

<p>To: Members of the Governance, Audit and Scrutiny Committee</p>	<p><b>Enquiries to:</b> Rob Close <b>Email:</b> <a href="mailto:committeemanager@humbersidefire.gov.uk">committeemanager@humbersidefire.gov.uk</a> <b>Tel. Direct:</b> (01482) 393899 <b>Date:</b> 9 February 2024</p>
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Dear Member

I hereby give notice that a meeting of the **GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE** of Humberside Fire Authority will be held on **MONDAY 19 FEBRUARY 2024 at 10.00AM** at HUMBERSIDE FIRE & RESCUE SERVICE HEADQUARTERS, SUMMERGROVES WAY, KINGSTON UPON HULL, HU4 7BB.

The business to be transacted is set out below.

Yours sincerely



**for Lisa Nicholson**  
**Monitoring Officer & Secretary to Fire Authority**

## AGENDA

Business	Page Number	Lead	Primary Action Requested
1. Apologies for absence	-	Monitoring Officer/ Secretary	To record
2. Declarations of Interest (Members and Officers)	-	Monitoring Officer/ Secretary	To declare and withdraw if pecuniary
3. Minutes of the meeting of 22 January 2024 and Action Schedule	(pages 3 - 12)	Chairperson	To approve
4. Internal Audit Reports	(pages 13 - 18)	Internal Audit (TIAA)	To consider and make any recommendations to the HFA
5. Draft Internal Audit Plan 2024/25	Copy To Follow	Internal Audit (TIAA)	To consider and make any recommendations to the HFA
6. Treasury Management and Capital Expenditure Strategy 2024/25	(pages 19 - 56)	Joint Deputy Chief Finance Officer & Deputy S.151 Officer	To consider and make any recommendations to the HFA
7. Scrutiny Item: National Fire Chiefs Council (NFCC) Maturity Model	(pages 57 - 88)	Head of Corporate Assurance	To consider and make any recommendations to the HFA

<b>Business</b>				<b>Page Number</b>	<b>Lead</b>	<b>Primary Action Requested</b>
8.	GAS	Committee	Scrutiny	(pages 89 - 94)	Monitoring Officer/ Secretary	To approve

**HUMBERSIDE FIRE AUTHORITY**

**GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE**

**22 JANUARY 2024**

**PRESENT:** Independent Co-opted Members Chris Brown, Melissa Dearey, Kathryn Lavery and Nigel Saxby.

**Officers Present:** Matthew Sutcliffe – Assistant Chief Fire Officer & Executive Director of Corporate Services, Christine Cooper – Executive Director of People and Development, Graeme Dickson – Station Manager (Control), Steve Duffield – Area Manager of Service Improvement, Shaun Edwards – Joint Deputy Chief Finance Officer & Deputy S.151 Officer, Jon Henderson – Area Manager of Prevention and Protection, Jason Kirby – Area Manager of Emergency Response, Dan Meeke – Head of Emergency Preparedness and Control, Jamie Morris – Designate Head of Corporate Assurance, Gareth Naidoo – Senior Corporate Assurance Officer, David Robinson – Internal Audit (TIAA), Emma Appleton – Deputy Monitoring Officer/Secretary, and Rob Close – Committee Manager.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull.

**1/24 APOLOGIES FOR ABSENCE** – Apologies for absence were received from Gerry Wareham.

**2/24 DECLARATIONS OF INTEREST** – No declarations of interest were made with respect to any items on the agenda.

**3/24 MINUTES – Resolved** – (a) *That minute 49/23 be amended to read that ‘Officers were satisfied that the Service was receiving value for money for its staffing pay overspent.’*

(b) *That the minutes of the meeting held on 13 November 2023 be confirmed as a correct record.*

**4/24 AUDITORS ANNUAL REPORT** – The Committee received a report of Mazars, the Authority’s external auditors, detailing the annual accounts for 2022/23. The Committee was advised that the report was expected to be finalised at the 9 February 2024 meeting of the Humberside Fire Authority and the opinion on the financial statements was expected to be unqualified. The audit completion report, issued on 24 August 2023, explained that the 2022/23 audit was substantially complete but there would be a delay issuing their opinion because they were unable to conclude their work addressing the significant risk arising from the defined benefit pension scheme until the audit of the East Riding Pension Fund (ERPF) was substantially complete.

**Resolved** – *That the report be received.*

**5/24 ANNUAL ACCOUNTS 2022/23** – The Committee received a report of the Joint Chief Finance Officer and Deputy Section 151 Officer detailing the annual accounts for 2022/23. It was noted that these accounts would be taken to the 9 February 2024 meeting of the Humberside Fire Authority for final approval.

The Committee commented that they felt greater background context should be provided around the Service Performance Indicators (SPI) in the Annual Accounts going forward.

**Recommended –** (a) *That a link to the bi-annual or annual performance report be included in the Service Performance Indicator section of the report in future.*

*Resolved – (b) That the report be received.*

**6/24 INTERNAL AUDIT REPORTS** – The Committee received a report of TIAA, the Authority’s internal auditors, detailing internal audit activity. The Committee was advised that, two final reports were signed off since the publication of the agenda and would be brought to the next scheduled meeting of the Committee. Furthermore, it was expected that the financial controls report would also be signed off for the next meeting.

The Committee considered the number of high-risk business premises inspections completed, which showed 97 visits had been booked in and 658 visits completed against a delivery plan target of 1029. Of the 658 visits, 518 inspection audits had been completed and 140 were unable to complete. In terms of the number of RBIP premises crew engagements visits completed, 2003 engagements had been completed against a delivery plan target of 2952. Of the 2003 engagements, 1263 had engagements delivered and 740 were unable to be completed. It was further noted that 51 per cent of inspections resulted in further action or enforcement and 86 per cent of statutory consultations were completed in time (15 working days). It was noted that the Service was responding to statutory consultations within the given timeframes but was not reflected in the latter figure due to the way data had to be recorded nationally. Likewise, the Service was confident in its inspection statistics, and any incomplete visits would be returned in the system for competition. Managers were sighted on performance results, being discussed at Directorate level on a weekly basis and further shared with the Strategic Leadership Team (SLT) and Executive Team for further monitoring.

**Resolved -** *That the report be received.*

**7/24 REVIEW OF ANTI-FRAUD RELATED POLICIES** – The Committee received a report of the Head of Corporate Assurance detailing the Service’s anti-fraud policies. The Committee was given an overview of the Anti-Bribery Policy, Anti-Money Laundering Policy, Professional Standards Anti-Fraud and Corruption Policy, and Professional Standards Whistleblowing Policy. Following a review, no material changes were made.

The Committee asked how the Service ensured staff knew about these policies. It was advised that all policies were available online and were each subject to consultation with staff feedback welcome. Where appropriate, staff also had to undertake e-learning packages.

It was noted that both HMICFRS and the Service’s own internal auditors, TIAA, had due regard to the robustness of the Service’s processes for managing any fraud related matters, paying particular attention to the Service’s Anti-Fraud related policies.

Under the introductory section to both the Anti-Bribery and Anti-Money Laundering policies it mentioned that the Authority would not “tolerate fraud or corruption by its Members (which includes Independent Co-opted Members), employees, suppliers, contractors, partners, or service users.” It was suggested that ‘volunteers’ also be included in this section. Also under Section 9. *Disclosure Procedure* of the Anti-Bribery Policy, it was suggested that further commentary be added that reminds staff not communicate in any way to the individual their intention to report, or subsequent reporting, the matter to the MLRO..

