

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



MID AND WEST WALES FIRE AND RESCUE AUTHORITY

**CYFARFOD O'R PWYLLGOR ADNODDAU
MEETING OF THE RESOURCES COMMITTEE**

DYDD LLUN, 17 IONAWR 2005

MONDAY, 17 JANUARY 2005

***PENCADLYS Y GWASANAETH TÂN
HEOL LLWYN PISGWYDD, CAERFYRDDIN
FIRE SERVICE HEADQUARTERS,
LIME GROVE AVENUE, CARMARTHEN***

PRESENOLDEB/ATTENDANCE

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRMAN: T E Evans

IS-GADEIRYDD/VICE CHAIRMAN: J J J Davies

AELODAU/MEMBERS: Cyng/Cllrs: J S Allen-Mirehouse,
C J Crowley, D Price, T Theophilus,
D G Sullivan, C Morgan,
Mrs P Spender, D C Prothero,
G Seabourne, J D A Thompson

YMDDIHEURIADAU/APOLOGIES: Cyng/Cllrs: Mrs T Devichand,
Mrs J Dudley

YN BRESENNOL /IN ATTENDANCE: B J Hall

1 PERSONAL MATTERS

Councillor G Seabourne thanked Members and Officers for the expressions of concern he had received following his wife's recent period of ill health

2 DECLARATION BY MEMBERS OF ANY PERSONAL INTEREST

Councillor C Morgan declared an interest in agenda item 12
Councillor J Allen-Mirehouse declared an interest in agenda item 11

3 TO CONFIRM AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 15TH NOVEMBER 2004

The minutes of the meeting held on 15th November 2004 were received and confirmed as a true record

4 TO RECEIVE THE ANNUAL AUDIT LETTER 2003/2004 AND A PRESENTATION THEREON BY THE DISTRICT AUDITOR

The Chairman welcomed Mr Ceri Stradling, District Auditor and Mr Bob Poulton, Audit Manager to the meeting.

Mr Stradling, in presenting the Annual Audit letter for the Financial Year 2003/2004, confirmed that the Authority's accounting and budgetary control arrangements continued to remain of an effective and accurate standard, and expressed his appreciation to the Treasurer and the Finance Team for their co-operation and support.

Mr Stradling reported that the 'Whole of Government Account' initiative had proved to be a major challenge to auditors, with accounts having to be signed off by the end of July each year necessitating the completion and adoption of public local authority accounts to be brought forward.

He reported that the Authority continued to apply appropriate procedures to ensure the legality of its transactions and that effective budgetary control had been maintained. Although the overall financial position remained sound, he warned that the Authority faced unprecedented financial pressure arising from the firefighters pay settlement and the implementation of the modernisation agenda and stressed the importance of the Authority receiving regular reports throughout the year on its financial position.

The programme of Internal Audit work had been reviewed, which was required to be completed by 31st March each year, and it was suggested that consideration be given to increasing the number of audit days from 30 to 35 to allow the programme of work to be carried out adequately. A survey of staff had been undertaken to gauge their understanding of the procedures adopted by the Authority in relation to fraud and corruption and as a result it was suggested that an awareness training programme should be established with particular emphasis on the Public Interest Disclosure Act 1998.

Reference was made to the Integrated Risk Management Plan from which it was noted that on a national scale, the authority had been assessed as making reasonable progress with elected Members and senior Officers found to be managing the change required in an effective and mature way.

The Authority was found to have effective Partnership Working Arrangements showing a strong commitment from the Authority and Senior officers and evidence of good and relevant initiatives undertaken.

The Authority's Best Value Performance Plan had been found to have complied with the guidance and been published by the required date. It was suggested that the Authority should continue to monitor its performance trends and explore the reasons for any variance in reported activity levels against its family group. Members expressed their appreciation to the District Auditor for the positive Audit letter and for bringing to their notice areas which required ongoing attention and which would be addressed.

It was suggested, given the positive report in a number of key areas by the Audit Commission in Wales, that an appropriate press statement be issued

Caution however was expressed by some members that this could be interpreted wrongly by the public in view of a number of current concerns arising from the IRMP.

RESOLUTION

It was RESOLVED

That the report be received and that the key recommendations contained within the Annual Audit Letter 2003/2004 be adopted.

That a press release be issued outlining the positive feedback reported in the Audit Commission in Wales' Annual Audit Letter

5 TO RECEIVE THE TREASURERS BUDGET MONITORING REPORT FOR THE FINANCIAL YEAR 2004/05

i) Revenue monitoring report for the period 1st April to 31st December 2004

The Treasurer reported that there was a current underspend against the 2004/05 budget, but that this was expected to be utilised in the final three months of the year.

