

**AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN
CYMRU**



MID AND WEST WALES FIRE AND RESCUE AUTHORITY

**COFNODION
CYFARFOD YR AWDURDOD**

Ganolfan Gynadledda,
Pencadlys Y Gwasanaeth Tân Ac Achub, Caerfyrddin
1 RHAGFYR 2008

**MINUTES
OF THE AUTHORITY MEETING**

The Conference Centre,
Fire and Rescue Service Headquarters, Carmarthen
1 DECEMBER 2008

11.00am – 1.00pm

PRESENOLDEB/ATTENDANCE

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRMAN: C J Crowley
IS-GADEIRYDD/VICE CHAIRMAN: T E Evans

AELODAU/MEMBERS: Cyng/Cllrs: D Davies, J J J Davies,
C Philpott, R Ll. Smith, D Thomas,
M Williams, C Morgan, J Dinham,
R Lewis, G Seabourne, G Thomas,
G Phillips, P James, D Fellows

YMDDIHEURIADAU/APOLOGIES: Cyng/Cllrs: A Jopling, P Llewellyn
J Newbury, R Llewellyn, F Torrens,
J Dudley, J Holmes, T Devichand,

YN BRESENNOL /IN ATTENDANCE: R Smith, E Aitken, A Howells, P Coleman,
W Edwards, C Davies

1 DECLARATION BY MEMBERS OF ANY PERSONAL INTERESTS

None were declared

2 CHAIR'S ANNOUNCEMENTS/PERSONAL MATTERS

Members were delighted to be informed that past Fire Authority Member Ray James had been conferred the title of Honorary Alderman in recognition of the eminent service he had rendered to the City and County of Swansea. Members requested that a letter be sent to formally congratulate Mr James on being recognised with this well deserved honour.

Members were also informed of his recent stay in hospital and asked that their best wishes be sent to him for a return to better health.

The Chair also welcomed Deputy Chief Fire Officer Phil Coleman to his first meeting in his new role.

Members who had attended the recent visit to the facilities at Earlswood and Morrision expressed their thanks to everyone who had been involved in arranging the visit which had been both informative and enjoyable.

3 TO CONFIRM AND APPROVE THE MINUTES OF THE FIRE AUTHORITY MEETINGS HELD ON 27th OCTOBER 2008

The minutes of the meetings held on 27th October 2008 were confirmed and approved as a true record.

MATTERS ARISING : EUROPEAN ROAD SAFETY CHARTER EXCELLENCE AWARD 2008

It was noted, that although the Service did not win an award on this occasion, it was intended to apply again next year. Those involved were congratulated on their achievement in reaching the high standard required to receive a nomination which was noted as being a huge achievement for the Service.

4 TO RECEIVE AND CONSIDER THE MINUTES OF THE PERFORMANCE, REVIEW AND AUDIT COMMITTEE HELD ON 17TH NOVEMBER 2008

The minutes of the Performance, Review and Audit Committee held on 17th November 2008 were received and noted. Councillor P James drew to Members attention the fact that in future Scrutiny Meetings would be held immediately following scheduled Committee meetings in order to ensure all Members were able to attend. Consideration would also be given to starting these meetings slightly earlier.

5 TO RECEIVE AND CONSIDER THE MINUTES OF THE RESOURCES COMMITTEE HELD ON 17TH NOVEMBER 2008 TOGETHER WITH THE JOINT REPORT OF THE CHIEF FIRE OFFICER AND DIRECTOR OF RESOURCES AND PROCUREMENT ON THE BUDGET REQUIREMENT FOR 2009/10.

The Chief Fire Officer introduced the report on the Budget Requirement for 2009/10 by highlighting some of the key objectives of the Fire Authority and its delivery of a service that was effective and efficient and which maintained its progress in making and keeping communities safer. Consideration was further given to the minutes of the meeting of the Resources Committee held on 17th November 2008 during which the budget for 2009/10 had been approved for recommendation to the Fire Authority.