In considering the Whistleblowing Policy, the Committee suggested that under Section 9. *How to raise a concern* Under a dedicated email address for the Chair of the GAS Committee should also be included under the Alternative Contacts.

**Recommendation -**

- a) That 'volunteers' also be included in the introductory section of both the Anti-Bribery and Anti-Money Laundering policies when stating that the Authority "will not tolerate fraud or corruption by its Members (which includes Independent Co-opted Members), employees, suppliers, contractors, partners, or service users."
- b) That, under Section 9. *Disclosure Procedure* of the Anti-Bribery Policy, further commentary be added to remind staff not to communicate in any way to the individual their intention to report, or subsequent reporting, the matter to the MLRO.
- c) That, under Section 9. *How to raise a concern* of the Whistleblowing Policy, a dedicated email address for the Chair of the GAS Committee be included under the Alternative Contacts.

**Resolved** - *That the Authority be assured of the review process and effectiveness of each anti-fraud related policy.*

**8/24 SCRUTINY ITEM: CONTROL EXERCISE AND DEBRIEF** – The Committee received a report of the Head of Emergency Preparedness & Control detailing Control involvement in the Service's exercising and debriefing processes.

The Service was committed to ensuring that areas of improvement highlighted in the 2022 HMICFRS report in relation to Control involvement in the Service's exercising and debriefing processes were fully addressed. Improvements that had been to date were:

- Control staff were now embedded in Emergency Preparedness which coordinated engagement with national, regional, and multi-agency exercises.
- The trial appointment of a Control competent Station Manager within Emergency Preparedness to coordinate operational risk, exercises, interoperability business continuity and multi-agency engagement.
- The appointment of a Control specific training Watch Manager who had specific responsibility for developing, planning, and implementing Control exercises, development, and learning.
- Control staff were now able to contribute to and attend operational debriefs including multiagency JESIP debriefs.

The Service's Exercise Policy had been reviewed to include Control as an integral part and was currently being consulted upon. This exercise policy included training schedules which would embed competent and resilient fire control capability, resourced to meet the demand placed upon it. Fire Control would be prepared and empowered to manage emergency calls from when they were received, through to the conclusion of incidents and beyond, providing the best possible service to the public. Simulations would exercise Fire Control employees to gather and share information to make informed and proactive decisions. This would include mobilising resources, provide safety, evacuation, and fire survival guidance to the public and partner agencies in an accessible way, contributing to the effective, safe, and coordinated resolution of local, regional, and national incidents.

The Committee then considered the following aspects:

- **Emergency Preparedness, Resilience and Response** – It was noted that Humberside Fire and Rescue were not mandated to submit an Emergency Preparedness, Resilience and Response like other statutory services. However, the Service worked closely with multi agency partners and still gained benefit from those broader skill sets.

- **Effective Multi Agency Working** – A number of procedures had been put in place to ensure smooth lines of communications in multi-agency scenarios including dedicated phone lines and a clear communications plan between comparable officers.

**Resolved –**

- a) *That the Committee endorses the Service's commitment to Control involvement in the Service's exercising and debriefing processes.*
- b) *That the Committee receive a further update as part of its 2024/25 Scrutiny Work Programme.*

**9/24 SCRUTINY ITEM: UPDATE REPORT ON GRIEVANCE PROCEDURES** – The Committee received a report of the Head of HR which provided a further update on the grievance procedures (previously considered by the Committee at its meeting of 3 July 2023) and, in particular, on the development and utilisation of the People Dashboard. The report also provided a summary of the outcomes arising from the HMICFRS thematic inspection in November 2023, the subject of which was the Service's handling of misconduct. In addition, the report also informed Members of the recently introduced requirement to submit data returns on misconduct statistics to HMICFRS on a bi-annual basis.

The Committee was advised that the aim of the Service's People Dashboard was to provide a comprehensive view of key data related to its employees including matters of employee relations and measure employee satisfaction in terms of the Service. The Dashboard would initially collate key data relating to absence, grievances, disciplinaries, performance and capability and complaints received from external parties. It would also collate data relating to 'soft' HR metrics such as employee satisfaction with the use of 'customer' surveys focussing predominantly at first around the service provided by Human Resources. The Dashboard data would be used to support strategic planning and data-driven decision-making. It would also be used to identify trends and patterns of behaviour which would then influence the learning, training and support provided to managers by the Human Resources team.

On 13 July 2023, the Home Secretary commissioned HMICFRS to undertake a thematic inspection of the handling of misconduct in fire and rescue services in England. To support this work and its ongoing monitoring of this area, all fire and rescue services were required to submit bi-annual data returns to HMICFRS relating to misconduct statistics. The Service's People Dashboard data would be used to provide those returns.

The Committee then considered the following aspects:

- **Development of the Dashboard** – It was explained that the dashboard was developed internally with the Service's own Digital Services team.
- **Reporting** – Once fully embedded it was the intention of the Service to report the findings of the dashboard to the Humberside Fire Authority (through the bi-annual and annual performance reports) and regularly to the Strategic Leadership Team. General complaints data, managed by Corporate Assurance, would also be collated in the People Dashboard in order for the Service to gain a holistic view of overall complaints, internally and externally, and any emerging patterns or trends associated with them.

**Resolved** – *That the Committee endorses the Service’s continued commitment to promoting and maintaining good working relationships with its employees and to the use of data relating to this matter in support of the same.*

**10/24 MEMBERS’ ALLOWANCES** – The Committee received a verbal report from the Joint Deputy Chief Finance Officer & Deputy S.151 Officer explaining that, following a benchmarking exercise, a report would be submitted to Humberside Fire Authority on 9 February 2024.

**Resolved** – *That the update be noted.*

**11/24 GAS COMMITTEE SCRUTINY PROGRAMME 2023/24** – The Committee Manager submitted a report summarising the Committee’s Scrutiny Programme 2023/24.

It was suggested that the Committee might wish to consider the Service’s Values and Culture Action Plan in response to the recommendations made HMICFRS in its report *Values and culture in fire and rescue services* published in March 2023 as the remaining scrutiny topic of the Committee’s 2023/24 work programme (currently to be confirmed).

**Resolved** - *That the Committee receive the Service’s Values and Culture Action Plan in response to the recommendations made HMICFRS in its report ‘Values and culture in fire and rescue services’ as its final scrutiny topic of its 2023/24 Work Programme.*

**12/24 VOTE OF THANKS** – The Committee gave a vote of thanks to Kathryn Lavery, whose meeting this would be her last as a Member of the GAS Committee.





