.9%
I.C.T.	532,421	510,566	-21,855	-4.1%
Clothing & Uniforms	507,000	504,950	-2,050	-0.4%
Photocopying	37,576	37,576	0	0.0%
Stationery	56,015	52,200	-3,815	-6.8%
Printer and print consumables	70,450	69,950	-500	-0.7%
Paper	2,000	2,000	0	0.0%
Postage and freight	25,106	25,106	0	0.0%
Advertising (Vacancies, etc)	77,200	60,000	-17,200	-22.3%
T.V. Licences	6,900	7,425	525	7.6%
Text books, Reference	34,484	28,608	-5,876	-17.0%
Literature / subscriptions	128,339	140,849	12,510	9.7%
Spoilt meals	8,500	8,300	-200	-2.4%
Fire ground provisions	7,151	10,151	3,000	42.0%
Catering supplies (canteen)	29,475	20,000	-9,475	-32.1%
Presentation and awards	20,213	20,213	0	0.0%
Insurances	536,500	503,800	-32,700	-6.1%
Sub Total Supplies and Services	2,767,267	2,753,840	-13,427	-0.5%
Transport Costs				
Fuel	1,354,800	721,350	-633,450	-46.8%
Fleet		692,000	692,000	
Sub Total Transport Costs	1,354,800	1,413,350	58,550	4.3%
Contracted Services				
	439,450	500,973	61,523	14.0%
Other Expenditure				
Other costs	322,658	259,066	-63,592	-19.7%
Members Expenses	49,490	49,490	0	0.0%
Sub Total other Expenditure	372,148	308,556	-63,592	-17.1%
Capital Costs / Leasing				
	4,082,641	4,106,450	23,809	0.6%
Reserves Contribution				
		400,000	400,000	
Sub Total Expenditure	71,326,979	71,529,839	202,860	0.3%
Income				
	-169,364	-941,473	-772,109	455.9%
TOTAL BUDGET 2012/13	71,157,615	70,588,366	-569,249	-0.8%

Appendix 4 – Draft Grants Budget

Total Grant Funding in place for 2011/12		Total Budgeted Grant Funding for 2012/13		Difference	%increase/ decrease
	£		£		
Salaries	1,376,372.99	Salaries	1,660,282.99	283,910.00	20.6%
Police Officer	62,776.00	Police Officer	60,350.00	-2,426.00	-3.9%
Consultants	23,641.00	Consultants	0.00	-23,641.00	-100.0%
Vehicle Rental	35,754.60	Vehicle Rental	31,449.60	-4,305.00	-12.0%
Equipment	466,864.28	Equipment	916,416.28	449,552.00	96.3%
Travel/Fuel	18,316.00	Travel/Fuel	13,123.00	-5,193.00	-28.4%
Subsistence	28,740.32	Subsistence	24,900.32	-3,840.00	-13.4%
Training	11,000.00	Training	9,315.00	-1,685.00	-15.3%
Consumables	5,000.00	Consumables	0.00	-5,000.00	-100.0%
Telephone Calls & Rental	13,719.20	Telephone Calls & Rental	12,719.20	-1,000.00	-7.3%
Stationery	1,500.00	Stationery	0.00	-1,500.00	-100.0%
PR	11,434.00	PR	7,409.00	-4,025.00	-35.2%
Literature	4,000.00	Literature	0.00	-4,000.00	-100.0%
Conferences	1,500.00	Conferences	0.00	-1,500.00	-100.0%
PPE	25,605.92	PPE	32,555.92	6,950.00	27.1%
Promotional items	5,000.00	Promotional items	5,928.00	928.00	18.6%
Prize Vouchers	3,000.00	Prize Vouchers	0.00	-3,000.00	-100.0%
Provision of meals	5,120.00	Provision of meals	7,200.00	2,080.00	40.6%
Exams	700.00	Exams	0.00	-700.00	-100.0%
Canine Expenses	10,707.84	Canine Expenses	10,707.84	0.00	0.0%
ICT Provision	2,000.00	ICT Provision	633,747.00	631,747.00	31587.4%
Contracted Services	8,900.00	Contracted Services	12,500.00	3,600.00	40.4%
Project Initiative Funding	30,000.00	Project Initiative Funding	13,000.00	-17,000.00	-56.7%
TOTAL	2,151,652.15	TOTAL	3,451,604.15	1,299,952.00	

Appendix 5 – Draft Capital Budget: Property

Scheme		£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Property		Prior years	2012/13	2013/14	2014/15	Total project cost
Maindee Refurbishment	Works	522	150			672
	Furniture/equip.		15			15
	Fees	200	70			270
	Total	722	235	0	0	957
Hirwaun Refurbishment	Works		422			422
	Furniture/equip.		5			5
	Fees		73			73
	Total		500	0	0	500
New Inn Refurbishment	Works		400	760		1,160
	Furniture/equip.		0	20		20
	Fees		50	250		300
	Total		450	1,030	0	1,480
Aberdare Refurbishment	Works		0	340	895	1,235
	Furniture/equip.		0		35	35
	Fees		30	100	100	230
	Total		30	440	1,030	1,500
Pontypridd Refurbishment	Works		0	550	615	1,165
	Furniture/equip.		0		35	35
	Fees		150	100	50	300
	Total		150	650	700	1,500
Planned Maintenance	Works		450	450	450	1,350
	Fees		50	50	50	150
	Total		500	500	500	1,500
Workshops - Paintshop <i>[Subject to Member approval of positive business case]</i>						
Total			390	0	0	390
Total Property		722	2,255	2,620	2,230	7,827
* Britannia New Fire Station <i>[Subject to availability of Capital receipts]</i>	Works		2,665			2,665
	Furniture/equip.		35			35
	Fees		500			500
	Total		3,200			3,200

Appendix 5 – Draft Capital Budget: Vehicles

	2011/12 Budget £'000	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	2015/16 Budget £'000
VEHICLES					
Water ladders	1,855	1,855	1,855	1,590	1,590
Aerial Appliances	0	0	300	750	0
Rescue tenders	0	0	525	350	400
Water Carrier	320	160	0	0	0
Chemical Incident Unit	0	230	0	0	0
Spec Rescue Unit (rope/water)	0	130	0	0	0
Environmental Protection Unit	0	0	180	0	0
Utility 4WD	150	200	150	0	100
Vans	150	155	155	155	155
Conversions	0	30	30	30	30
Minibus	28	28	28	0	28
Rescue Boat	0	40	0	0	0
TOTAL	2,503	2,828	3,223	2,875	2,303

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 12

19 DECEMBER 2011

REPORT OF THE ASSISTANT CHIEF OFFICER - PEOPLE SERVICES

RRP COMMUNICATIONS STRATEGY AND JOINT CONSULTATIVE FORUM**SUMMARY**

This report details the main reasons for the establishment of a Joint Consultative Forum (JCF), incorporating Members of the Fire & Rescue Authority, Officers of the Service and Employee Representatives of all the recognised Trade Unions.

The report also outlines the legal requirements for a JCF, methods of consultation, the setting up of a JCF, the constitution issues and an outline of what could be discussed at such a forum.

RECOMMENDATIONS

Members agree to the establishment of a Joint Consultative Forum outside of the normal negotiating forums already established within the Service.

The Representative Bodies be approached to commence dialogue to facilitate the introduction of the Joint Consultative Forum with immediate effect.

1. INTRODUCTION

- 1.1 This report details the main reasons for the establishment of a Joint Consultative Forum (JCF) incorporating Members of the Fire & Rescue Authority, Officers of the Service and Employee Representatives of all the recognised Trade Unions. The report also outlines the legal requirements for a JCF, methods of consultation, the setting up of a JCF and its constitution and an outline of what could be discussed at such a forum.

- 1.2 Members of the HR & Equalities Committee at their meeting held on 14 November 2011 unanimously agreed to the establishment of a Joint Consultative Forum outside of the normal negotiating forums already established within the Service. They recognised that this would provide ample opportunity for all sides to discuss organisational issues in a frank, open and honest forum before going into formal negotiation.
- 1.3 The HR & Equalities Committee Members unanimously agreed that the Joint Consultative Forum should be chaired by an Authority representative for a 12 month period, followed by a trade union representative the following year.
- 1.4 The HR & Equalities Committee Members agreed that this report recommend the establishment of a Joint Consultative Forum to the Fire & Rescue Authority.