At its last meeting in October, the Authority had agreed its Risk Reduction Action Plan for 2009/2010 which formed the basis for work in driving service improvement for the next years. Significant progress had been made in implementing key 2008/2009 objectives including work to implement the Safer Valleys project in the upper Swansea and Amman valleys and preliminary work around changes to duty systems for firefighters. This year's tight settlement however, combined with the lack of funding provision to meet the key pressures identified below means that the Service would continue to explore every area for efficiencies with every spend challenged by budget holders. The Chief Fire Officer also discussed and outlined the pressures on the Authority budget both internal and external, and in particular reducing the risk of fire in the home through targeted Home Fire Safety Checks.

The Director of Finance and Resources provided Members with the background to the budget requirement and reported that the Provisional Settlement announcement for 2009/10 was extremely restrictive although was marginally better than predicted in the 3 year settlement projections as announced last year. The Indicative budget being put forward for consideration attempted to take on board some of the key additional pressures regarding training but because of the likely resources available would be severely limited in its proposals. This was despite making efficiencies of £581,000, which was nearly 1.5% of the budget. The attention of Members was drawn to the fact that the vast majority of these efficiencies had emanated from the Corporate core services and not from the Operational side. This would make it difficult to draw further from this area in the next few years.

Members were well aware that an extensive efficiencies exercise had taken place since January examining every budget line by line. This had taken various forms depending on the nature of the budget. Most groups had received a combination of a presentation by each budget holder followed by a question and answer session examining the budget line by line. All groups had involved Members of the Authority at every meeting and detailed efficiencies had been reported back to the relevant Committees. In addition, due to effective Risk Management, insurance premiums had substantially reduced following a tender exercise undertaken. Taken together these efficiencies totalled £420,000, nearly 1% of the Authority's budget.

Mrs Aitken reported that in the budget construction, the minimum cost had been used in all cases and that further efficiencies would have to be found. No contingency had been included and should additional funding be required, then levys would have to be made on the Constituent Authorities. Councillor Philpott stated the importance of all Members becoming involved in the efficiency exercises leading to a greater understanding of how the budget process was carried out.

A key difference in the approach to the budget resulted from the shift in the Fire Authority's reserves back to the Constituent Authorities. Consequently the meetings with the Local Authority Treasurers had been very important this year, not only in discussing potential pressures and likely budget levels but also in attempting to agree a protocol regarding the use of the FRA reserves, which the Constituent Authorities were holding separately in their accounts. Although the practicalities had yet to be determined, Officers had met with the Treasurers twice and in principle the use of the reserves by the Constituent Authorities to mitigate the increase in the Fire Authority's budget requirement had been agreed.

Members were aware that in agreement with the Constituent Authorities, the cash call on the budget in 2008/09 had been significantly reduced by a contribution (£745,000) from the Pensions Reserve. This was a reduction on the call on the reserve in the previous year. It was the intention to gradually reduce the call on this reserve (albeit now in the Constituent Authorities' accounts) over the next few years. However the effect on the Constituent Authorities of bringing the ongoing spend from this reserve back into the revenue account for 2009/10 was to add a further 1.8% to any like for like budget increase agreed by the Authority.

The Provisional Settlement allowed for a general increase in Aggregate External Funding (AEF) of 2.9%, 0.3% more than anticipated. This percentage was net of expected efficiencies. When specific grants were added, the settlement was increased to broadly 3.2%. The SSA increase for the Fire Service over the 2008/09 levels was more or less equal to the general settlement at 2.95%.

From April 2006, retained employees had been eligible to enter the New Fire-fighters Pension Scheme (NFPS). For employees who enter the scheme, the Fire Authority pays employers contributions at a rate of 11 % plus ill health payments, assumed at a further 3.2%. The Authority had already budgeted for a cost of £350,000 with a potential, should all retained personnel enter the scheme, of an employer liability of over £700,000 p.a. Based on experience during 2008/09 the take up was now slowing down and indications were that the £350,000 would be sufficient for 2009/10. Therefore no further budget provision had been included.