**ROLLING ACTION SCHEDULE OF FIRE AUTHORITY, GAS COMMITTEE & PENSION BOARD MEETINGS**

<b>Meeting</b>	<b>Date</b>	<b>Agenda Item</b>	<b>Minute Number</b>	<b>Resolution/Action</b>	<b>Officer to Action</b>	<b>Complete/Update</b>
GAS Committee	22 January 2024	GAS Committee Scrutiny Programme 2023/24	11/24	Resolved - That the Committee receive the Service's Values and Culture Action Plan in response to the recommendations made HMICFRS in its report 'Values and culture in fire and rescue services' as its final scrutiny topic of its 2023/24 Work Programme.	Gareth Naidoo – Senior Corporate Assurance Officer	<b>Complete</b> – Draft scope added to the Committee's Work Programme for considering at its meeting on 19 February 2024.
GAS Committee	22 January 2024	Scrutiny Item: Control Exercise and Debrief	8/24	Recommended – (b) That the Committee receive a further update as part of its 2024/25 Scrutiny Work Programme.	Rob Close – Committee Manager/ Gareth Naidoo – Senior Corporate Assurance Officer	<b>Complete</b> - To be determined further at the Committee's Scrutiny Work Programme Setting Workshop on 8 April 2024 when determining its scrutiny topics for 2024/25.
GAS Committee	22 January 2024	Review of Anti-Fraud Related Policies	7/24	Recommended -  (a) That 'volunteers' also be included in the introductory section of both the Anti-Bribery and Anti-Money Laundering policies when stating that the Authority "will not tolerate fraud or corruption by its Members (which includes Independent Co-opted Members), employees, suppliers, contractors, partners, or service users."  (b) That, under Section 9. <i>Disclosure Procedure</i> of the Anti-Money Laundering Policy, further commentary be added to remind staff not to communicate in any way to the individual their intention to report, or subsequent reporting, the matter to the MLRO.  (c) That, under Section 9. <i>How to raise a concern</i> of the Whistleblowing Policy, a dedicated email address for the Chair of the GAS Committee be included under the Alternative Contacts.	(a) & (b) Shaun Edwards – Deputy Chief Finance Officer/S.151 Officer  (c) Gareth Naidoo – Senior Corporate Assurance Officer	<b>Complete</b> –  (a) Wording of introductory section to both policies now amended to include 'volunteers' – "the Authority will not tolerate fraud or corruption by its Members (which includes Independent Co-opted Members), employees, suppliers, contractors, partners, <i>volunteers</i> , or service users."  (b) The following wording has now been added to the end of Section 9. Disclosure Procedure of the Anti-Money Laundering Policy – " <i>An officer must not communicate in any way to the individual their intention to report, or subsequent reporting, the matter to the MLRO.</i> "  (c) New email address for the Chair of the GAS Committee now included under the Alternative Contacts under Section 9 How to Raise a Concern - <a href="mailto:ChairpersonGAS@humbersidfire.gov.uk">ChairpersonGAS@humbersidfire.gov.uk</a>
GAS Committee	22 January 2024	Annual Accounts 2022/23 Revised	5/24	Recommended – (a) That a link to the bi-annual or annual performance report be included in the Service Performance Indicator section of the report in future.	Martyn Ransom – Exec. Director of Finance/S.151 Officer/ Shaun Edwards – Deputy Chief Finance Officer/Deputy S.151 Officer	
GAS Committee	13 November 2023	Internal Audit Reports	48/23	Resolved – (a) That the mid-year follow up review be scheduled at the most appropriate point in the year to ensure a more timely update on the progression of recommendations;	Jamie Morris – Designate Head of Corporate Assurance/ Andrew McCulloch - Internal Audit (TIAA)	<b>Complete</b> – The mid-year follow-up will be scheduled at the most appropriate point in the year in future, based on the audit plan schedule, to ensure a timelier update on the progression of recommendations is made.
GAS Committee	4 September 2023	Minutes & Action Schedule	42/23	Resolved - (b) That the Committee receive an update to the scrutiny item on grievance procedures in January 2024.	Anne Stott - Head of HR	<b>Complete</b> – added to GAS Committee Work Programme for 22 <sup>nd</sup> January 2024 meeting
GAS Committee	4 September 2023	Internal Audit Reports	44/23	Action - The Committee were interested to know how the field work for the audits was conducted. The internal auditors agreed to give some further detail of this outside of the meeting.	Jamie Morris – Designate Head of Corporate Assurance/ Andrew McCulloch - Internal Audit (TIAA)	<b>Complete</b> – Members sent as a reminder the agreed internal audit plan (attached) as approved and issued in March 2023 (specifically

**ROLLING ACTION SCHEDULE OF FIRE AUTHORITY, GAS COMMITTEE & PENSION BOARD MEETINGS**

<b>Meeting</b>	<b>Date</b>	<b>Agenda Item</b>	<b>Minute Number</b>	<b>Resolution/Action</b>	<b>Officer to Action</b>	<b>Complete/Update</b>
						pages 2, 5 & 6) which covers the overarching arrangements and methodology. In addition each Internal Audit report the Committee receives sets out the specific methodology applied for each audit.
GAS Committee	3 July 2023	Scrutiny Item: Grievance Procedures	34/23	<p><b>Resolved –</b>                      (b) that Officers consider including an additional Member on the panel for the formal hearing formal stages;                      (c) that Officers consider the inclusion of a Fire Authority Member on the panel for a Stage 3 hearing, and                      (d) that Officers consider reviewing the Grievance Policy Equality Impact Analysis (EIA) to help inform the Policy.</p>	Anne Stott - Head of HR	<p><b>Complete</b>                      (b) This was fully explored. Regrettably, there are inevitably challenges around availability owing to the shift patterns, etc which if the panel numbers increased, may delay the matter further. In addition, as it is the hearing officer who makes the decision, two hearing officers may be unable to reach an agreed outcome, thus requiring a third hearing officer to ensure a majority decision was able to be taken. Three hearing managers at Station Manager level or above, would be a challenge in terms of availability and in terms of efficient use of senior management time. HR's attendance is to provide guidance on process and policy, it does not offer a view as to the outcome hence is able to provide an objective and impartial view of the procedure which includes the decision-making process.</p> <p>(c) Having considered the matter, it was agreed that as the decision is made by the hearing officer, it may not be possible for two panellists to reach an agreed outcome. This would then necessitate a third panellist, again producing a challenge in terms of availability and efficient use of time.</p> <p>(d) Reviewed, revised and published.</p>
GAS Committee	20 February 2023	GAS Committee Scrutiny Programme 2022/23	20/23	<b>Resolved -</b> (a) That an item considering Equality, Diversity and Inclusion Staff Forums be brought to the 3 April 2023 meeting of the Committee.	Committee Manager	<b>Complete</b>
GAS Committee	20 February 2023	Scrutiny Item – General Data Protection Regulation (GDPR) Compliance	19/23	<b>Resolved -</b> (b) That a copy of the Data Protection Guide for Staff be circulated to the Committee for information upon publication.	Senior Corporate Assurance Officer	<b>Complete</b>
GAS Committee	20 February 2023	Treasury Management and Capital Expenditure Strategy 2023/24	18/23	<p><b>Resolved –</b>                      (b) That an update be given by the Joint Estates Manager on fleet replacement during the next municipal year;</p>	Committee Manager	<p>(b) <b>Complete</b> – Placed on Member Day Programme for 2023/24</p> <p>(c) <b>Complete</b> – in process of being arranged</p>

**ROLLING ACTION SCHEDULE OF FIRE AUTHORITY, GAS COMMITTEE & PENSION BOARD MEETINGS**

Meeting	Date	Agenda Item	Minute Number	Resolution/Action	Officer to Action	Complete/Update
				(c) That new members of Committee be offered training on Link.		





## Humberside Fire and Rescue Service

### Summary Internal Controls Assurance (SICA) Report

**2023/24**

Internal Audit

FINAL

February 2024

# Summary Internal Controls Assurance

## Introduction

1. This summary controls assurance report provides the Governance, Audit and Scrutiny (GAS) Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Humberside Fire and Rescue Service as at 8<sup>th</sup> February 2024.