2. LEGAL ASPECTS OF CONSULTATION

- 2.1 The legal aspects of consultation are laid down in the European Framework Directive on Information and Consultation (2002/14/EC). The European Union Directive for informing and consulting employees gives employees the right to be:
 - Informed about the business's economic situation
 - Informed and consulted about employment prospects, and
 - Informed and consulted about decisions likely to lead to substantial changes in work organisation or contractual relations, including redundancies and transfers.
- 2.2 The Service also has a legal obligation to consult with employees on health and safety (Health & Safety at Work etc Act 1974), redundancies (The Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations Act 1995), business transfers (The Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations Act 1995 & 1999), works councils (European Framework

Directive on Information and Consultation (2002/14/EC) and Occupational Pensions (The Social Security Pensions Act 1975 and the Companies Act 1985, amended 1989).

3. METHODS OF CONSULTATION

3.1 Currently direct negotiation with the recognised Trade Unions within the Service is led by the A/CFO and carried out with regular, scheduled, meetings as follows:

- Other Ranks Negotiating Meeting with representatives of the Fire Brigades' Union and Fire Officers Association (FOA). The Retained Firefighters Union (RFU) is not represented at this forum.
- Support Staff Negotiating Meeting with representatives of Unison, Unite and GMB.

3.2 There is no informal/indirect consultation with the workforce via a consultation forum that brings all of the above Trade Union Representatives together. Although there have been occasions where all trade union representatives have come together jointly to review or develop policy and procedures collectively and to consider specific issues e.g. Risk Reduction Plan (RRP) Projects.

3.3 It is worth noting that there is also a proportion of the workforce that are not represented by, or affiliated to any of the above mentioned Trade Unions and that no negotiation or consultation takes place with them.

3.4 Indirect consultation through employee representatives could be best carried out in a formally constituted forum such as a Joint Consultative Forum (JCF) for such things as review of policies and procedures, for example discipline, sickness and health and safety policies.

4. JOINT CONSULTATIVE FORUM

4.1 The establishing of a JCF requires Fire & Rescue Authority Members, Officers of the Service, Trade Union Representatives and employee representatives to lay down

the rules and procedures that will govern the JCF's operation.

4.2 The main considerations are:

- Size and composition – as a general rule the size of the forum should be kept to a minimum, ensuring all the major employee groups are represented. Extra Members can be co-opted on to the forum as required.
- Organisation meetings and frequency – meetings should be held quarterly (or more regularly if required due to the issues of the day). Every meeting should have a prepared agenda and secretarial support.
- Subjects to be discussed – these should be agreed and most commonly these are in relation to working conditions, new ways of working, quality, training, health and safety, new equipment, staffing levels and welfare, risk reduction plan etc. although this list is not exhaustive.
- Facilities for Forum Members – Members of the Forum should be allowed appropriate time off away from their day to day role to prepare for, attend and carry out the work of the Forum.
- Reporting back – it is essential that representatives and managers can report back on the deliberations of the forum, this could include briefing groups, newsletters, notice boards and the circulation of the Forum minutes.

5. REPRESENTATIVE BODIES IMPLICATIONS

- 5.1 The introduction of a JCF will need to be consulted on with the existing Trade Union Representatives. Special consideration will need to be given to the issues surrounding the recognition of the RFU within the National Joint Council (NJC).
- 5.2 Also consideration will need to be given to establishing a Staff Association for those who are not in a recognised trade union and for them to elect a representative(s).

6. RECOMMENDATION

- 6.1 Members agree to the establishment of a Joint Consultative Forum outside of the normal negotiating forums already established within the Service.
- 6.2 The Representative Bodies be approached to commence dialogue to facilitate the introduction of the Joint Consultative Forum with immediate effect.

PHILIP HAYNES

ASSISTANT CHIEF OFFICER - PEOPLE SERVICES

Background Papers:

Promoting Employment Relations and HR Excellence - ACAS

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SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 13

19 DECEMBER 2011

REPORT OF THE ACTING CHIEF FIRE OFFICER

**PERFORMANCE MONITORING REPORT – QUARTER 2 APRIL
2011 TO SEPTEMBER 2011****SUMMARY**

To consider the performance information and recorded incident statistics from April 2011 to September 2011.

RECOMMENDATIONS

It is recommended that Members:

- 1 Note the performance details and statistical data contained within this report.
- 2 Approve its publication onto the SWFRS internet site.

1. BACKGROUND

1.1 To support the performance management framework within South Wales Fire & Rescue Service, a quarterly report is submitted to our Senior Management Team and to our Fire & Rescue Authority. This report underpins the Strategic and Core Indicators and provides data and information to inform and support decision making processes.

2. ISSUE

2.1 The appendix attached is a summary of the Performance Monitoring Report Q2 2011-12. This summarises our year to date performance for the National Strategic Performance Indicators and Indicators of Interest for 2011-2012 against last year's performance. The summary provides a graphical view of the strategic indicators and the indicators of interest for the first quarter 2011-2012. Comparisons and trend lines are added comparing the reported quarter with the previous 5 years of data.

- 2.2 The background paper, which can be found at the Fire Authority Members Page on the SWFRS Intranet, provides further in-depth analysis of incidents by type and by Unitary Authority. It also includes full details of the five year trend performance of the National Strategic indicators and the indicators of interest.
- 2.3 The data in the background paper is provisional. All incidents in 2011-2012 have been reported on the Incident Recording System (IRS); however the returns are subject to final audit. As a comparison and where available, the Family Group 4 annual average is also shown on the graphs although it should be noted that these are also provisional and un-audited. The Family Group 4 consists of several other similar Fire & Rescue Services.

3. RECOMMENDATIONS

It is recommended that Members:

- 3.1 Note the performance and statistical details contained within this report.
- 3.2 Approve publication of the background paper onto the SWFRS internet site.

HUW JAKEWAY
ACTING CHIEF FIRE OFFICER

Appendix 1: Presentation Performance Monitoring Report Q2 2011-12

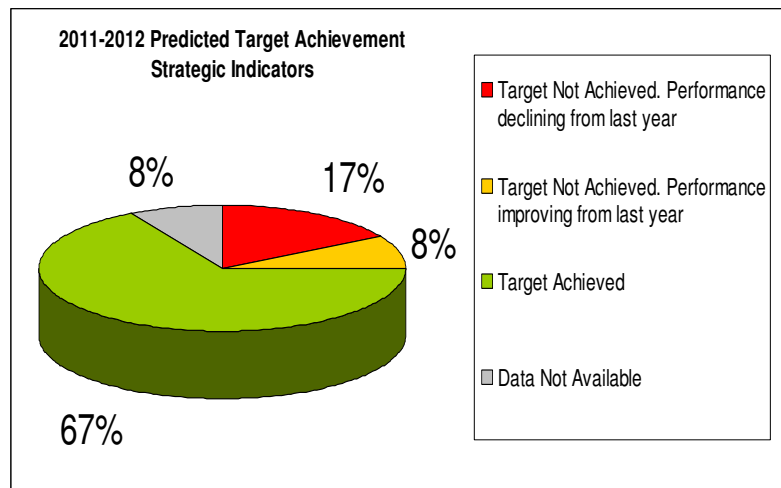
Background Paper: Back Ground Paper Performance Monitoring Report Q2 2011-12

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Performance Management Officer
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Performance Monitoring Report Q2 July 2011 – September 2011

Strategic Indicators



Performance Predicted to Improve compared to 2010-2011

The following indicator(s) show an improvement in performance compared to last year			
Type	Indicator Ref	Description	Good
Fire Measures	FRS/RRC/S/001 (i)	All Fires Attended per 10,000 population	↓
Fire Measures	FRS/RRC/S/001 (ii)	All Primary Fires Attended per 10,000 population	↓
Fire Measures	FRS/RRC/S/001 (iii)	All Accidental Fires in Dwellings per 10,000 dwellings	↓
Fire Measures	FRS/RRC/S/001 (iv)	All Deliberate Fires Attended per 10,000 population	↓
Fire Measures	FRS/RRC/S/003	The No of Fires in Non-domestic premises per 1,000 non domestic properties	↓
Deaths and Injuries	FRS/RRC/S/002 (iii)	The No of Deliberate Fire Deaths per 100,000 population	↓
Deaths and Injuries	FRS/RRC/S/002 (iv)	The No of Fire Injuries per 100,000 population	↓
Deaths and Injuries	FRS/RRC/S/002 (v)	The No of Accidental Fire injuries excluding precautionary checks per 100,000 population	↓

