

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



MID AND WEST WALES FIRE AND RESCUE AUTHORITY

**NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY
THE RESOURCES COMMITTEE AT ITS NEXT MEETING**

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

DYDD LLUN, 16 TACHWEDD 2009

MONDAY, 16 NOVEMBER 2009

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

11.00 – 13.15

80% PRESENOLDEB/ATTENDANCE

Presennol yn y Cyfarfod/Present at Meeting:

CADEIRYDD/CHAIRMAN:	G Thomas
IS-GADEIRYDD/VICE CHAIRMAN:	A Woolcock
AELODAU/MEMBERS:	Cyng/Cllrs: D Davies, JJJ Davies, J Dinham, T E Evans, WEA Jones, E Kirchner, S Lloyd-Janes, J Newbury, F Torrens, M Williams
YMDDIHEURIADAU/APOLOGIES:	Cyng/Cllrs: J Dudley, D Thomas
YN BRESENNOL /IN ATTENDANCE:	A Howells, E Aitken, P Coleman, W Edwards, B Bassett, D Masson

1 DECLARATION BY MEMBERS OF ANY PERSONAL INTEREST

None were declared.

2 CHAIR'S ANNOUNCEMENTS/PERSONAL MATTERS

None were declared.

3 TO APPOINT A CHAIR FOR THE REMAINDER OF THE MUNICIPAL YEAR 2009 / 2010

Councillor G Thomas was proposed and duly seconded. There were no other nominations.

Upon being put to the vote

It was unanimously RESOLVED that Councillor G Thomas be elected Chair of the Resources Committee for the remainder of the municipal year 2009/2010.

In response Councillor G Thomas thanked Members for their support and for all the confidence shown in her. She also wished to formally record her appreciation, on behalf of the Resources Committee, and pay tribute to Councillor Roger Smith for his commitment and hard work during his term of office as Chair of the Resources Committee.

The Clerk highlighted that Committee would be required to fill the resultant Vice Chair vacancy on the Committee for the remainder of the municipal year 2009/2010.

4 TO APPOINT A VICE CHAIR FOR THE REMAINDER OF THE MUNICIPAL YEAR 2009 / 2010

Councillor A Woolcock was proposed and duly seconded. There were no other nominations.

Upon being put to the vote

It was unanimously RESOLVED that Councillor A Woolcock be elected Vice Chair of the Resources Committee for the remainder of the municipal year 2009/2010.

5 TO CONFIRM AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 13th JULY 2009

The minutes of the meeting held on 13th July 2009 were received and confirmed as a true record.

6 TO RECEIVE A REPORT ON EXEMPTIONS AND EXCLUSIONS FROM CONTRACT STANDING ORDERS

Members were reminded that the Authority approved revisions to its Constitution, including the Standing Orders relating to Contracts (Financial Procedure Rules - F.P.R. 3) in September 2008. The aim was to ensure that the Authority entered into contracts for the supply of goods, materials and services or for the execution of works on the most economically advantageous terms through the application of ethical, consistent and transparent practices and procedures which also complied with best value principles and prevailing procurement good practice and the Corporate Procurement Strategy.

Members were reminded that in such circumstances, the approved officer would, as soon as practicable after the contract has been entered into, notify the Clerk to the Authority of the relevant particulars of such contract in a prescribed format, and report every such exemption to the appropriate Committee of the Authority.

A schedule showing the exemptions granted for the year to date was detailed for members' attention. The nature of the work in question related to Web based meteorological information called 'Fire Met' for resilience purposes and provision of tactical information for day to day fire and rescue activities. Members acknowledged that the exemption was due to a sole provider (Met Office) that would enable Welsh Fire and Rescue Services to have the same service and information as Services in England. Furthermore the product offered improved resilience and enabled consistency across the UK. Members were further informed that the contract, valued at £15,000, was currently funded by the Welsh Assembly Government.