## Tackling and Managing Fraud Risks

### 2. The Challenge

Everyone is under increasing financial pressure from the escalating costs of goods and services and increasing inflation leading to the current cost-of-living crisis. The knock-on effects of the pandemic, and the increase in remote working practices, linked with the escalating cost of living has increased the risk of opportunistic fraud against organisations. All organisations are at risk and will be targeted where weaknesses are identified. It is at times such as these where organisations have unfilled vacancies, positions filled by temporary employees, or where existing employees may be struggling with financial or emotional wellbeing that all organisations need to be more aware of the risks and take steps to keep their money, people and data safe.

Recently reported data shows that how some organisations in the UK have been affected by fraud over the last year and how they perceive their fraud risk.

<b>58%</b> - think the risk of fraud is going to increase over the next 12 months.	<b>55%</b> - of reported frauds were perpetrated by staff or volunteers.
<b>40%</b> - said hybrid working has increased the risk of fraud.	<b>69%</b> - experienced financial loss due to fraud.

**Recommended Actions:** To ensure your organisation is addressing this risk and putting in place measures to combat fraud risk, TIAA recommend that several key steps are taken to assess your organisation’s exposure, ensure controls are effective and to safeguard should the worst happen.

- **Assign Responsibility:** to a suitably trained employee/Board Member to act as your organisation’s Fraud Champion.
- **Train:** Line Managers and Board Members, on fraud risk awareness and managing concerns and, all employees on emerging fraud risk awareness.
- **Govern the risk:** by ensuring your organisation had developed a clearly written Anti-Fraud Policy and Response Plan.
- **Raise Awareness:** with all employees and Members of their responsibilities to protect your organisation’s assets.
- **Identify and Record:** the specific types of fraud that are perceived to be a risk to your organisation and what steps are required to manage these.
- **Compliance Test:** at regular intervals, how well your recorded fraud prevention controls are working.
- **Undertake Checks:** on any individual or organisation with whom you have a financial relationship.

### TIAA’s Proactive Fraud Risk Reviews

TIAA recognises that all sectors and all organisations are susceptible to fraud and is able to provide support in helping ensure your employees are aware of their responsibilities and specific risks facing your organisation. We have also developed a series of reviews that are designed to provide your organisation with external assistance in achieving compliance with our key recommended actions and to provide your Board with assurance over key fraud risk areas.

### Audits completed since the last SICA report to the Audit Committee

3. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

*Audits completed since previous SICA report*

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Procurement	Substantial	11/01/2024	17/01/2024	18/01/2024	0	0	0	0
IT Management Controls	Limited	05/12/2023	19/01/2024	19/01/2024	1	2	2	0
National Operational Guidance	Advisory	01/11/2023	17/01/2024	17/01/2024	0	0	2	0

4. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

### Progress against the 2023/24 Annual Plan

5. Our progress against the Annual Plan for 2023/24 is set out in Appendix A.

### Changes to the Annual Plan 2023/24

6. There are no proposed changes to the Annual Plan.

### Progress in actioning priority 1 & 2 recommendations

7. We have made one Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.

### Root Cause Indicators

8. The Root Cause Indicators (RCI) have been developed by TIAA to provide a strategic rolling direction of travel governance, risk and control assessment for Humberside Fire and Rescue Service. Each recommendation made is analysed to establish the underlying cause of the issue giving rise to the recommendation (RCI). The analysis needs to be considered over a sustained period, rather than on an individual quarter basis. Percentages, rather than actual number of reviews/recommendations made permits more effective identification of the direction of travel. A downward arrow signifies a positive reduction in risk in relation to the specific RCI.

*RCI – Direction of Travel Assessment*

Root Cause Indicator	Qtr 1 (2023/24)	Qtr 2 (2023/24)	Qtr 3 (2023/24)	Qtr 4 (2023/24)
<b>Directed</b>				
Governance Framework	-	14%	-	43%
Risk Mitigation	-	7%	-	14%
Control Compliance	-	50%	100%	43%

Root Cause Indicator	Qtr 1 (2023/24)	Qtr 2 (2023/24)	Qtr 3 (2023/24)	Qtr 4 (2023/24)
<b>Delivery</b>				
Performance Monitoring	-	29%	-	-
Sustainability	-	0%	-	-
Resilience	-	0%	-	-

**Frauds/Irregularities**

9. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

**Responsibility/Disclaimer**

10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

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## Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Bullying, harassment & discrimination	1	Final report issued	
Mobile Data Terminals (Performance)	2	Final report issued	
Mid-year follow up	2	Final report issued	
Effectiveness of systems (used to learn from operational incidents)	2	Final report issued	
Staff Development	2	Final report issued	
Service Absolutes / Heat Maps	2	Final report issued	
National Occupational Guidance	3	Final report issued	
Enforcement Powers & Priorities	3	Final report issued	
ICT Management Controls	3	Final report issued	
Procurement	3	Final report issued	
Key Financial Controls	4	Confirmed 4 <sup>th</sup> - 8 <sup>th</sup> March 2024	
End of year follow up	4	Confirmed 15 <sup>th</sup> March 2024	

**KEY:**

	To commence		Site work commenced		Draft report issued		Final report issued
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**TREASURY MANAGEMENT AND CAPITAL EXPENDITURE  
PRUDENTIAL INDICATORS, TREASURY MANAGEMENT  
POLICY STATEMENT 2024/25 AND MINIMUM REVENUE  
PROVISION (MRP) FOR 2024/25**

**1. SUMMARY**

- 1.1 This report sets out the Prudential Indicators for Treasury Management and Capital and the Treasury Management Policy Statement proposed for adoption for the financial year 2024/25. The Authority's Constitution requires that the Policy Statement is approved by the full Fire Authority and this responsibility cannot be delegated.
- 1.2 This report also outlines the recommended policy to be adopted in respect of creating the Minimum Revenue Provision (MRP) for 2024/25, in line with the statutory requirements set out in The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 and 2017.

**2. MATTERS FOR CONSIDERATION**

- 2.1 Members to consider making any recommendations to the Fire Authority as required on the Treasury Management Strategy Statement for 2024/25 onwards (Appendix 1).

**3. BACKGROUND**

- 3.1 Treasury Management, as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2017 is:

"The management of the organisation's investments and cash-flows, its banking and money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks."

- 3.2 An updated version of the Code was published in December 2017; this strategy statement has been prepared in accordance with the requirements of the new Code.

**4. REPORT DETAIL**

**Treasury Management and Prudential Indicators**

- 4.1 The Local Government Act 2003 and supporting regulations require Authority to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set, on an annual basis, a range of Prudential and Treasury Indicators for the next three years to ensure that its capital investment plans are affordable, prudent and sustainable. This report details the proposed indicators relating to the Authority's Treasury Management activities, capital expenditure and external debt for 2024/25 for Members' consideration and approval.
- 4.2 The suggested strategy for 2024/25 in respect of the following aspects of the treasury management function is based upon the S.151 Officer's views on interest rates, supplemented with leading mark forecasts provided by the Authority's treasury management advisors and support from the treasury management team within Hull City Council. The strategy covers:

- limits in force which will limit the treasury risk and activities of the Authority;

- the Treasury Management and Prudential Indicators;
- the current treasury position;
- prospects for interest rates;
- the borrowing requirement strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- the MRP strategy;
- policy on use of external service providers

4.3 The 2003 Act, revised Investment Guidance issued 2010 and the updated CIPFA Code also require that Members give consideration to the Authority's Annual Investment Strategy, setting out how investments will be managed and the priorities for security and liquidity of those investments as well as the Annual Borrowing Strategy; these have also been incorporated into this report.