Performance maintained compared to 2010-2011

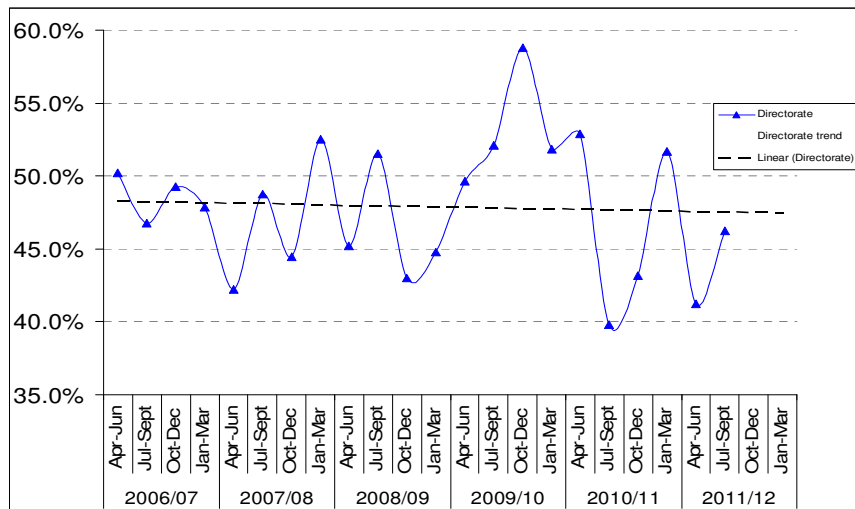
The following indicator(s) have maintained performance compared to last year			
Type	Indicator Ref	Description	Good
Deaths and Injuries	FRS/RRC/S/002 (vi)	The No of Deliberate Fire Injuries excluding precautionary checks per 100,000 population	↓

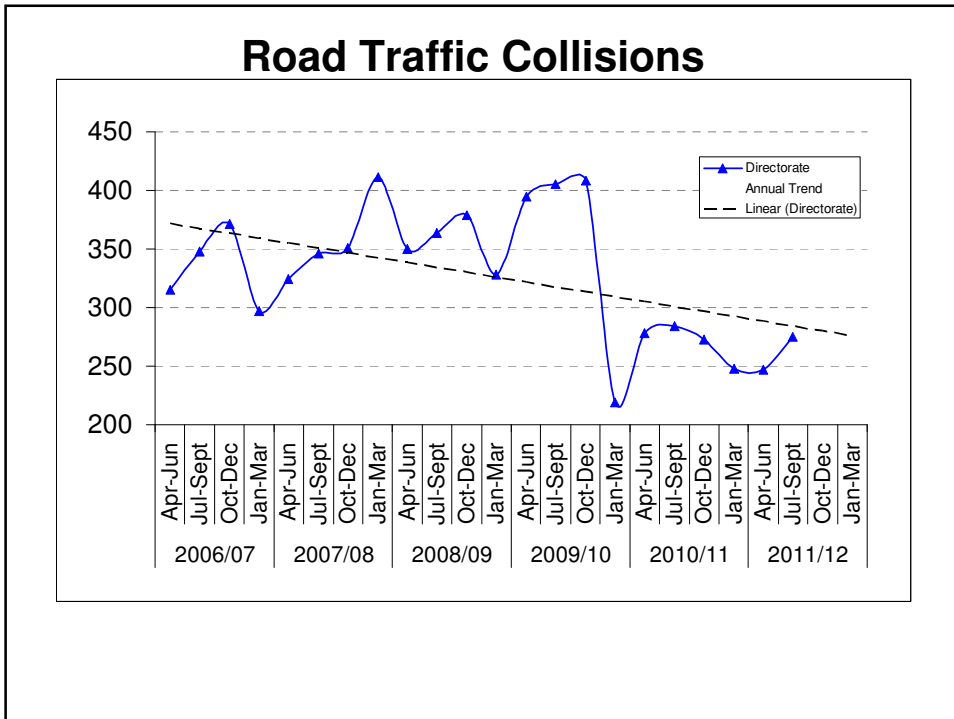
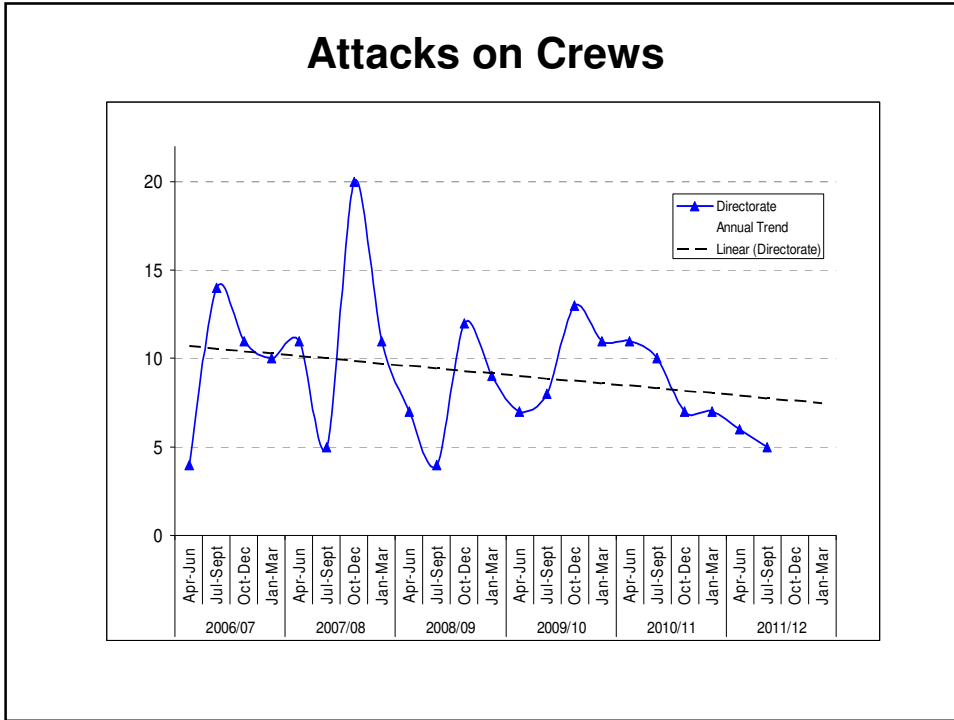
Performance Predicted to Decline compared to 2010-2011

The following indicator(s) show a decline in performance compared to last year

Type	Indicator Ref	Description	Good
Deaths and Injuries	FRS/RRC/S/002 (i)	The No of Fire Deaths per 100,000 population	↓
Deaths and Injuries	FRS/RRC/S/002 (ii)	The No of Accidental Fire Deaths per 100,000 population	↓

Percentage of Dwelling Fires Where No Smoke Alarms Were Fitted





SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 14

19 DECEMBER 2011

REPORT OF THE ACTING DEPUTY CHIEF OFFICER

REFURBISHMENT OF MAINDEE FIRE & RESCUE STATION

SUMMARY

Fire & Rescue Authority approval is sought in accordance with Contract Standing Orders to award the contract for the refurbishment works at Maindee Fire & Rescue Station as part of the Service Wholetime Station refurbishment programme.

RECOMMENDATIONS

Members authorise the Acting Deputy Chief Officer to award the building contract for the refurbishment of Maindee Fire & Rescue Station.

1. BACKGROUND

1.1 Members will recall that the Services Land and Buildings Plan for 2010-14, which forms part of the Authorities' Asset Management Strategy and supported by the Medium Term Financial Plan, details the schedule for the refurbishment of the Authorities Wholetime Stations. Maindee is the next scheduled Station.

1.2 Our Wholetime Fire & Rescue Stations are occupied 24 hours a day and 365 days a year. 14 Stations were constructed between 1950 and 1975 with the majority being over 45 years old. Earlier stock condition surveys showed that significant works are required to these buildings if they are to meet our critical outcomes, specifically:

- Properties are modern, compliant and well maintained.
- Stations meet our equality and diversity agenda.
- Premises encourage community integration.
- The impact of our properties on the environment is minimal.