Expenditure still to be incurred included £150k to provide e-learning computer equipment for all fire stations as a one off expenditure as part of the implementation of the Integrated Personal Development System (IPDS). The IPDS budget was held under Operational Employees (Other Costs - Training) and it was therefore necessary to reclassify £150k from this budget in 2004/05 as revenue financing for the capital expenditure on computer hardware.

Amounts committed on the Supplies and Services budget included £45k for the first phase of the rollout of the new uniform and working rigs for uniformed personnel. Also included was £35k for new IT Software systems necessary to provide managers throughout the Service with appropriate support in adopting a contemporary Performance Management Framework that has recently been developed.

Capital monitoring report for the period 1st April to 31st December 2004

It was noted that expenditure to date and projected expenditure for the year on capital projects was reported against the Approved Capital Programme.

Expenditure in 2004/05 on the new Headquarters building was expected to reach no more than fifty per cent of the programmed amount. However, expenditure on Equality and Diversity schemes and Minor Works had been accelerated in order to accommodate, as far as possible, the slippage of the Headquarters expenditure into 2005/06. Committee were aware that this approach had been previously approved by the Fire and Rescue Authority.

RESOLUTION

It was RESOLVED that

The Treasurer's Budget Monitoring report and Capital Monitoring report for the period 1st April to 31st December be received and approved.

The virement of £150K from the Operational Employees (Other Costs – Training) budget to the Capital Financing Budget, as revenue financing for capital expenditure on computer equipment for e-learning under IPDS be approved

6 TO RECEIVE THE JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE TREASURER ON THE 2005/06 BUDGET

i) Revenue Budget Requirement 2005/06

The Chief Fire Officer reminded Committee that at the Meeting of the Resources Committee on the 15th November 2004, the 2005/06 indicative budget requirement of £40,317,857, representing an increase of 4.2% over the 2004/05 budget, had been approved as a basis for consultation with the constituent Unitary Authorities.

Further to preliminary consultation in October, a second consultation meeting had been convened for the Directors of Finance of the constituent Unitary Authorities on 10th December 2004. At this meeting an update on the budget proposals and a report on the final Integrated Risk Management Plan (IRMP2), which had been approved by the Fire and Rescue Authority on 6th December, was presented by the Chief Fire Officer. Although the attendance at this meeting was not as high as anticipated, the Directors of Finance had made their contributions to the discussions directly or had arranged for their views to be represented by colleagues.

Following the Meeting, the Clerk had formally written to the six Constituent Authorities, as required under the provisions of the Combination Scheme Order, giving notice of the likely budget requirement for the Fire and Rescue Authority for the 2005/06 financial year and inviting their comments or observations. A copy of the minutes of the last Resources Committee and the approved IRMP2

Options Appraisal table had been enclosed with the Clerk's letter.

Members were aware that the increases in the budget were offset by reductions in Recruitment costs, Audit fees and Capital Financing costs.

In the three year budget forecast the £300k (2005/06) savings from IRMP2 had been allocated to the appropriate budget heads as follows:

Operational Employees	-£236k
Leasing	-£42k
Admin & Technical Services	-£22k

As a result of the allocation, there was a small reduction in the 2006/07 and 2007/08 calculated Operational Employees pay budgets. The increased Capital Financing costs arising from the revised Capital Programme were also reflected in the 2006/07 and 2007/08 projected budgets. However, the overall projected budget increases for the two years had not changed significantly (now 3.8% and 4.3%).

Through the implementation of IRMP2 it would be possible to redirect resources within the budget to enhance Community Fire Safety activity levels, whilst maintaining effective operational response. The reallocation of resources released as the Plan was implemented would be undertaken on an incremental basis, and further progress reports would be presented during the coming financial year.

It was noted that the projected 2006/07 IRMP savings of £300k had not yet been allocated to individual budget heads so they appeared as a separate line in both 2006/07 and 2007/08. No additional IRMP savings, nor indeed efficiency expectations, had been projected for 2007/08, as the Authority had yet to determine its policy position in this regard.

ii) Capital Programme 2005/06 to 2007/08

Consideration was given to the proposed three year Capital Programme which was based on the current 2004/05 – 2006/07 three year Programme and which had been amended to take account of the slippage of expenditure on the Headquarters scheme into 2005/06. A provision of £100k per annum for three years had been added for the replacement of Breathing Apparatus.