4.4 In addition, it is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital decisions. This therefore means, that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- a. increased interest charges from additional borrowing and;
- b. increased running costs from new capital projects

are limited to a level that is affordable within the projected income of the Authority.

#### **Resourcing/Financial/Value for Money Implications**

4.5 The approach outlined within the report is aimed at achieving effective and efficient management of the Authority's financial resources and reflects a prudent approach to the management of financial risk for the Authority.

#### **Risk/Legal Implications**

4.6 The Authority must comply with the requirements of the CIPFA Code of Practice on Treasury Management 2017 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017. This report ensures such compliance.

4.7 The formulation and application of a prudent Treasury Management Policy and MRP provision ensures that the Authority effectively manages financial risks such as exposure to interest rate changes and liquidity risk whilst minimising borrowing costs and maximising investment income. It further ensures that sufficient levels of resource are set aside for the repayment of debt. Effective treasury management is key to making the best use of the Authority's financial resources and thus the successful delivery of its Strategic Plan.

#### **Linkages to any Corporate Plans**

4.8 Treasury Management is an integral part of the financial management of the Authority with Prudential Indicators providing a framework for the Authority to monitor key elements of its financial position. Utilising approved Borrowing and Investment Strategies, the Executive Director of Finance/S.151 Officer will seek to minimise borrowing costs and maximise investment income whilst adopting a prudent approach to the Authority's exposure to market risks, especially given the current economic situation.

## 5. EQUALITY IMPLICATIONS

- 5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change.

## 6. CONCLUSION

- 6.1 That Members note and make any recommendations to the Fire Authority as required on the Treasury Management Strategy Statement for 2024/25 onwards (Appendix 1).

**Shaun Edwards**  
**Joint Deputy S. 151 Officer &**  
**Joint Deputy Chief Finance Officer**

### Officer Contact

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### Background Papers

Medium-Term Resource Strategy 2024/25 to 2028/29 – report to Fire Authority 9 February 2024

Treasury Management Mid-year Update Report 2023/24 – Report to Fire Authority December 2023

CIPFA Prudential Code (Revised 2011) and November 2012 and 2017 update

The local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 and 2017

### Abbreviations

CIPFA	Chartered Institute of Public Finance and Accountancy
MRP	Minimum Revenue Provision





# Treasury Management Strategy Statement

## Minimum Revenue Provision Policy Statement and Annual Investment Strategy

Humberside Fire Authority 2024/25



**HUMBERSIDE**  
Fire & Rescue Service

## INTRODUCTION

### Background

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low-risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet a risk or cost objectives.

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

CIPFA defines treasury management as:

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

### Reporting requirements

#### Capital Strategy

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

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

The aim of this capital strategy is to ensure that all elected members on the full Authority fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

#### Treasury Management Reporting

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



**Prudential and treasury indicators and treasury strategy** (this report) - The first and most important report is forward looking and covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A mid-year treasury management report based on period ending 30<sup>th</sup> September** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

**An annual treasury report** – This is a backward-looking document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Authority. This role is undertaken by the Governance, Audit and Scrutiny Committee.

### **Quarterly reports**

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June and end of December) is also required. This reporting sits within the Management Accounts that is produced and taken to Governance, Audit and Scrutiny Committee as well as the Fire Authority.

### **Treasury Management Strategy for 2024/25**

The strategy for 2024/25 covers two main areas:

#### **Capital issues**

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

#### **Treasury management issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Authority;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Training will be arranged as required.

**Treasury management consultants**

The Authority uses Link Group, Treasury solutions as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions always remains with the Authority and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

## THE CAPITAL PRUDENTIAL INDICATORS 2024/25 – 2027/28

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

### Capital expenditure – Indicator 1

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

Capital expenditure £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
<b>Total</b>	<b>1.997</b>	<b>9.136</b>	<b>4.050</b>	<b>3.990</b>	<b>4.440</b>

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements, which already include borrowing instruments.

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

Financing of capital expenditure £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital receipts	-	-	-	-	-
Capital grants	-	-	-	-	-
Capital reserves	-	-	-	-	-
Revenue	0.837	2.569	1.200	1.200	1.200
<b>Net financing need for the year</b>	<b>1.160</b>	<b>6.567</b>	<b>2.850</b>	<b>2.790</b>	<b>3.240</b>

### The Authority's borrowing need (the Capital Financing Requirement) – Indicator 2

The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

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

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. The Authority had £1.013m of such schemes within the CFR as at 31<sup>st</sup> March 2023.

The Authority is asked to approve the CFR projections below:

£m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
<b>Capital Financing Requirement</b>					
Underlying CFR	18.666	24.289	25.844	27.171	28.781
Other LT Liabilities*	0.996	0.977	0.956	0.933	0.907
<b>Total CFR</b>	<b>19.662</b>	<b>25.266</b>	<b>26.800</b>	<b>28.104</b>	<b>29.688</b>
<b>CFR as a % of BR</b>	<b>37.72%</b>	<b>43.50%</b>	<b>45.59%</b>	<b>46.99%</b>	<b>48.76%</b>
<b>Movement in CFR</b>	<b>0.250</b>	<b>5.604</b>	<b>1.534</b>	<b>1.304</b>	<b>1.584</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	1.160	6.567	2.850	2.790	3.240
Less MRP/VRP and other financing movements	(0.910)	(0.963)	(1.316)	(1.486)	(1.656)
<b>Movement in CFR</b>	<b>0.250</b>	<b>5.604</b>	<b>1.534</b>	<b>1.304</b>	<b>1.584</b>

This table shows CFR increasing to circa 50% of our Budget Requirement (BR).

\*IFRS16 Leases comes into effect from 2024/25. The impact of this is yet to be established and will be reviewed throughout the year.