- 1.3 The refurbished Station will provide a suitable working environment to meet 21st century firefighting requirements and to improve engagement with the community. In addition, there will be efficiency savings realised over the lifetime of the building from the reduction of maintenance costs.
- 1.4 The proposed refurbishment works can be summarised as follows:
- Extension of the appliance bay to accommodate the new hydraulic platform appliance.
 - Reconfiguration of ground offices to provide modern and complaint facilities.
 - Reconfiguration of the existing dormitory accommodation on the first floor to provide individual rooms.
 - Refurbishment of toilets and shower facilities, kitchen, gym, circulations areas and all remaining areas to a modern and complaint standard.
 - Accessibility improvement works to the site and building, including the provision of accessible parking, entrances etc.
 - Improvements to the buildings' external fabric i.e. windows and walls to improve the buildings thermal performance, i.e. insulation.

2. ISSUE

- 2.1 The design and specification for the building works have been completed and the contract is currently out to tender and is provisionally due to start on site in late January/early February 2012. The budget for the project is £957K and will exceed the threshold specified in Contract Standing Order 15.4 and, therefore, Fire & Rescue Authority approval is required in order to award the contract.
- 2.2 Any potential postponement in awarding the contract will result in a delay in starting on site, which may in turn have a financial impact on the cost of the scheme i.e. increase in project costs.

3. FINANCIAL IMPLICATIONS

- 3.1 The funding for this project is contained in the 2011-12 capital programme as approved by Members at the Fire & Rescue Authority meeting held on 7 February 2011.
- 3.2 The project is also subject to a further funding application (2012-13), for the residue amount to complete the project.

4. RECOMMENDATION

- 4.1 That Members authorise the Acting Deputy Chief Officer to award the building contract for the refurbishment of Maindee Fire & Rescue Station.

SALLY CHAPMAN
ACTING DEPUTY CHIEF OFFICER

Background Papers:

None

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SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 15

19 DECEMBER 2011

REPORT OF THE ASSISTANT CHIEF OFFICER - PEOPLE SERVICES

SOUTH WALES FIRE & RESCUE AUTHORITY RESPONSES TO PENSION CONSULTATION REQUESTS

SUMMARY

This report details the parameters of the three consultation documents received by the Fire & Rescue Authority and sets out the areas for response.

RECOMMENDATION

Members note the content of the report.

Members endorse the comments for submission to both Wales Government and LGE.

1. BACKGROUND

- 1.1 The Fire & Rescue Authority has been asked to comment on three papers relating to public sector pension schemes as they relate to the staff employed by the Service.
- 1.2 The consultation documents have also been received by Rhondda Cynon Taff Pension Section who will be responding as pension scheme administrators.
- 1.3 The Fire & Rescue Authority has been asked to respond in the capacity as employers.
- 1.4 Presentations relating to the specific pension schemes have been given to the Finance, Audit and Performance Management Committee and the Members' Finance Working Group prior to the writing of this report.

2. ISSUE

2.1 The three consultation documents are identified below.

2.1.1 Firefighters' Pension (Wales) Scheme (1992) and The New Firefighters' Pension Scheme (Wales) (2007).

2.1.2 Local Government Pension Scheme (Benefits, Contributions and Membership) Regulations 2007 (Si 2007/1166) (As Amended).

Local Government Pension Scheme (Administration) Regulations 2008 (Si 2008/239) (As Amended).

Consultation on Proposed Increases To Employee Contribution Rates and Changes to Scheme Accrual Rates, Effective From 1 April 2012 in England and Wales.

2.1.3 Amendments to The Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2007).

2.2 The appendix attached summarises the specific areas requiring response.

3. FINANCIAL IMPLICATIONS

3.1 The financial impact of the consultation process is not quantified at this point.

4. RECOMMENDATION

4.1 Members note the content of the report.

4.2 Members endorse the comments for submission to both Wales Government and LGE.

PHILIP HAYNES
ASSISTANT CHIEF OFFICER - PEOPLE SERVICES

Background Papers:

The Firefighters' Pension Scheme (1992)

The New Firefighters' Pension Scheme (2007)

Local Government Pension Scheme (Administration) Regulations 2008

Independent Public Service Pensions Commission Interim report, 7 October 2010

Independent Public Service Pensions Commission Final Report, 10 March 2011

HM Treasury – Options to manage high annual allowance charges from pension benefits, March 2011

Finance Bill 2011 - changes to the Annual Allowance (effective 2011/12) and Lifetime Allowance (effective 2012/13)

Rhondda Cynon Taff Pension Fund Annual General Meeting Fund Valuation Report, 14 November 2011

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Consultation initiated by Wales Government

FIREFIGHTERS' PENSION (WALES) SCHEME (1992) AND THE NEW FIREFIGHTERS' PENSION SCHEME (WALES) (2007) CONSULTATION

Question 1

Are there any consequences of the proposed contribution tiers that you consider have not been addressed?

It is suggested that the proposed contribution tiers will have a negative impact on the opt-out rates in both the Firefighters' Pension (Wales) Scheme 1992 and the New Firefighters' Pension Scheme (Wales) 2007.

Specifically the intention to raise employee contributions to 14.2% at the lower level and 17% at the higher level (for the FPS 1992) by 2014/15 could result in an increasing number of employees opting out of the scheme.

The current proposals are for an 'across the board' increase which should result in an average of 3.2% rise for all employees by 2014/15, with the principle of tiered rates so that higher earners pay more. The employment ramifications and consequent impact on recruitment, retention and service delivery are not addressed.

Question 2

Do you consider that there are equality issues that will result in any individual groups being disproportionately affected by the proposed contribution tiers? If so, what do you consider to be the nature and scale of that disproportionate effect?

The proposed increased contribution rates could have an indirectly discriminatory impact on older staff as it is likely to be older employees who are higher earners and therefore it is this group of staff who will have to pay the highest level of increase.

Longer serving staff will have less time to make adjustments to their personal financial circumstances as a result of the proposed changes resulting in a two-fold impact for older staff; i) having to pay the highest increase in personal contributions and ii) having the least time to make personal financial adjustments.

Question 3

Is there a tariff which you think will help to further minimise any opt outs from the firefighters' pension schemes?

An opt-out rate of 1% has been assumed as being practicable at this time.

It has been suggested that given the current economic austerity it would be inappropriate to consider introducing changes (including employee contribution increases) at a time of wage restraint, and that the timing of implementing any changes was crucial.

It is acknowledged that public sector pay freezes have resulted in a reduction in real term pay. The implementation of increases with a further year of pay freeze planned, would result in a significant loss in disposable income.

The proposal to increase employee contribution rates whilst a “pay freeze” remains in effect may lead to wider calls for industrial action. To counter this possibility it may be possible to extend the implementation timetable.

Question 4

Is the treatment under the proposals of part time workers and retained firefighters clear?

The treatment of part-time workers and retained duty system staff outlined in the consultation document is clear.

Question 5

We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.

A further issue to consider is the likely effect on career pathways, and the impact that the proposed employee contribution increase may have on appointing to the more senior positions in the Service.

Additionally, recent changes to personal pension taxation as a result of changes introduced by HMRC and relating to scheme sanction charges, annual allowances and Life Time Allowance changes have all impacted on higher earners.

Proposals to increase the level of employee contributions will compound the impact making it less financially attractive for middle managers in the Fire & Rescue Service to apply for the most senior positions.

Consultation initiated by LGE

LOCAL GOVERNMENT PENSION SCHEME (BENEFITS, CONTRIBUTIONS AND MEMBERSHIP) REGULATIONS 2007 (SI 2007/1166) (AS AMENDED)

LOCAL GOVERNMENT PENSION SCHEME (ADMINISTRATION) REGULATIONS 2008 (SI 2008/239) (AS AMENDED)

CONSULTATION ON PROPOSED INCREASES TO EMPLOYEE CONTRIBUTION RATES AND CHANGES TO SCHEME ACCRUAL RATES, EFFECTIVE FROM 1 APRIL 2012 IN ENGLAND AND WALES

Question 1

Do the proposals meet the policy and objectives to deliver the necessary level of savings in the LGPS?

The increase in employee contribution rates in "Proposal 1", when referenced to the changing accrual rate from 1/60th to 1/64th suggests that employees will experience a 6.3% reduction in pension value.