RESOLUTION

It was RESOLVED that

the Committee notes the exemptions granted under F.P.R.3 of the Authority's Contract Standing Orders.

7 TO RECEIVE A REPORT ON ATTENDANCE AT THE CIPFA CONFERENCE 23RD – 25TH JUNE 2009

Members were provided with an overview of the CIPFA Conference on 23-25 June 2009 which was attended by Councillor G Thomas and the Director of Resources. Councillor Thomas reported that the theme of the conference was, very appropriately, 'Hard Times – Strategic Challenges for Government and Public Finance'. Many of the sessions referred to the recession, with particular reference to the potential impact on Public Finances. The Director of Resources was pleased to report that the conference featured professional and eminent speakers in public finance, leadership, and government strategy.

RESOLUTION

It was RESOLVED that

- 1. The report be received and noted*
- 2. The CIPFA conference is maintained on the standing list of conferences*

8 TO RECEIVE THE BUDGET MONITORING REPORT FOR THE FINANCIAL YEAR 2009/2010

Revenue monitoring report for the period 1st April to 30 September 2009

The Director of Resources introduced a report which compared the estimated revenue net expenditure for the six months ended 30th September 2009 against the profiled working budget for the same period. Members were informed that the estimated net expenditure had been calculated by adding the actual figure shown in the financial records to the known commitments at 30 September 2009.

It was reported that a current under spend of £190k (approximately 1% of the profiled budget) had been estimated at 30th September 2009. Furthermore, an estimated under spend of £315k (0.72% of the budget) was calculated for the full year net expenditure. The main reasons for the variances were:

- a. The underspend on full time employees was due to pay increases being less than budgeted for.
- b. The underspend on Retained staff was due to less activity than budgeted for, however levels of activity could not be predicted and may increase at the end of the financial year.
- c. The overspend on other employee costs was due to the use of agency staff to temporarily cover vacant posts. Members were asked to consider the overspend on employee costs in conjunction with the under spend on Admin and Technical Services. The Director of Resources confirmed that the nature of Agency Staff contracts were flexible, therefore no additional costs would be incurred as soon as the vacancies were filled on a permanent basis.
- d. The majority of the overspend on supplies and services related to legal fees to deal with employment or procurement issues etc. Increased laundry costs and costs of food and water supplies at prolonged incidents also contributed to this figure. Following a question from Councillor F Torrens the Director of Delivery explained the difficulty in predicting usage as it was dependant on a number of factors including number of incidents, weather conditions etc.
- e. The underspend on Admin and Technical Services was due to vacancies and had been used to fund the use of temporary agency staff.
- f. The underspend in Transport related to less Diesel usage. It was noted that the figure would be offset by the overspend in overtime expenditure as a result of long term illness.

- g. The overspend on Central Support referred to the enhanced features to be included on the Procurement and Stores function (Agresso System).

Capital monitoring report for the period 1st April to 30th September 2009

Committee gave consideration to the capital monitoring report which summarised the expenditure on capital projects to date against the Approved Capital Programme. The Director of Resources reassured Members that if project timings were slightly delayed there would be no cause for concern as all costings had been accounted for within the base budget.

With regard to the Llandrindod Wells project Members were informed that a structured and detailed timetable was in place; therefore the only delays that may be experienced would be in relation to planning permission. Councillor M Williams queried whether the Service had incurred legal fees as a result of the Ambulance Service withdrawing from the Llandrindod Wells Partnership. The Director of Resources confirmed that a feasibility study had been undertaken beforehand, however all additional costs had been borne by the Ambulance Service.

Reference was made to the Equality, Diversity and Minor Works section in relation to Tenby Fire Station and the Earlswood site. The Director of Resources reported that a bid had been submitted to the Welsh Assembly Government to secure a grant to repair the leaking roof within Earlswood, which was a priority for the Service. Members were pleased to note that the decision was imminent and, if successful, would allow money to be released to undertake additional repair and improvement work within the building.