### The Authority's Liability Benchmark – Indicator 3

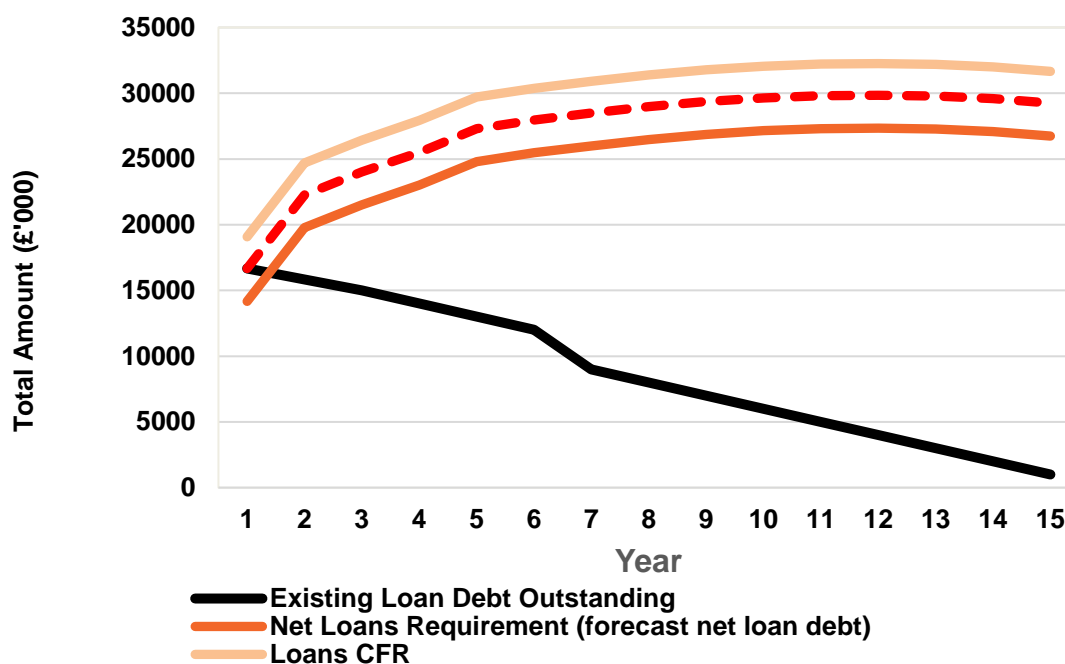
A third and new prudential indicator for 2024/25 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

- **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

The graph below shows that the Authority is currently slightly internally borrowed and this will increase over the next few years. The Authority will actively monitor interest rates and determine the most advantageous time to take actual long-term borrowing. Short-term borrowing may be used until borrowing rates become more attractive.

## Liability Benchmark



### Core funds and expected investment balances – Indicator 4

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Fund balances / reserves	14.379	13.895	10.994	9.947	8.817
Capital receipts	0.030	0.030	0.030	0.030	0.030
<b>Total core funds</b>	<b>14.409</b>	<b>13.925</b>	<b>11.024</b>	<b>9.977</b>	<b>8.847</b>
Working capital*	(2.500)	(2.500)	(2.500)	(2.500)	(2.500)
(Under)/over borrowing	(1.997)	(7.461)	(9.044)	(10.571)	(12.381)
<b>Expected investments</b>	<b>9.912</b>	<b>3.964</b>	<b>(0.320)</b>	<b>(2.694)</b>	<b>(5.434)</b>

\*Working capital balances shown are estimated year-end; these may be higher mid-year

## TREASURY MANAGEMENT PRUDENTIAL INDICATORS 2024/25 – 2027/28

The capital expenditure plans set out in this section provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the annual investment strategy.

### Current portfolio position

The Authority's estimated treasury portfolio position at 31 March 2024, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
<b>External Debt</b>					
Debt at 1 April	18.169	16.669	16.828	17.000	17.000
Expected change in Debt	(1.500)	0.159	0.172	-	-
Other long-term liabilities (OLTL)	1.013	0.996	0.977	0.956	0.933
Expected change in OLTL	(0.017)	(0.019)	(0.021)	(0.023)	(0.026)
Actual gross debt at 31 March	<b>17.665</b>	<b>17.805</b>	<b>17.956</b>	<b>17.933</b>	<b>17.907</b>
The Capital Financing Requirement	<b>19.662</b>	<b>25.266</b>	<b>26.800</b>	<b>28.104</b>	<b>29.688</b>
Under / (over) borrowing	<b>1.997</b>	<b>7.461</b>	<b>8.844</b>	<b>10.171</b>	<b>11.781</b>

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Executive Director of Finance & S.151 Officer reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

## Treasury Indicators: limits to borrowing activity

### The operational boundary – Indicator 5

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	31.500	31.500	31.500	31.500
Other long-term liabilities	3.500	3.500	3.500	3.500
Total	35.000	35.000	35.000	35.000

### The authorised limit for external debt – Indicator 6

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

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all authorities' plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following authorised limit:

Authorised limit £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	36.500	36.500	36.500	36.500
Other long-term liabilities	3.500	3.500	3.500	3.500
Total	40.000	40.000	40.000	40.000

### Prospects for interest rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 8 January 2024. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

Additional notes by Link on this forecast table: -

- Our central forecast for interest rates was previously updated on 7 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least

a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness).

- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

### **PWLB RATES**

- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

#### **The balance of risks to the UK economy: -**

- The overall balance of risks to economic growth in the UK is even.

#### **Downside risks to current forecasts for UK gilt yields and PWLB rates include: -**

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

#### **Upside risks to current forecasts for UK gilt yields and PWLB rates: -**

- Despite the tightening in Bank Rate to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, which may prove inflationary, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

**Borrowing advice:** Our long-term (beyond 10 years) forecast for Bank Rate remains at 3% and reflects Capital Economics' research that suggests AI and general improvements in



productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2024 and later.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year set out below.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2027/28	3.25%	3.25%
2028/29	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

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

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

### **Borrowing strategy**

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Executive Director of Finance & S.151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely,*

*fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Authority at the next available opportunity.

### **Policy on borrowing in advance of need**

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment or rebalancing of the portfolio to provide more certainty is considered appropriate.

All rescheduling will be reported to the Authority, at the earliest meeting following its action.

### **New financial institutions as a source of borrowing and / or types of borrowing**

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

### **Approved Sources of Long and Short-Term Borrowing**

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●

Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

# ANNUAL INVESTMENT STRATEGY

## Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

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

- a) DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- b) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- c) CIPFA Treasury Management Guidance Notes 2021

The Authority’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

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

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
- **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 4 under the categories of ‘specified’ and ‘non-specified’ investments.
  - a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
  - b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
- **Non-specified investments limit.** The Authority has determined that it will limit the maximum total exposure to non-specified investments as being 10% of the total investment portfolio.

- **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in the creditworthiness policy.
- **Transaction limits** are set for each type of investment in the creditworthiness policy.
- This authority will set a limit for its investments which are invested for **longer than 365 days**.
- Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.
- This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- All investments will be denominated in **sterling**.
- As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. More recently, a further extension to the over-ride to 31.3.25 has been agreed by Government).

### **Creditworthiness policy**

The primary principle governing the Authority's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Authority will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Authority's prudential indicators covering the maximum principal sums invested.

The Executive Director of Finance/S.151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Authority for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Authority may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to

counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high-quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Authority will only use banks which:
  - a) are UK banks; and/or
  - b) are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA-  
and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):
    - a) Short Term – F1;
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above;
- Building societies - The Authority will use all societies which:
  - a) Meet the ratings for banks outlined above;
- Money Market Funds – £1m limit (each). Subject to £3m maximum;
- Local authorities, Police and Fire and Crime Commissioners - £2m limit (each);
- Debt Management Office (DMO) - £no limit.

**Use of additional information other than credit ratings.** Additional requirements under the Code require the Authority to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Authority's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long-term Rating (or equivalent)	Money Limit	Transaction Limit	Time Limit
Individual Banks 1&2 higher quality	F1+	£3m	£3m	364 days
Individual Banks 1&2 medium Quality	F1	£2m	£2m	364 days
Individual UK Building societies	F1+	£3m	£3m	364 days
Individual UK Building societies	F1	£2m	£2m	364 days
Local authorities/Police, Fire and Crime Commissioners		£2m	£2m	364 days
Money Market Funds	AAA	£1m (each)	£1m (each)	liquid

The proposed criteria for specified and non-specified investments are shown in the appendices for approval.