While the increase in employee contribution rates in "Proposal 1", when referenced to the changing accrual rate from 1/60th to 1/65th suggests that employees will experience a 7.7% reduction in pension value.

The increase in employee contribution rates in "Proposal 2", when referenced to the changing accrual rate from 1/60th to 1/67th suggests that employees will experience a 10.4% reduction in pension value.

Using this information the GAD savings estimate (not fund specific) identifies that "Proposal 1" will generate £1.800m savings, while "Proposal 2" will only generate £1.200M by 2014/15. (Based on advice received from the pension scheme actuary.)

Question 2

Are there any consequences or aspects of the proposals that have not been fully addressed?

The potential for employers' rate increasing in the longer term is not explored. The potential shortfall ("Proposal 2"), combined with a rising number of opt outs increasingly undermines the long term viability of the scheme.

Question 3

Is there a tariff or alternative measures which consultees think would help to further minimise any opt outs from the scheme?

Given the current economic austerity it would be inappropriate to consider introducing changes (including employee contribution increases) at a time of wage restraint, and that the timing of implementing any changes was crucial.

Public sector pay freezes have resulted in a reduction in real term pay across all levels, with the lowest paid groups suffering most. The implementation of increases with a further year of pay freeze planned, would result in a significant loss in disposable income.

The proposal to increase employee contribution rates whilst a “pay freeze” remains in effect may lead to wider calls for industrial action. To counter this possibility it may be possible to extend the implementation timetable.

Questions 4

Are there equality issues that could result in any individual groups being disproportionately affected by the proposals? If so, what are considered to be the nature and scale of that disproportionate effect? What remedies would you suggest?

The proposed increased contribution rates could have an indirectly discriminatory impact on older staff as it is likely to be older employees who are higher earners and therefore it is this group of staff who will have to pay the highest level of increase.

It is not reasonable to be expected to identify the nature and scale of the disproportionate effect of the proposals other than to say that longer serving staff will have less time to make adjustments to their personal financial circumstances.

The most reasonable approach would be to extend the period of protection.

Question 5

Within the consultation period, consultees' views are invited on the prospects of introducing into the LGPS a link with state pension age as recommended to the Government in Lord Hutton's report.

Introducing a link between LGPS and the state pension age as identified in the Independent Review of Public Sector Pensions provides a link to the previous recommendation of the Turner report and is broadly accepted as a viable step

forward.

However, it is recognised that this may in turn have a negative effect on recruitment, retention and opt out rates.

Consultation initiated by Wales Government

AMENDMENTS TO THE FIREFIGHTERS' PENSION SCHEME (1992) AND THE NEW FIREFIGHTERS' PENSION SCHEME (2007)

1. Removal of the rule enabling compulsory early retirement in the interests of efficiency (rule A14).

There is sufficient provision already in existence within employment law to effectively manage early removal from employment.

As identified in the Consultation document this specifically relates to the situation where a firefighter is able to receive immediate payment of pension if they choose to retire at age 50 with 25 years reckonable service, but removes the power for Fire and Rescue Authorities to enforce that action. It is not specific that the relationship between this situation and one in which a fire fighter retires early, before they can receive a pension, as such circumstances result in a pension which is deferred until normal retirement age (i.e. age 55).

In essence the removal of rule A14 would not seem to have any impact on a firefighter retiring before age 50 and with 25 year's service as such circumstances would result in a deferred pension. The Service identifies that any cost saving to the pension scheme would only arise because the overall accrued pension is less than it would be had the individual remained in service for the full 30 years.

Application of the rule may be interpreted as an act of direct discrimination.

2. Changes to indexation of additional pension benefits – to the Consumer Price Index.

The Service acknowledges that the current position continues to be that the up-rating of additional pension benefits are being progressed in accordance with the conditions and provisions specified within the *Pensions (Increase) Act 1971*.

The Service also acknowledges that the decision by Government to change the factor used for indexation, for pensions in payment or deferred pensions from Retail Price Index (RPI) to Consumer Price Index (CPI) continues to be a matter of Judicial Review.

Given the High Court recent determination it would be premature to consider such changes until the outcome of the Judicial Review is known.

3. Commutation – discretion to permit the maximum payments.

Given that the commutation limits are set and enacted through GAD there would appear to be limited scope for discretionary payment.

However, the consequence of increased commutation rates to the current maximum 23 has directly impacted on the Service with staff who are retiring electing to take larger lump sums, thereby initiating HMRC sanction charges.

Additionally any cost incurred by a Fire and Rescue Authority could be even higher depending on whether they choose to enhance commutation, non-pension costs associated with a severance, or any savings that are made as a result of organizational or establishment downsizing.

Such considerations would need to be considered by the Fire and Rescue Authority if or when it needed to determine prior to the removal of individuals from employment.

4. Pensionable pay – definition.

Any proposal to regulate pensionable emoluments is welcomed.

In particular establishing specific arrangements for temporary allowances to be excluded from pensionable pay is an appropriate measure and a sensible way to address the issue.

The Fire & Rescue Service strongly believes that flexible duty allowance is a payment forms part of basic remuneration and as such should be pensionable. It does not support the position that staff employed on the flexible duty system receive a contracted payment solely to ensure the Fire & Rescue Service can provide effective, efficient and resilient 24/7 arrangements for operational cove.

5. Age discrimination – contributions holiday.

In general terms the age at which an employee can retire is regarded as an employment contract matter and is not normally a matter for an occupational pension scheme.

Given that an individual can only achieve a maximum number of years within the terms of the prescribed schemes the initiation of a contributions holiday would accord with the conditions applied within other public sector schemes, therefore, the provision is broadly supported.

The association with the potential impact on “deferred” membership would need clarification.

6. Medical appeals – power to review decisions.

Consistent with acknowledge provisions and conditions. No further comments.

7. Appeals on non-medical issues – appeal to Pensions Ombudsman.

Consistent with acknowledge provisions and conditions as applied across the whole public sector.

The general provisions of the established Internal Disputes Resolution Procedure may however be strengthened and clarified to promote consistency of application.

8. Withdrawal of pension whilst employed by a fire and rescue authority (abatement).

The inclusion of this proposal which is in direct contrast to the recommendation from Lord Hutton, and in direct contrast to the statements made by pension advisors at the Firefighters' Pensions Committee (England).

The Service acknowledges that discussions have taken place on the inappropriateness of abatement and how the application of abatement can have a direct financial cost to the Fire and Rescue Authority

It has been suggested that abatement practices when correctly applied prevent an immediate loss of considerable knowledge, skills and experience away from the public sector.

In general terms abatement is cost neutral in the total pension liability because it provides only a short term benefit to the scheme.

Re engaging selected staff allows Fire and Rescue Authorities to retain key skills, experience and training without incurring the costs associated with recruitment, training and development which would accrue if posts have to be filled by new staff following retirements.

9. Pensions tax – alignment with tax legislation.

There is significant potential financial and administrative benefit to be gained from the effective alignment with tax legislation. In particular two of the most recent changes directly affect personnel across the Service, they are:

The recent changes in annual allowance and the life time allowance specifically impact across the Service. When the government announced on 14 October 2010 that, from 2011-12, the annual allowance for tax relieved pensions savings for individuals would be reduced from £255,000 to £50,000. The Pension Input

period, when coupled with the double accrual rate and the application of the factor 16 multiplier will adversely effect pension entitlements and could have a detrimental effect on the numbers of staff seeking promotion. It is also recognised that in year annual salary increases when combined with promotions increase the potential incurring a tax liability.

Latterly, the Government announced on 14 October 2010 changes to the lifetime allowance for tax relief on pensions. From 2012-13 onwards, the lifetime allowance for pension savings for individuals will be reduced from the current level of £1.8 million to £1.5 million. The consequent effect being that senior officers who had not obtained "Enhanced Protection" from HMRC would see their personal pension pot become subject to higher level taxation.

Unless matters such as these are properly aligned within the terms of tax legislation and the associated impact of the commutation rate fluctuation will have an adverse effect on recruitment and promotion.

10. Other, technical amendments (including the updating of statutory references).

These are covered in reference to the previous comments.

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 16

19 DECEMBER 2011

REPORT OF THE HEAD OF OPERATIONS

WATER RESCUE PROVISION – CARDIFF BAY**SUMMARY**

When implementing South Wales Fire & Rescue Service (SWFRS) Water Response Strategy it has been identified that the water rescue assets can be enhanced for an expanding risk within Cardiff Bay.