Following the changes in the funding arrangements for pensions, the costs of ill health retirements (based on a formula) and injury awards fall on the Fire Service Revenue Account. The projected cost of these for 2009/10 was a further £110,000. These costs should level out in future years but this did mean providing for a very low level of ill health retirements.

Representations continued to be made to the Assembly regarding the additional burdens imposed on the Fire Service and which had not to date been funded through the SSA formula. The Minister for Local Government and Communities had written to the Authority following previous correspondence on the issue outlining that he would be examining the operation of pensions financing from 2010/11 onwards. He had, as part of that examination asked for a review of the effects of the changes in pensions funding on the FRAs in order to establish if the methodology was correct. He did however warn that the prospect of gaining

Treasury agreement to changing the figures was slight.

There were additional concerns regarding backdated costs as a result of the court case which gave equal status to RDS personnel in term of pensions arrangements. The Minister had written stating that the Treasury was still considering the options on this issue and it was therefore not clear what percentage of backdated contributions/pensions payments the FRA would be expected to cover. It was also impossible to know how many RDS staff would decide to take up the option of backdating their contributions. Members had asked that the Minister be written to again pressing for the funding to cover the costs, whatever they might be. These costs had not been included in the budget exercise.

It was reported that the Minister had confirmed in his letter that the additional costs of Firelink would be fully funded in 2009/10 from a specific grant. Currently the costs were not known, but could amount to £millions. The 2009/10 funding was offered on the basis that it gave no commitment on the level of funding for future years and it was therefore critical that pressure continued to be placed on the Minister through national negotiations for future years to ensure that costs were fully funded.

Assurance had been given by the Assembly that the additional costs likely to emanate from the new arrangement for Long Term Capability Management would be met by the Assembly, at least in the initial years. Work was ongoing to establish with the Assembly whether or not a separate arrangement would be agreed in Wales or if it would follow the English model.

It was noted that no specific additional provision had been made in the budget exercise for flooding, new RDS remuneration scheme or additional resilience. Any grants and associated expenditure that were not absolutely confirmed at the time of the meeting had also been excluded. (Most of these grants would be funding additional expenditure at 100% and would therefore have a net NIL effect on the budget requirement). A reserve of £20,000 had been set aside for sustainability issues which it was hoped would match fund a further £20,000 of grant.

The Director of Resources and Procurement took Members through the detailed 2009/10 budget requirement including a number of assumptions for the validation of the 2008/09 budget into 2009/10. It was reported that using these assumptions, together with the Pensions issues, to produce a validated budget for 2009/10, gave a rise to an increase of 3.5% over the 2008/09 budget.

Consideration was given to new pressures and efficiencies and the financial climate was such that new initiatives or burdens could only be financed from efficiencies. The Revenue Support Grant was top sliced assuming that 1% cash efficiencies were achieved and various efficiencies had been achieved which contributed to the budget exercise.

Some reinvestment of these efficiencies was critical to the operation of the Service. Additional pressures far outweighed the resources available and there were a number of pressures that had been excluded from the report because of the

financial restrictions. Some of these would have to be absorbed as well as could be managed, and others would have to be delayed. However additional investment in training was considered to be a key priority, an investment which totalled £159,000. In addition to this, £35,000 had been input for the costs of the all Wales Recruitment exercise. It was anticipated that costs would be minimized by training the recruits in house.

To summarise, the Director Of Resources & Procurement reported that the net efficiencies after reinvestment were £367,000, still nearly 1% of the budget. Once the efficiencies had been deducted from the validated budget, the resulting indicative budget figure recommended for approval was £43,644,053, an increase of 2.6%.

The effect of utilizing the reserves in last years budget would add a further 1.8% increase to the budget requirement falling on the Constituent Authorities. This meant that the increase in the Constituent Authorities' contributions would be 4.4%. The Constituent Authorities now held the reserves that were previously in the Fire and Rescue Authority's accounts and having discussed the issue with the Treasurers it was anticipated that these reserves would be used to mitigate this increase. If the Constituent Authorities were to use £680,000 of the reserves – a level that had broadly been debated with the Treasurers - the increase in their contributions would be reduced to 2.8%.