### Country and sector limits

Due care will be taken to consider the country, group and sector exposure of the Authority's investments.

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

In addition:

1. limits in place above will apply to a group of companies;
2. sector limits will be monitored regularly for appropriateness.

### Investment strategy

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

#### Investment returns expectations.

The current forecasts are for the Bank Rate to have peaked at 5.25%.

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

Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.55%
2025/26	3.10%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

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

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Authority is asked to approve the following treasury indicator and limit:

<b>Upper limit for principal sums invested for longer than 365 days is £nil</b>			
<b>£m</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Principal sums invested for longer than 365 days	£m	£m	£m
Current investments as at 31.03.23 in excess of 1 year maturing in each year	Nil	Nil	Nil

### **Investment risk benchmarking**

This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of SONIA (Sterling Overnight Index Average).

### **End of year investment report**

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

### **Day to day Treasury Management**

Kingston Upon Hull City Council manage the Authority's treasury management functions under the terms of a service level agreement in accordance with the approved Annual Treasury Management Strategy.



## APPENDICES

- (a) Prudential and treasury indicators and MRP statement
- (b) Interest rate forecasts
- (c) Economic background
- (d) Treasury management practice 1 – credit and counterparty risk management
- (e) Approved countries for investments
- (f) Treasury management scheme of delegation
- (g) The treasury management role of the section 151 officer
- (h) Capital Strategy

## THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2027/28 AND MRP STATEMENT

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

### Capital expenditure

Capital expenditure £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
<b>Total</b>	<b>1.997</b>	<b>9.136</b>	<b>4.050</b>	<b>3.990</b>	<b>4.440</b>

### Minimum revenue provision (MRP) policy statement

The Authority is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the Authority to approve **an MRP Statement** in advance of each year. A variety of options are provided to authorities, so long as there is a prudent provision. The Authority is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former DLUHC regulations (option 1);
- **Based on CFR** – MRP will be based on the CFR (option 2).

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction). There are 2 options available under this method which are as follows:
  - i. Equal Instalment Method (option 3a)
  - ii. Annuity Method (option 3b)
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4).

These options provide for a reduction in the borrowing need over approximately the asset's life.

As a result of guidance that was recently issued a review was undertaken during 2020/21 to move to the annuity method (option 3b).

Repayments included in annual PFI or finance leases are applied as MRP. The Authority has historically made Voluntary Revenue Provisions (VRP) of £772k.

## Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators:

### Ratio of financing costs to net revenue stream – Indicator 6

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.

%	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Ratios	1.65%	2.28%	2.99%	3.22%	3.54%

The estimates of financing costs include current commitments and the proposals in this budget report.

### Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2024/25 – Indicator 7		
	Lower	Upper
Under 12 months	0	15%
12 months to 2 years	0	15%
2 years to 5 years	0	30%
5 years to 10 years	0	60%
10 years and above	0	80%

**Appendix 2 - Interest rate forecasts**

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

PWLB forecasts are based on PWLB certainty rates

### **Appendix 3 – Economic Background**

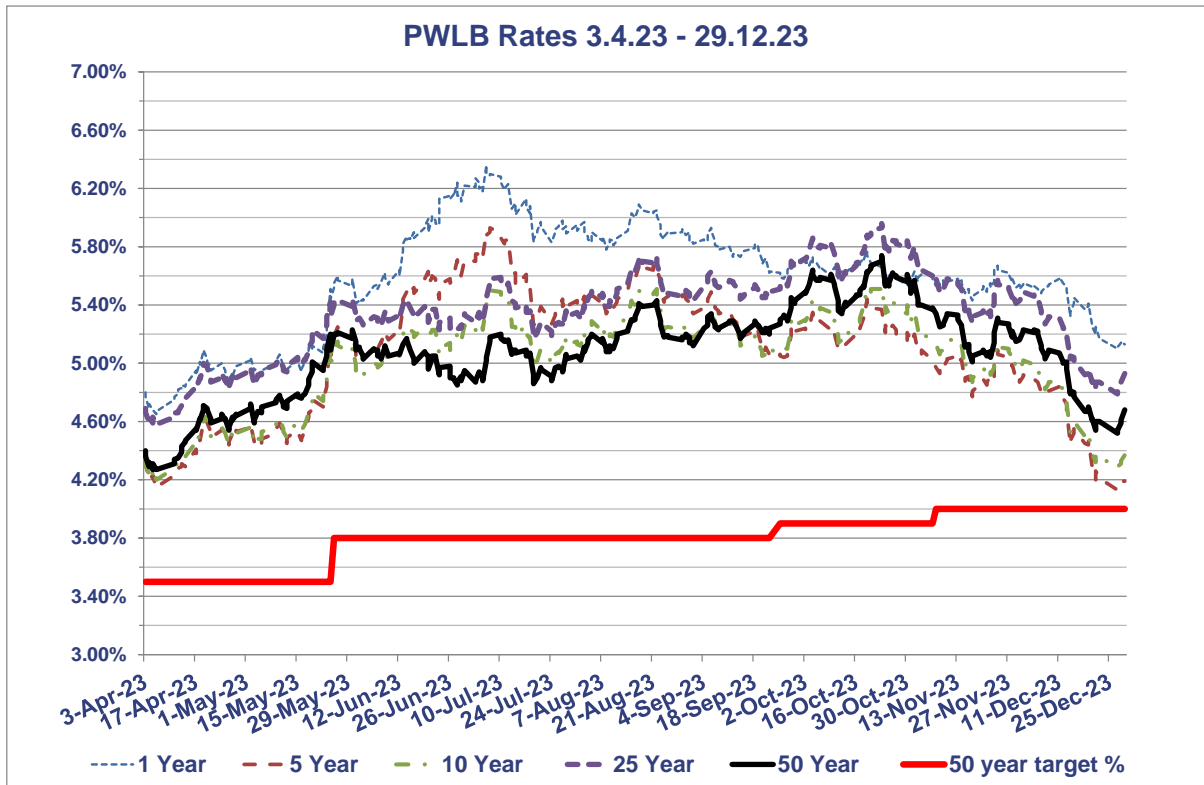
- The third quarter of 2023/24 saw:
  - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30<sup>th</sup> September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
  - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%;
  - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
  - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
  - The Bank of England holding Bank Rate at 5.25% in November and December;
  - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide’s December data pointed to a -1.8% year on year decrease. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