A discussion ensued on flooding whereby the Director of Resources highlighted the potential to obtain a grant for water rescue from the Welsh Assembly Government, given the fact that Fire and Rescue Services had no statutory obligation to respond to water rescue incidents. Councillor WEA Jones queried the Service's capacity for dealing with major flooding incidents. The Deputy Chief Fire Officer informed Members that Service Control would adjust resources as required to ensure that adequate cover was provided throughout the Service. Arrangements were also in place with North & South Wales Fire Services, as well as bordering English Fire Services to provide assistance, as appropriate.

Prudential Indicators

The Director of Resources confirmed that capital financing was within the limits set by the Prudential Indicators.

RESOLUTION

It was RESOLVED that

The report be received and noted.

8 TO RECEIVE THE JOINT REPORT OF THE CHIEF FIRE OFFICER AND DIRECTOR OF RESOURCES ON THE BUDGET REQUIREMENT FOR 2010/11

The Deputy Chief Fire Officer introduced the report on the Budget Requirement for 2010/2011 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.

The Deputy Chief Fire Officer reminded Members that at its last meeting in October 2009 the Authority had agreed its Risk Reduction Action Plan for 2010/2011, drawing on the first year of its five year strategic plan for Service delivery (2010 to 2015). As this action plan would be the first year's translation of the five year plan into achievable actions, it formed the basis of work in 2010/2011 to continue to drive service improvement whilst delivering value for money. In addition, significant progress had been made in implementing key actions in 2009/2010, with prime examples being the continuing work to implement the Safer Valleys project in the upper Swansea and Amman Valleys and concluding as well as implementing recommendations from the reviews of the duty systems for firefighters. It was reported that this year's tight budget settlement, although better than expected, combined with the lack of funding provision to meet key pressures necessitated a continuation of the Service's strategy to explore every avenue for efficiencies within the organisation with every spend challenged by budget holders.

Members acknowledged that a number of pressures were placed on the Authority budget arising from internal expectations and aspirations and external pressures and these were detailed for Members' attention, including People & People Development, Community Safety, Protection Prevention & Response, Resilience and Sustainability.

The Director of Resources provided Members with the background to the budget requirement in the context of the National position and reported that the Provisional Settlement announcement for 2010/11 at 2.1% on average was better than anticipated in recent months, although this was the worst settlement since devolution of the Assembly. With a background of the worst recession in living memory, the resource implication for the next few years would be dramatic, with some commentators suggesting the need to examine options for a 20% reduction in budgets over 5 years, equating to £9million. With this in mind, Members were advised that the 2010/11 settlement should be utilized effectively in readiness for the demanding times ahead.

Committee noted that the budget put forth for consideration had attempted to address, as far as possible within reasonable increased budget levels, the key additional pressures regarding training as well as other operational requirements. The Director of Resources was pleased to report that efficiencies had also been planned amounting to £570k or 1.3% of the budget, which had greatly assisted in allowing re-investment in priorities. These real cash efficiencies had emanated from the implementation of a Self Rostered Crewing system, rental income and staffing.

Members were informed that officers had worked with the Welsh Assembly Government (WAG), the Welsh Local Government Association (WLGA) and the Wales Audit Office (WAO) to establish a solution to the reserves issue and it was pleasing to note that Fire and Rescue Authorities were anticipating legislation to come into effect on 1st December 2009, which would allow them to maintain reserves. This would require the Fire Authority to ask Constituent Authorities for an additional contribution for 2009/10, being the level of reserves held by the Constituent Authorities in their accounts on behalf of the FRA at the end of March 2009, which amounted to £4.57 million. It was emphasised that this would merely be an accounting entry in the Constituent Authority accounts and would not be a cash requirement. The Director of Resources recognised that there was currently an underspend projected in the 2009/10 revenue budget monitoring report, however there was always the risk of a potential call on this resource before the year end; therefore it was reported that at this point in the year it was considered prudent to ask for the return of the entire level of reserves held by the Constituent Authorities on the Authority's behalf.