The general assumptions underlying the Capital Programme remained broadly as had been approved by the Authority in January 2004:

- No provision for vehicle purchase – to continue current policy of funding by operating leases;
- Expenditure priorities consistent with the Authority's current Capital Programme;
- All fire station replacement schemes, including Llandrindod Wells and Gorseinon, were dependent on the outcome of the Fire Service Emergency

Cover model (FSEC); Further reports would be submitted to Committee when the outcome of applying the FSEC model was known.

- The only new projects introduced were the joint scheme with the Ambulance Trust in Llandovery and the replacement of Breathing Apparatus;
- The Programme should represent a deliverable, rather than an aspirational schedule of capital projects;
- Minor Works and Equality and Diversity programmes would be drawn up following consultation between Premises Department officers and County Commanders /Departmental Heads.

RESOLUTION

It was RESOLVED

That the Revenue Budget for 2005/06 be approved

That the three year capital Programme 2005/06 to 2007/08 be approved as a provisional plan pending the outcome of the FSEC Analysis

7 TO RECEIVE THE TREASURER'S REPORT ON THE PRUDENTIAL CODE AND PRUDENTIAL INDICATORS FOR 2005/06

The Treasurer reported that the objective of the Prudential Code was to provide a framework for local authority capital finance that would ensure for individual local authorities that:

- capital expenditure plans were affordable
- all external borrowing and other long term liabilities were within prudent and sustainable levels
- treasury management decisions were taken in accordance with professional good practice

and that in taking decisions in relation to capital expenditure and treasury management the authority was accountable, by providing a clear and transparent framework.

The Prudential Code set out prudential indicators that must be used, and factors that must be taken into account to demonstrate that authorities were fulfilling the aims of the Code. The prudential indicators were not designed to be comparative performance indicators and the Code did not include suggested indicative limits or ratios. They were designed to support and record local decision making in a manner that was publicly accountable.

The Prudential Indicators for the forthcoming and following years must be set

before the beginning of the year through the processes established for the setting of the budget. They could be revised at any time, following due process, and must be reviewed, and revised if appropriate, for the current year when the prudential indicators were set for the following year.

In setting or revising their prudential indicators, authorities were required to have regard to the following matters:

- affordability
- prudence and sustainability
- value for money
- stewardship of assets
- service objectives
- practicality.

RESOLUTION

It was RESOLVED

That the 2005/06 Prudential Indicators be approved

8 TO RECEIVE A REPORT ON THE PROVISION AND SCOPE OF INTERNAL AUDIT 2004/2005

Members were aware that the Internal Audit Service was provided by the Audit, Risk and Procurement Service of Carmarthenshire County Council under arrangements made via the Service Level Agreement for the provision of financial services with that Authority.

Currently the agreement provided for a level of 30 Audit Days per annum based on a flexible rolling audit programme agreed on an annual basis between the providers and the Treasurer in conjunction with the ACO Support Services. The level of audit days was last reviewed some years ago when the coverage was increased from 20 days to 30 days. The scope and coverage of audit work was agreed on an annual basis following a review of the previous years Internal Audit report when the adequacy, quality and coverage of the service was also discussed. District Audit also reviewed the effectiveness and quality of Internal Audit as part of their overall view of the Authority's financial standing.

Members were aware that the latest Annual Audit Letter suggested that the Treasurer should formally report to the Authority on the level of Internal Audit resources and whether they were adequate to discharge his responsibilities in relation to the provision of Internal Audit.

Members were reminded that District Audit, as a key element of their approach to providing an audit opinion on the statement of accounts placed reliance on the assurances gained from Internal Audit's review and testing of financial systems. To this end the Authority gained an advantage in being able to rely on Internal Audit's work on the integrated financial systems operated by providing Authority as part of the financial services SLA. The Treasurer consequently used Internal Audit to concentrate on the internal financial systems and operations and at the interface with the Authority's provider's systems.

Following a recent Internal Audit Review meeting a programme of Audit had been agreed to include coverage of the following work areas

- Centralised Payroll system
- Centralised Creditor System
- An overview of revised stores arrangements including procurement
- Financial Management at selected County Commands
- Selected Station Visits and in-depth local audit checks

All Internal Audit work had been undertaken in line with Professional Standards established by the Accountancy Profession [CCAB] and in particular the Code of Practice for Internal Audit in Local Government in the UK.