RECOMMENDATION

Members consider the proposal to provide a water rescue boat asset within Cardiff Bay as outlined, and approve Officers to pursue discussions with the Harbour Authority, Marine Coastguard Agency (MCA) and RNLI.

1. BACKGROUND

- 1.1 There is no statutory responsibility placed upon the Fire & Rescue Authority to provide a flood/water rescue capability (see attached Chief Fire Officer Association (CFOA) press release on the 'Exercise Watermark' final report). However, historically there has been a high expectation from the public that Fire & Rescue Services will carry out that duty, and as such numerous calls are received when persons are at risk involving water related incidents. In response, Fire & Rescue Service resources are mobilised.
- 1.2 All front line appliances within SWFRS are provided with life jackets, throw lines and hose inflation kits (reach equipment) to assist with land based rescue attempts, normally associated with persons in rivers or flooded areas. Due to the number of incidents associated with the Severn Estuary and expanse of water involved, a fixed 'RIB' boat facility is provided at Malpas Fire & Rescue Station.

- 1.3 Funding has been received from Welsh Government and DEFRA to assist with the implementation of SWFRS Water Response Strategy. This provides for strategically placed resources and appropriately trained personnel to be able to carry out a water rescue capability at large scale flooding incidents, and has resulted in inflatable boats being provided at Barry, Ebbw Vale and Malpas, with other Stations receiving equipment and training to wade in hazardous flood water. SWFRS adopt a two boat principle at incidents, where each boat acts as safety for the other and also provides the capability for 'tandem' search techniques. The Water Response Strategy has been agreed with Rep Bodies.

2. ISSUE

- 2.1 Cardiff Bay is one of the largest recreational activity centres in Wales and as such a number of calls for assistance are received to water related incidents with the Bay area which encompasses the barrage and lock, the estuaries of the River Taff and Ely, and the bay itself. A recent meeting with the MCA identified that they are responsible for coordinating search and rescue for water incidents in this area, but have no assets and therefore mobilise the RNLI and other agencies. The MCA confirmed that they only mobilise to a quarter of the incidents with SWFRS responding to the rest.
- 2.2 Fire & Rescue Stations in the vicinity of Cardiff Bay are currently only provided with the 'reach equipment' identified in Paragraph 1.2. To launch a SWFRS boat capability takes a minimum of 20 minutes (Barry) or 45 minutes to utilise the 'rib' from Malpas, with the RNLI taking 30 minutes to access the Bay.
- 2.3 The expectation placed upon responding fire crews by the public and other blue light services, to enter the water and carry out a time critical rescue has the potential to impact on SWFRS personnel health and safety. Although reach facilities are provided, often the location of casualties requires fire crews to enter the water without the appropriate PPE and rescue facilities, placing themselves and ultimately the organisation at risk.

- 2.4 There are volunteer agencies that are known to the MCA and Harbour Authority, the Severn Area Rescue Association (SARA) that covers the river Usk, and the Cardiff and Vale Rescue Association (CaVRA).
- 2.5 Although there is no statutory responsibility for Fire & Rescue Services to undertake water rescue, there is a responsibility to undertake firefighting activities within the Bay closure line (the area identified in Paragraph 2.1). With the increasing number of pleasure craft moored within the Bay area the potential risk for this is enhanced. Currently SWFRS boats do not have a capability for firefighting, and therefore extinguishing a fire on board a floating vessel will prove difficult.
- 2.6 The existing Myra Ellis RIB boat is due for replacement in 2012/2013, and work is currently being undertaken regarding specification.

3. PROPOSAL

- 3.1 That SWFRS replace the Myra Ellis RIB with a Pioner Roto Moulded boat that has a flat deck for placement of firefighting equipment (pump and hose etc), drop down front for rescue of casualties and disabled access, and provision for stretcher and several crew.
- 3.2 The Pioner boat is placed within Cardiff Bay. When undertaking a scoping/feasibility study, the Harbour Authority expressed an interest in hosting a rescue boat facility and is willing to provide a secure venue rigged with a floating pontoon, security cameras and eventually a covered area (all free of charge) if SWFRS was to locate the Pioner boat within the bay. The Harbour Authority has stated that they have finance available this financial year.
- 3.3 The RNLI have also indicated that they are keen to enter into collaboration and provide a boat alongside a SWFRS resource within the Bay. This will support the two boat principle as their personnel are also trained to Team Type 'B' standards.
- 3.4 Station 22 Penarth is the closest resource to deploy to the Bay, and personnel at the station to be trained to Team Type 'B' standards. This will significantly reduce deployment times,

improve rescue response for casualties, enhance crew safety and provide collaboration with the Harbour Authority and RNLI.

4. FINANCIAL IMPLICATIONS

- 4.1 The training for personnel at Penarth to Team Type 'B' can be factored in to the existing water strategy training costs. No additional costs incurred.
- 4.2 The purchase of the Pioner Roto Moulded boat is incorporated within the existing asset replacement programme.

5. RECOMMENDATION

- 5.1 Members consider the proposal to provide a water rescue boat asset within Cardiff Bay as outlined, and approve Officers to pursue discussions with the Harbour Authority, MCA and RNLI.

LYNDON MORETON
TEMP. AREA MANAGER – HEAD OF OPERATIONS

Background Papers:

CFOA Press Release – Exercise Watermark Final Report

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Press Release**Exercise Watermark Final Report**

"We are not convinced the public understands that the fire and rescue service has no formal responsibility for flood rescue..."

CFOA welcomes the Ministerial launch of the Exercise Watermark Final Report, and looks forward to working with government to implement all the recommendations it makes.

Lee Howell, CFOA President said "The central role of the fire and rescue service in flood response has long been recognised, and was amply demonstrated during 2007, when over 4000 rescues were carried out by firefighters. The subsequent report by Sir Michael Pitt identified the importance of a coordinated national response to major floods, and recommended that the fire and rescue service should be at the heart of that national coordination".

In specific terms, Roy Wilsher, Director of Operations said "CFOA's position has not changed since 2007, in that we seek clarity over responsibility during a major flood situation; the status quo position of, in effect, muddling on through, is not one we can support. Our preferred route, of a defined responsibility for national flood rescue response coordination, would provide a definitive statement of expectations, which is particularly important in the current financial situation, where every public sector body has to focus on what it must do, before it can give any consideration of what it might, or might not, choose to do. We are not convinced that the public understands that the fire and rescue service has no formal responsibility for flood rescue, and that neither does any other organisation".

Notes to editors:

The DEFRA sponsored Flood Resilience National Enhancement project has funded a significant increase in front line specialist water rescue teams, predominantly in fire and rescue services, but with strong representation from the RNLI and other voluntary organisations.

CFOA welcomes this multi-agency approach, and have no desire to be the only organisation capable of providing flood rescue teams, but the Watermark report

makes it clear that more needs to be done to gather, share and use information to enable the most effective use of these teams.

The absence of robust, intelligence-led systems for national coordination of flood rescue is contrasted in the Watermark report to the efficient and effective deployment of other specialist assets, such as High Volume Pumps, managed through CFOA's National Resilience Team.

We are pleased to note the positive comments made on the competence and capability of the Fire and Rescue Service National Coordination Centre (FRSNCC), hosted by West Yorkshire Fire and Rescue Service.

Fire and Rescue services will inevitably be at the heart of the emergency response to future floods. We will therefore continue to push vigorously for the development of a clearer, more joined-up approach to managing the biggest natural hazard faced by the UK.

- Ends -

To arrange interviews or for further information, please contact:

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The Chief Fire Officers' Association (CFOA)

CFOA is the professional voice of the UK fire and rescue service, supporting its members to fulfil their leadership role in protecting our local communities and making life safer through improved service delivery. CFOA provides professional advice to inform government policy and is committed to developing both strategic and technical guidance and sharing notable practice within the wider FRS.

Membership of the Association comprises almost all the senior management of fire and rescue services in the United Kingdom. CFOA is the driving force in managing change and implementing reforms in the service.