Members noted that the anticipated use of reserves was less than that used in the 2008/09 budget. Officers were in the process of drawing up a paper for agreement with the Treasurers outlining how the use of reserves might be phased out over the next 5 years. This would have to be an agreement of broad principles, as the financial situation could change dramatically over that time. The paper would also outline other practical issues. For example, should the Fire Authority wish to utilize in 2009/10 some of the reserves it had set aside – whether this be for increased RDS employer contributions over those anticipated, increased ill health retirements, higher pay awards than budgeted or to utilize some of the specific reserves such as those set aside for the Safer Valleys project – it was likely that the Authority would need to agree to issue a supplementary request for a further contribution in year. The same would apply if the Constituent Authorities required the actual cash represented by the reserves to be repaid to them, as this would reduce the interest income anticipated within the budget.

As the Authority no longer had reserves in its accounts this posed a problem for the 2008/09 budget which had already assumed use of £745,000 of the pensions reserves to support the budget requirement for this year. In addition to this certain specific reserves had been set aside on the closure of accounts for 2007/08 which then had to be transferred to the Constituent Authorities. It was certain that some of these specific reserves would be called upon in the current year. It would therefore be necessary to agree a request for a supplementary contribution from the Constituent Authorities in the 2008/09 year and because of the uncertainty of the timing of the spend, it was considered prudent to request all the specific reserves, which amounted to £650,000, together with the £745,000 referred to above, a total of £1,395,000. If some of this was not spent then the balance would be added to

the creditors figure at the end of the year as owing to the Constituent Authorities.

Following a vote by show of hands, with two abstentions, the following was agreed:

RESOLUTION

It was RESOLVED that:

- 1) For 2009/10, the net budget requirement at £43,644,053 (+4.4%) be approved as a basis for submitting to the Constituent Authorities.
- 2) The Capital Programme be approved, leading to the capital financing charges discussed
- 3) The updated vehicle replacement programme be approved
- 4) Whilst it had been assumed that the majority of vehicles would be leased in the budget build up, it was recommended that the Director of Resources and Procurement be authorised to decide on the appropriate method of financing of vehicles (be it leasing or otherwise) at the time of procurement.
- 5) For 2008/09, that the amount of the contribution to be paid by the Constituent Authorities be revised upwards by £1,395,000 following consultation.

6 TO RECEIVE THE MINUTES OF THE MODERNISATION WORKING GROUP HELD ON 13TH OCTOBER AND 18TH NOVEMBER AND THE STANDARDS COMMITTEE HELD ON 13TH OCTOBER AND TO APPROVE AMENDMENTS TO THE CONSTITUTION

Consideration was given to the minutes of the Modernisation Working Group held on 13th October and 18th November and the Standards Committee held on 13th October during which amendments to the Constitution had been considered and approved.

RESOLUTION

It was RESOLVED that

The amendments to the Constitution as contained within the minutes of the Modernisation Working Group and the Standards Committee be approved

7 TO RECEIVE AND APPROVE THE ANNUAL AUDIT LETTER

The Chair welcomed Mr Gilbert Lloyd and Mr Rob Powell of KPMG and the Wales Audit Office respectively, who presented the Annual Audit letter to Members.

The Annual Audit letter set out the key messages from work undertaken over the last twelve months and included a summary of audit and inspection work and reported progress against improvement actions.

The Auditor concluded that the Authority's resources were properly used and

accounted for in 2007/2008 with proper arrangements in place to help it achieve economy, efficiency and effectiveness in its use of resources.

The Auditors thanked the Chief Fire Officer and Senior Staff for their assistance during the compilation of the report

RESOLUTION

It was RESOLVED that

The Annual Audit letter be received and approved

8 TO RECEIVE A STATISTICAL BULLETIN – DELIBERATE FIRES 2006

A Statistical Bulletin on deliberate fires 2006 was received and noted for information