Members were informed that in agreement with the Constituent Authority Treasurers, the cash call on the revenue account of Constituent Authorities in 2009/10 was significantly reduced by a contribution (£680k) from the Reserves held by them on behalf of the Fire Authority. This was a reduction on the call on the reserve in the previous year. The Director of Resources emphasised the intention to gradually reduce the call on this reserve (albeit in future these would be in the Fire Authority's accounts) over the next few years. Accordingly it was proposed that the 2010/11 budget be supported by £580k from reserves, a reduction of £100k. The effect of reducing the reliance on reserves was to add 0.26% to the Fire Authority's real like for like budget increase agreed by the Fire Authority. In keeping the budget low it was stressed that certain assumptions had to be made with regard to financial requirements; therefore the reliance on reserves would be paramount to the Fire Authority.

The Provisional Settlement allowed for a general increase in Aggregate External Funding (AEF) of 2.1% on a like for like basis, 0.8% less than originally outlined in the Welsh Assembly Government's 3 year budget which resulted from the 3 year Comprehensive Spending Review (CSR). This percentage was net of expected efficiencies. Members were informed that it was originally anticipated that there would be a further CSR in the summer of 2009, however this had now been postponed until after the anticipated election in 2010. It was noted that this was the CSR that commentators were expecting to be severe in terms of financial reductions.

The Director of Resources then detailed additional pension liabilities and other items that had not been included in this budget exercise.

It was reported that from April 2006, retained employees had been eligible to enter the New Fire-fighters Pension Scheme (NFPS). For employees who entered the scheme, the Fire Authority paid employers contributions at a rate of 14.2%. The Authority had already budgeted for a cost of £350k with a potential, should all retained personnel enter the scheme, of an employer liability of over £700,000 per annum. Based on experience during 2008/09 and 2009/10 however, it seemed that the £350k

would be sufficient for 2010/11; therefore no further budget 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 would fall on the Fire Service Revenue Account. Members acknowledged that the budget now provided for a very low level of ill health retirements.

Committee noted that representations had been made to the Assembly regarding these additional burdens imposed on the Fire Service and which had not to date been funded through the SSA formula. It had been reported previously that the Minister for Social Justice and Local Government would be examining the operation of pensions financing from 2010/11 onwards and that as part of that examination would be asking for a review of the effects of the changes in pensions funding on the Fire and Rescue Authorities in order to establish if the methodology was correct. This exercise was now concluded and the Minister had informed Fire and Rescue Authorities that there was no prospect of further funding to compensate Fire and Rescue Authorities for their additional costs.

Members acknowledged that there were additional concerns regarding backdated costs as a result of the court case which gave equal status to RDS personnel in terms of pensions arrangements. The Minister had written stating that the Treasury was still considering the options on this issue therefore it was not clear what percentage of backdated contributions/pensions payments the FRA would be expected to cover. It was also impossible to identify how many RDS staff would decide to take up the option of backdating their contributions. These costs were therefore not included in this budget exercise.

Members were pleased to note that the Minister had confirmed in writing that the additional costs of Firelink would be fully funded for a period of 6 years. The mechanism for this had not yet been established although it would be outside the Rate Support Grant (RSG) settlement. Currently the costs were not known, but could amount to £millions. The 2010/11 costs were not included in this budget exercise.

Assurance had been given by the Assembly that the additional costs likely to emanate from the new arrangement for the Long Term Capability Management (LTCM) project would be met by the Assembly, at least in the initial years. Committee noted that work was ongoing to establish with the Assembly whether or not a separate arrangement would be agreed in Wales or whether it would follow the English model. The 2010/11 additional costs were therefore not included in this budget exercise.

The Director of Resources reported 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 writing 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).