It was estimated that the programme would require some 40 Audit days to complete effectively as it was a more ambitious programme than of late. It was also agreed that all audit work would be completed during January/February 2005. There was also the option included in the SLA to roll over the incidence of work/cost between two financial years.

RESOLUTION

It was RESOLVED

That the arrangements for the provision of Internal Audit for 2004/2005 be noted

That the number of audit days be increased from 30 to 35 at an additional cost of circa £1000

9 TO CONSIDER A DRAFT RESPONSE TO 'LOCAL AUTHORITY TRADING POWERS: A WELSH ASSEMBLY GOVERNMENT CONSULTATION PAPER'

Consideration was given to a copy of the 'Local Authority Trading Powers' consultation paper produced by the Welsh Assembly Government and a draft response, which had been prepared for the approval of the Resources Committee. The consultation paper outlined the Welsh Assembly Government's proposals to confer the power to trade on Welsh local authorities, the provisions of which were contained within the Local Government Act 2003.

RESOLUTION

It was RESOLVED

That the draft response be approved

10 TO RECEIVE A REPORT ON THE PLANNING ARRANGEMENTS FOR THE LNG DEVELOPMENT

Members were aware of the proposed development of Liquefied Natural Gas (LNG) terminals in the Milford Haven Waterway and the concerns raised over the Service's ability to respond to possible incidents involving LNG in its transportation, storage and distribution.

A report was received which summarised the background to LNG and the arrangements which were being made by officers within Pembrokeshire in preparation for its arrival.

It was reported that the Milford Haven Waterway was one of the busiest within Europe with an annual gross tonnage of shipping in the region of 40 million tonnes. This figure was expected to increase to 60 million tonnes when the proposed LNG plants come on line.

Committee were informed that no refining process was carried out and that the fuel was extracted at the field in its natural gas state. It was then cooled by process to a temperature of -163° where it attained a liquefied state enabling economic bulk transportation to the United Kingdom by ship. The receiving UK plant had to be designed to accept the cryogenic liquid and maintain it in its super-cooled liquid state during pumping and storage and the stored fuel would be released to the National Gas Network by heating back to its gas form.

It was noted that the period of construction of the plants would present possible problems with a large itinerant workforce entering the county and increased construction traffic and processes. Members of the Pembrokeshire Command had recently visited the LNG Terminal at the Isle of Grain in Kent in order to establish the operating protocols developed by Kent Fire & Rescue Service to deal with incidents involving LNG.

The shipping hazards were under review with the Milford Haven Port Authority in preparation for the arrival of LNG and COMAH issues were being assessed by the County Emergency Planning Officers and the Health and Safety Executive.

During the 2005/2006 period the immediately identified requirements would include:-

- a) The provision of 20 intrinsically safe portable radio sets.
- b) The training of staff to act as specialist trainers at a costing in the region of £5000.
- c) The training of crews and officers could be assessed on the basis that existing training time could be utilised to minimum cost. It was considered

- appropriate that funding be sought from the developers to meet the cost of at least a part of this training and the construction of an on-site training rig.
- d) It was believed that existing foam stocks would have to be modified in part to ensure the correct mix of foam (medium expansion foam). At present there were no available tables or details of the on site equipment provided to enable a full assessment of this to be carried out. The provision and cost of on site stocks would be the responsibility of the developer.

It was anticipated that a full assessment of costs would be achievable by April 2005.

RESOLUTION

It was RESOLVED

That the proposals be endorsed, subject to further financial information being made available by April 2005

11 TO RECEIVE A REPORT IN RESPECT OF REDUNDANT FIRE APPLIANCES

This report was deferred until further information was available

12 TO RECEIVE A REPORT ON THE HEADQUARTERS ACCOMMODATION PROJECT

Members were informed that tenders for the Headquarters Accommodation Project will had been received and opened on 11th January 2005 and that if the project was to be completed within the current project timetable, it would be necessary to award the contract with the minimum of delay, in order that construction could commence as early as possible. Committee were asked therefore to reconstitute the Members' Property Working Group which could then be convened to consider matters relating to the tenders, once the detailed analysis work had been completed.

The Committee noted that the previous membership of the Working Group, comprised of two members from each constituent authority, together with the Chair and Vice Chair of the Authority. Given that the Working Group had not been convened since the AGM there was a need for nominations to fill the current vacancies.

RESOLUTION

It was RESOLVED that

The Group Leaders provide the names of Members to fill the vacancies on the Working Group.

The Members Property Working Group be reconstituted and convened as a matter of urgency in order to consider the tenders and to award the contract for the Headquarters Accommodation project.