1 November 2011

SOUTH WALES FIRE & RESCUE AUTHORITY

AGENDA ITEM NO 17

19 DECEMBER 2011

REPORT OF THE ASSISTANT CHIEF FIRE OFFICER-
TECHNICAL SERVICES**RELOCATION OF PAINT-SHOP AND ATTACHED PRESSURE-
WASH BAY TO HEADQUARTERS****SUMMARY**

Further to Fleet & Engineering Services Workshops relocation in June 2009, a Business Case was presented and accepted by the Fire & Rescue Authority to re-site the Paint-shop at the new HQ. Due to this work not being carried out immediately, the Paint-shop and Vehicle Pressure Wash functions have continued to operate remotely from the Lanelay site to the present date. In order to facilitate disposal of Lanelay Hall it is now timely to move both facilities to HQ. However during the elapsed time, building costs have increased from the original estimates. The original Business Case accepted at the time remains unaltered, only the costs have changed.

RECOMMENDATION

That Members support the preferred option of relocating the paint shop to HQ and include a sum of £368,000 in the draft Capital Programme for 2012/13.

1. BACKGROUND

- 1.1 In July 2008 the Fire & Rescue Authority gave consent to the relocation of Workshops to the new Headquarters but at that time the decision to move the Paintshop was held in abeyance pending presentation of a Business Case.
- 1.2 The Business Case was presented to the Fire & Rescue Authority in May 2009. It was resolved that the spray-booth be relocated to the new Headquarters site and that £100,000 be added to the Capital Programme to fund the building cost with the remaining works being funded from reserves or being met from the overall relocation budget.

- 1.3 Due to the decision not to market the Lanelay Hall site immediately and the slow progress of receiving planning permission, the relocation of the Paintshop and the Pressure-wash bay was not carried out at that time and the Service continued to utilise the Lanelay Hall site for both these activities.

2. ISSUE

- 2.1 The Spray-booth currently remains in service and fully functional at Lanelay Hall. It operates as a remote facility that is supervised and staffed on a daily basis from the new Fleet & Engineering Workshops site.
- 2.2 Current policy is for operational appliances to be re-sprayed at the mid life point of eight years service. This enhances the appearance of our vehicles and maintains their external condition for their full life span.
- 2.3 Experience has shown that maintaining the external appearance of appliance promotes the professional reputation of the organisation and public confidence in its performance. It also supports increased morale both in terms of organisational esteem and firefighters' enthusiasm for maintaining appliances and equipment. It has also been shown that it is easier to get acceptance of a refitted vehicle if the vehicle has been given a mechanical and cosmetic refresh prior to re-issue.
- 2.4 It is also routine for the Service to extend the working life of vehicles and chassis by converting them to other uses. This in itself produces a significant workload in respraying but provides excellent value. Additionally there is work rectifying wear & tear, panel finishing, minor accident damage and touch-ups. Together this work could conservatively be estimated as 60% of the booth's annual workload. This work would be the most proportionately expensive to outsource, compared to full repaints, and costly in transportation time and appliance non-availability.
- 2.5 In order to relocate the Paintshop to Headquarters it would be necessary to erect a new building to house the spray-booth. This build accounts for most of the relocation costs

but relocation of the pressure-wash bay has also been included to get the additional benefit from any new building. It has also been identified that even more utilisation of a new building could be achieved by using part of it to provide space for the Logistical Support Unit for storage of our larger stock items such as ladders and hose away from the effects of the elements.

- 2.6 The Fire & Rescue Authority is now in a position where disposal of the Lanelay Hall site has become more imminent therefore renewed enquiries have been made into the cost of relocating the Paint-shop and Pressure Wash facility. These enquiries have indicated a significant increase in building costs over the estimates of 3 years ago. Beyond this the business case remains unchanged but the increase in build costs warrants the case being re-presented to the Fire & Rescue Authority.

3. OPTIONS

Effectively the Service has 2 options in deciding what provision it wishes to maintain for vehicle painting:

3.1 Relocation

To relocate the existing Spray-booth to a suitably sized building to house the paint-booth at the new Headquarters to include an attached facility for the Pressure-wash bay (the flexibility afforded by the open-plan modern Workshops design at the new Headquarters site allowing a reduced building size for the Paint-shop from that of the original plans).

3.2 Outsourcing

To outsource the vehicle painting to the Private Sector. This option would require a contract being set-up with one or more commercial providers. Enquiries indicate the estimated annual costs for achieving the current level of service are £95,256 (see Appendix A). Whilst this option removes the need for any capital investment, it increases the burden attached to logistics, quality and flexibility.

- 3.3 On balance the operational preferred option is to relocate the Paint-shop to the new Headquarters in a combined project that facilitates an adjoining Pressure-wash bay (quoted costs include this facility), this will ensure quality control, reduced appliance down-time and opportunities for collaboration. In financial terms this presents a cost effective solution.
- 3.4 From a practical position the preferred option is to move the existing Paintshop to Headquarters and locate it alongside the pressure washing facility that is planned for construction. This reduces the overall cost of the facility, keeps quality control of our paint spraying facility, secures flexibility of service and avoids any redundancy cost.

4. FINANCIAL IMPLICATIONS

4.1 Relocation

Cost of relocating the Paint-shop inclusive of Pressure-wash bay based on tender returns as per October 2011 - £368,000. This has been identified as being affordable through the Capital Plan for 2012/13 and is in line with the Medium Term Financial Plan.

N.B. Regardless of whether the Service chooses to retain its own paint spraying booth there will need to be a pressure wash facility provided to allow the normal function of workshops and satisfy Health and Safety requirements. The Pressure-wash bay accounts for approximately 25% of the combined total cost therefore the Paint-shop cost is estimated at approximately £270,320.

Annual Revenue costs of delivering service - £38,400.

4.2 Outsourcing Vehicle Repainting

Contracting the service would remove the capital funding requirement and may create an opportunity to make one post redundant, however this would incur increased revenue and redundancy costs. Likewise the Pressure-wash build, as a stand-alone facility, would likely exceed the current 25% of the combined total cost.

5. PERSONNEL IMPLICATIONS

- 5.1 Currently the Service employs one Paint Sprayer, a Grade 9 post. The workload generated by wear & tear, minor accident damage, panel repair and touch-up following major servicing and non-scheduled repair (i.e. wheels & tyres etc) suggests continuation of this staff resource even should the booth not be re-established. To outsource this element of the work would be labour intensive and costly in deference to transportation, high contractor rates, additional travel to and from an external provider and a significant increase in appliance non-availability. The said Operative also carries out Workshops building and yard maintenance as part of his duties. There would also be an increase in the Organisation's carbon footprint and increased fuel costs.

6. HEALTH AND SAFETY IMPLICATIONS

- 6.1 Legislation dictates that all new and/or re-sited spray-booths must comply with current Health & Safety and COSHH Legislation demanding the conversion to usage of water-based paints. The necessary modifications can be made at nil cost in view of the specification of the booth being designed for use with Isocyanite product as per the Industry norm at the time of installation. The move to water-based products will have a significant positive environmental impact.

7. COLLABORATION

- 7.1 Mid & West Wales Fire and Rescue Service are currently undertaking a review of their Fleet Services Strategy and SWFRS are involved in discussions on where increased collaboration can take place within that strategy. Verbal commitment has been given to utilise the South Wales Paintshop for routine re-sprays. Discussions are also underway with South Wales Police on collaborative arrangements

8. REPRESENTATIVE BODY CONSULTATION

8.1 Representative body consultation has been undertaken and there is support for Option 1 on the grounds of continuing the current provision.

9. RECOMMENDATION

9.1 That Members support the preferred option of relocating the paint shop to Headquarters and include a sum of £368,000 in the draft Capital Programme for 2012/13.

ROD HAMMERTON
ASSISTANT CHIEF FIRE OFFICER

Background Papers:

W/Shops Relocation Document 2007 / 8 Appendix 1 to 7
Business Case – Paintshop Relocation Oct 2011.
Appendix A

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Appendix A

COMPARATIVE COSTS BETWEEN PROVIDING AN IN-HOUSE PAINT SPRAYING FACILITY AND OUTSOURCING

The following price is for a single re-spray of a major appliance and is indicative based on recent market research.

Market research has also demonstrated that there is a significantly higher saving when providing in-house services for smaller jobs.

Cost per average Full Re-spray:

- SWFRS Internal Cost for Major Re-spray = **£2,000** (revenue cost only)
- External Provider Cost for Major Re-spray =
 Example One - **£3,970**.
 Example Two - **£4,455**

Annual Costs (Major Re-sprays Only):

These costs are based on an average of 12 scheduled Water Tender re-sprays per year. No account has been taken of non-scheduled touch-ups or minor wear & tear repairs but these would represent 60% of the Paint-booth output at similar or greater levels of savings to the Organisation.