Members were provided with the 2010/11 budget requirement whereby it was noted that assumptions for the validation of the 2009/10 budget into 2010/11 were :-

- The validation of 2009 pay awards (uniformed 1.25% (Principal Officers 1%) and non uniformed 1%) and increments for non uniformed staff. These pay awards were lower than provided for in the 2009/10 budget (provided at 2.5%) and the budget had therefore been reduced accordingly.
- Assumed pay awards for 2010 as 0.5% from July 2010 for uniformed staff and 0.5% from April 2010 for non uniformed staff.
- Increase of 1.3% (from 15.4% to 16.7%) in the employers' contribution to the Local Government Pension Fund in line with the valuation of the Fund in March 2007. It was noted that similar increases had also been built in to the next 2 years.
- No inflation had been provided on any budget head.
- The continuation of the vehicle replacement programme. Members were pleased to note that this programme had been reviewed for efficiencies and had realised reductions of £700k over 2 years. It was reported that the enhanced specification for all new-build appliances would provide one upgraded vehicle per fire station.
- The ongoing effect of capital financing charges from schemes already committed by the Authority prior to 2010/11 and also resulting from the capital programme. Members were informed that the slippage in the programme had been reflected as well as the new method of calculation of capital charges, which calculated MRP (the principal repayment charged to the accounts) over the period of the life of the asset.
- The reduction in the NDR tax rate for 2010/11
- The estimated payment of CPD in 2010/11 based on current payments and potential takeup. This is an ongoing annual cost which has not been included within the budget since the allowance was introduced, although a provision was included in the accounts for 2008/09 in readiness for the 2009/10 year.

The Director of Resources highlighted that inclusion of the above factors would require an increase of 1.46% over the 2009/10 budget in order to produce a validated budget for 2010/11. Members drew attention to Appendix C of the report and noted that the efficiencies generated from risk reduction planning and other initiatives would be invested into other areas of need e.g. mobile data, NDR Revaluation, CRB Check requirements etc. Following a question from Councillor J Newbury, Members were informed of the detail of the efficiencies that were anticipated but not delivered in 2009/10.

The Director of Resources referred to Appendix A of the report which, if approved, outlined the 3 year figures validating 2010/11. It was stressed these figures were therefore still subject to change. Members acknowledged that it was anticipated that additional investments would be required and further efficiencies would emanate from the RRP over the period; however the phasing and magnitude of these were uncertain. Because of the potential long lead in time for implementation of the sort of large scale changes likely to be necessary in view of the financial forecast, planning had already commenced.

The Director of Resources summarised that the net investment was £118k and once these investments were added to the validated budget, the resulting budget figure recommended for approval would be £44,398,689, an increase of 1.73%. It was recommended that £580k of the approved budget would be funded from reserves; therefore the amount falling on the constituent authorities would amount to £43,818,689. The increase on the Constituent Authorities revenue budget would therefore be 1.99%.

Councillor M Williams commended Officers for the comprehensive budget report put forth for Members' consideration which left no ambiguity whatsoever. He stated that, whilst understanding the logic of the report, it would be remiss of him not to highlight that the Powys budget settlement for 2010 / 11 was significantly below the Welsh average and therefore he would require further guidance from Powys County Council prior to endorsing the report.

Councillor A Woolcock highlighted the severe financial constraints within Local Authorities and indicated that he could not approve an increase in the Fire Authority budget which was at a level higher than that set for services within his constituent authority. The Director of Resources advised that the increase required by a revenue service of the Constituent Authorities could not be compared to the increased budget required for the whole of the Fire Authority.

It was suggested that the matter be deferred to allow further discussions and advice to be sought from their own Local Authorities. This proposal was verbally supported by Councillors J Dinham, J Newbury and S Lloyd-Janes.