- SWF&RS Internal Costs = **£24,000** (For Major Re-sprays alone)
- External Provider 1 = **£47,640**.
- Ext Provider 2 = **£53,460** (Equivalent works)

NB: Additional transport costs for externalised option is estimated at **£270 per job**.

Annual Costs Minor Works

The Paint-booth routinely caters for a very large number of wear & tear and panel repaints, these accounting for an estimated 60% of the annual turn-over of work. Based on the above figures for re-

paints and using the same costing criteria, the annual cost of these jobs is as follows:-

- In-house Costs = **£14,400**
- External Provider (Using the higher cost in recognition of recent Land Rover estimate of £3,500) = **£38,556**

NB: The above annual cost comparison are for exemplification only and do not present 'like for like' comparisons as the in-house costs contain no element for the cost of capital employed.

Overall Annual Cost Comparison

- **In-house Annual Cost Estimate = £77,400** (including contribution to Capital)
- **Total External Costs including travel = £95,256 per year.**

The information provided above indicates a total estimated save via the In-house Provision of £56,856 per year

Total Estimated Savings Over Five, Seven and Ten Years

- **£56,856 x 5 years = £89,280**
- **£56,856 x 7 years = £124,992**
- **£56,856 x 10 years = £178,500**

**FORWARD WORK PROGRAMME FOR
FIRE & RESCUE AUTHORITY 2011/12**

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Welsh Language Annual Report 2010/11	To ensure compliance with statutory procedures	ACO CS Contact Officer: Cath Baldwin	27 June 2011	Completed
Review and Update of Medium Term Financial Plan	To seek Members approval to the recommended updates to the Medium Term Financial Plan following consideration by the Finance Working Group and the Finance, Audit and Performance Management Committee	ACO CS & Treasurer Contact Officers: S Chapman & S Greenslade	27 June 2011	Completed

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Preliminary Corporate Assessment	To receive the WAO Preliminary Corporate Assessment Report that will feed into the Annual Improvement Report later in the year	ACO CS Contact Officer: S Chapman	27 June 2011	Due to timing issues, this was reported to the FAPM Cttee on 18 July 2011. Members not on that committee will have received a copy of the report in their "for information" papers for that meeting.
Health & Safety Annual Report 2010/11	To advise Members of Health and Safety performance of the organisation	ACO TS Contact Officer: Steve Jones	26 Sept 2011	Completed

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Annual Report of the work of the Finance, Audit & Performance Management Committee during 2011/12	To advise Members of the work of the committee	DCO Contact Officer: S Chapman	26 March 2012	
Annual Report of the work of the HR & Equalities Committee during 2011/12	To advise Members of the work of the committee	ACO PS Contact Officer: Phil Haynes	26 March 2012	
Report on Responses to the consultation of the draft Risk Reduction Plan 2012/13	To advise Members of consultation responses and seek approval for a final version of the Risk Reduction Plan for submission to WAG	DCO Contact Officer: Huw Jakeway	26 Sept 2011	Completed
Report on Progress of implementation of Risk Reduction Plan 2011/12	To update Members upon progress of the implementation of the current year's Risk Reduction Plan	DCO Contact Officer: Huw Jakeway	19 Dec 2011 26 March 2012	On agenda

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Draft Risk Reduction Plan 2013/14 Report (if required)	To seek Members' approval to draft Risk Reduction Plan for publication for public consultation – dependent upon potential changes to RRP and Improvement Plan guidance from WG	DCO Contact Officer: Huw Jakeway	26 March 2012	
Report on Draft Improvement Objectives for 2012/13	To seek Members' agreement to the improvement objectives	CFO Contact Officer: Kevin Rudge	26 March 2012	
Statement of Accounts (Revenue and Capital) for 2010/11 budget	To seek Members' approval for publication of the Statement of Accounts	ACO CS Contact Officer: Geraint Thomas	26 Sept 2011	Completed

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Budget Strategy 2012/13	To obtain clarification upon the political steer for the budget strategy for 2012/13 budget setting process	Treasurer Contact Officer: Steve Greenslade	26 Sept 2011	Completed
Estimated Revenue & Capital Budget determination for 2012/13	To set estimated budget determination to notification to constituent authorities by 31 Dec to comply with Combination Order	DCO & Treasurer Contact Officer: Geraint Thomas	19 Dec 2011	On agenda
Revenue & Capital Budget 2012/13 final determination	To set final budget for 2012/13 to enable contribution requests to be issued to constituent authorities by 14 Feb to comply with Combination Order	DCO & Treasurer Contact Officer: Geraint Thomas	6 Feb 2012	

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Treasury Management Strategy 2012/13	To secure Members' approval to the adoption of the Treasury Management Strategy 2012/13	DCO Contact Officer: Geraint Thomas	6 Feb 2012	
Treasury Management Outturn 2010/11	To advise Members of the year end treasury management position	Treasurer Contact Officer: Steve Greenslade / Geraint Thomas	19 Dec 2011	On agenda
Treasury Management Mid Term Report 2011/12	To advise Members of the mid year position in relation to our treasury management	Treasurer Contact Officer: Geraint Thomas	19 Dec 2011	On agenda

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Member Attendance	To advise upon the attendance of Members at Fire Authority, Committee and Working Group meetings	DCO Contact Officer: Calvin Powell	26 Sept 2011 19 Dec 2011 26 March 2012	
Strategic Property Update	To update Members on key strategic property projects	DCO Contact Officer: S Chapman	As appropriate when key issues arise	
Report on AFA's	To inform Members of result of pilot scheme	ACFO Ops Contact officer: Andy Thomas	19 Dec 2011	Deferred to February 2012 meeting
Review of Hydrant Testing Arrangements	To inform Members of progress made	ACO TS Contact Officer: Rod Hammerton	19 Dec 2011	Deferred to February 2012 meeting

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
RRP Communications Strategy & Joint Consultative Forum	To consider a report from the HR and Equalities Committee about whether it would be appropriate to re-establish the Joint Consultative Forum as a mechanism for consulting over RRP proposals	ACO PS Contact Officer: Phil Haynes	19 Dec 2011	On agenda
WAO Annual Improvement Letter	To advise Members of the key issues emanating from the annual report	DCO Contact Officer: S Chapman	26 March 2012	
Delegated responsibilities during pre-election period until June AGM	To seek approval for arrangements for decision making during the pre-election period where appropriate and following the local	DCO Contact Officer: S Chapman	26 March 2012	

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
	government elections 2012 until the AGM in June 2012			
Relocation of paintshop	Report on progress of the relocation of the paintshop and the associated financial implications	ACO TS Contact Officer: Peter Price	19 Dec 2011	On agenda
Quarterly Performance Report	To advise Members of performance against agreed targets, PI's, risks and corporate objectives	CFO Contact Officer: Kevin Rudge	Q1 – 26 Sep 2011 Q2 – 19 Dec 2011 Q3 – 26 March 2012 Q4 – July 2012	
Quarterly Statistics Report	To advise Members of performance against key targets and trends over a 5 year period	CFO Contact Officer: Kevin Rudge	Q1 – 26 Sep 2011 Q2 – 19 Dec 2011 Q3 – 26 March 2012 Q4 – July 2012	

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Fire Service Vehicle Disposal	To obtain Members' consent to a variation in the disposal agreement currently in place	ACFO TS Contact Officer: Rod Hammerton	26 Sept 2011	Completed
Draft Members' Allowances and Remuneration Scheme	To consider a first draft members' allowances and remuneration scheme to enable the Authority to comply with the publication requirements of the Independent Remuneration Panel for Wales report December 2011	DCO Contact Officer: S Chapman	19 Dec 2011	Deferred – final remuneration panel report not issued at present
Water Rescue Implementation Plan	To update Members on the implementation of the Water Rescue Plan and seek decisions on strategic issues	ACO TS Contact Officer: A Davidson	19 Dec 2011	On agenda

Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Expected Date of Decision/ Submission/ Review	Progress
Report on joint collaboration with other emergency services and JSEG	To advise Members of the collaborations that are already in existence and planned in the foreseeable future	CFO Contact Officer: Huw Jakeway	6 Feb 2012	

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