Members were duly reminded that Officers had already discussed the budget requirement with the six Local Authority Treasurers. Councillor TE Evans stressed that the budget requirement put forth for Members' consideration was indeed a reasonable request to enable the Authority to deal with the key pressures facing the Service. In order to proceed with initiatives such as the Llandrindod Wells Project, Safer Valleys Project etc as well as non statutory obligations such as flooding and water rescue, then a realistic budget request would need to be endorsed by Members of the Resources Committee.

The Director of Resources reiterated that Local Authority Treasurers had no responsibility or accountability for the Fire Authority budget. It was Resources Committee Members that would be accountable for agreeing the budget following advice taken from the Fire Authority's Treasurer / Director of Resources.

The Chair indicated that failure to accept the budget request would require Members to determine which areas of the budget to reduce. Furthermore, any cutbacks agreed within the 2010/11 budget would not be included in next year's base budget, and also further efficiencies would then have to be made. It was emphasised that it was the responsibility of the Resources committee to set a realistic and affordable budget that would meet the needs of the Service. The Clerk reminded Members that any decision / resolution should be made in the best interest of the Fire Authority, however it was accepted that a balance had to be applied.

The Deputy Chief Fire Officer reported that there were a number of pressures in addition to those discussed that had been excluded from the report because of financial restrictions currently facing Local Government; therefore there was no doubt that the budget request for 2010/11 was reasonable, with a clear and concise strategy to progress with key pressures facing the Service.

A discussion ensued on the timing restrictions for approving the Authority's budget and Members therefore acknowledged that it would be necessary for the Fire Authority to endorse any recommendations at its meeting on 14th December 2009. Members proposed that another meeting of the Resources Committee be arranged for 30th November 2009 to further discuss the 2010/2011 budget.

RESOLUTION

Upon being put to the vote:

It was RESOLVED that

- 1. For 2009/10, the amount of the contribution to be paid by the Constituent Authorities be revised upwards by £4.57m following consultation, being the transferring of reserves back into the FRA accounts. This is a non cash requirement.***
- 2. A further meeting of the Resources Committee be held on Monday 30th November 2009 at 13.30pm in order to further discuss the 2010/2011 Budget***

10

TO CONSIDER ANY OTHER ITEMS OF BUSINESS THAT BY REASON OF SPECIAL CIRCUMSTANCES, THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100(B)(4) OF THE LOCAL GOVERNMENT ACT 1972.

Following a request made to include an additional item on the agenda regarding operational issues within Swansea County Command, both the Chair and the Clerk deemed it appropriate for officers to clarify the position.

Councillor WEA Jones expressed his concern following reports from the press that Gorseinon Fire Station was not functioning properly as there were no supervisory officers available to manage the crew at incidents.

This had resulted in appliances from further afield being deployed in its place.

The Director of Delivery confirmed that the Service had made the decision to stop fire appliances responding to incidents when there was nobody available with the necessary skills and experience, to take charge of the appliance. This decision was made to reduce the risk to firefighting personnel of having nobody available to assess the risks at operational incidents and make the correct operational decisions.

Members were informed that when these instances arose, arrangements were in place to send other appliances to incidents. This was standard practice whenever an appliance was unavailable, for example, when it was already attending an incident.

The Director of Delivery reminded Committee that Gorseinon fire station, like fifty two other fire stations in Mid and West Wales, relied on staff who worked the retained duty system, which meant they had full time jobs elsewhere and provided an 'on –call' cover for the fire and rescue service.

Members were assured that the Service were working to resolve this situation by investigating the possibility of training more personnel, however this would have resource and time implications. The Director of Delivery emphasised that the Service was confident that it had taken the correct course of action.

Councillor D Davies endorsed the decision made by the Service as the Health & Safety of personnel was of paramount importance to the organisation.

The Deputy Chief Fire Officer took the opportunity to remind Members of the protocol for dealing with publicity and the media whereby contact with the media on issues related to the Authority should be handled through the Media and Communications Officer in the Corporate Communication & Member Support Department.

The Committee noted the report.