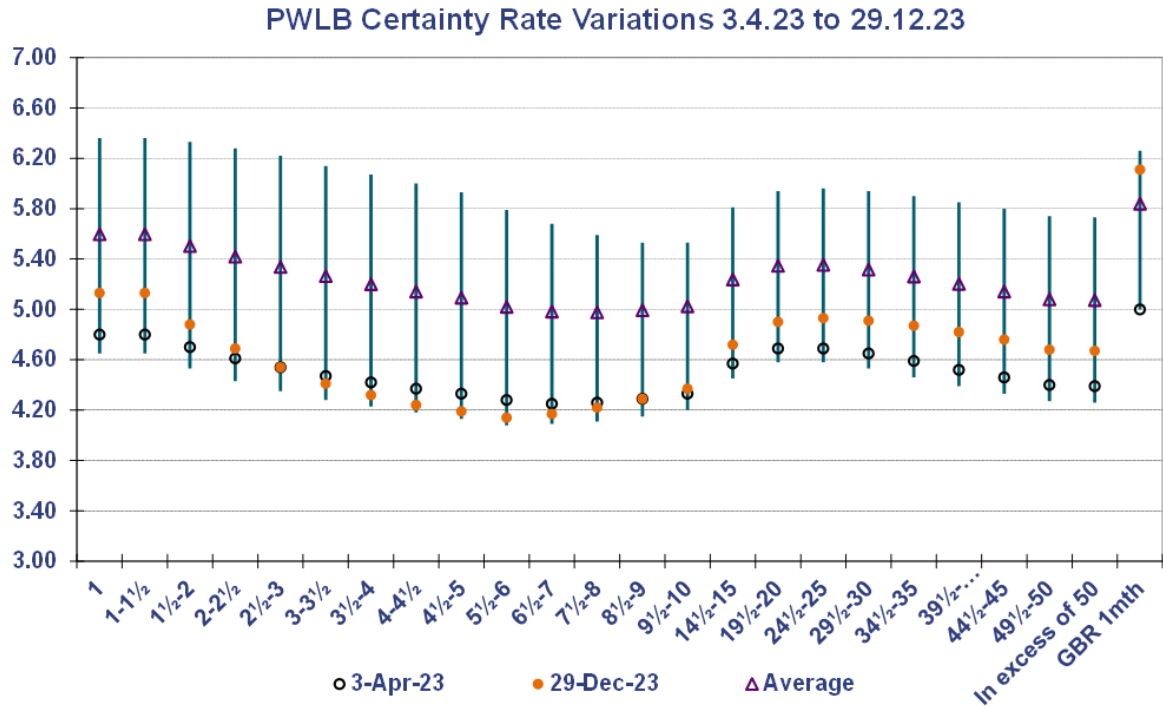
- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17<sup>th</sup> month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.
- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.

- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

**PWLB RATES 3.4.23 - 29.12.23**





#### HIGH/LOW/AVERAGE PWLB RATES FOR 3.4.23 – 29.12.23

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.60%	5.09%	5.03%	5.35%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%

#### MPC meetings 2<sup>nd</sup> November and 14<sup>th</sup> December 2023

- On 2<sup>nd</sup> November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14<sup>th</sup> December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.



**Appendix 4****TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK MANAGEMENT****SPECIFIED INVESTMENTS:**

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	<b>Minimum 'High' Credit Criteria</b>	<b>Use</b>
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies	F1	In-house

**Term deposits with nationalised banks and banks and building societies**

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
UK Part Nationalised Banks	UK sovereign rating or Short-term F1, Sovereign rating AA-	In-house	<b>50%</b>	<b>364 days</b>
Banks part nationalised by high credit rated (sovereign rating) countries – non-UK	Sovereign rating or Short-term F1, Sovereign rating AA-	In-house	<b>50%</b>	<b>364 days</b>

<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -</b>		
1. Money Market Funds	AAA rated	In-house

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Authority. To ensure that the Authority is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**NON-SPECIFIED INVESTMENTS:** The Authority will not make investments longer than 1 year

## **TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK MANAGEMENT**

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Authority to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Authority adopted the Code on 15/02/2010 and will apply its principles to all investment activity. In accordance with the Code, the Executive Director of Finance and S.151 Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

**Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments that the Authority will use. These are high security (i.e. high credit rating, although this is defined by the Authority, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year;
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Authority is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum Short Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Authority has set additional criteria to set the time and amount of monies which will be invested in these bodies.

**Non-specified investments** –are any other type of investment (i.e. not defined as specified above). The Authority will not use these types of investments.

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Authority receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Executive Director of Finance/S.151 Officer, and if required new counterparties which meet the criteria will be added to the list.

## **Appendix 5**

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

### ***Based on lowest available rating***

#### **AAA**

1. Australia
2. Denmark
3. Germany
4. Netherlands
5. Norway
6. Singapore
7. Sweden
8. Switzerland

#### **AA+**

9. Canada
10. Finland
11. U.S.A.

#### **AA**

12. Abu Dhabi (UAE)

#### **AA-**

13. Belgium
14. France
15. Qatar
- 16. U.K.**

**TREASURY MANAGEMENT SCHEME OF DELEGATION**

**Fire Authority**

- i. receiving and reviewing reports on treasury management policies, practices and activities;
- ii. approval of annual strategy;
  - approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
  - budget consideration and approval;
  - approval of the division of responsibilities;
  - receiving and reviewing regular monitoring reports and acting on recommendations;
  - approving the selection of external service providers and agreeing terms of appointment;
  - reviewing the treasury management policy and procedures and making recommendations to the responsible body.

**THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER****The S151 (responsible) officer**

1. recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
2. submitting regular treasury management policy reports;
3. submitting budgets and budget variations;
4. receiving and reviewing management information reports;
5. reviewing the performance of the treasury management function;
6. ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
7. ensuring the adequacy of internal audit, and liaising with external audit;
8. recommending the appointment of external service providers;
9. preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
10. ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
11. ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
12. ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
13. ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
14. ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
15. provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
16. ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
17. ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
18. creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:-
  - a. *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

## CAPITAL STRATEGY

### 1. Introduction

- 1.1 There is a new requirement on local authorities (including fire authorities) to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about a small number of authorities borrowing substantial sums (relative to their budget) to invest in commercial property, often outside the area of the authority concerned.
- 1.2 There is also a new requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). Given that HFA makes no such investments, a strategy has not been prepared.
- 1.3 This Appendix sets out the proposed capital strategy for approval.

### 2. Capital Expenditure

- 2.1 The Authority's capital expenditure plans are approved by the HFA, as part of the budget report each year.
- 2.2 The capital programme is usually restricted to:-
- b) Investment in operational buildings – e.g. fire stations and administrative offices;
  - c) Renewal of operational fleet;
  - d) New and replacement firefighting equipment;
  - e) Investment in ICT.
- 2.3 The Authority's Constitution sets out the delegations to the Chief Fire Officer & Chief Executive on the delivery of the capital programme.
- 2.4 Capital expenditure on **buildings**, where funded from the capital programme, is principally directed to maintaining the fitness of the operational estate. Major property investments are considered as part of the overall estates strategy and are approved annually at the December HFA meeting.
- 2.5 Expenditure on the **renewal of the operational fleet** is directed by the replacement programme approved by the HFA. This is considered and approved each year at the December HFA meeting.
- 2.6 Capital expenditure on **firefighting equipment** ensures equipment is replaced when it has reached the end of its useful life or has become technologically obsolescent. It also enables the Service to invest in new technology.
- 2.7 Capital expenditure on **ICT** is determined by the ICT replacement programme which is approved annually at the December HFA meeting.
- 2.8 Monitoring of capital expenditure is carried out by the Strategic Leadership Team; Governance, Audit and Scrutiny Committee and the HFA. Reports are presented on four occasions during the year and at outturn.
- 2.9 HFA does not capitalise expenditure, except where it can do so in compliance with proper practices: it does not apply for directions to capitalise revenue expenditure.

## 2.10 Forecast capital expenditure is:-

<b>End of:</b>	<b>£000</b>
23/24	1,997
24/25	9,136
25/26	4,050
26/27	3,990
27/28	4,440

**3. Financing of Capital Expenditure**

- 3.1 HFA funds capital expenditure from the revenue budget, capital receipts and prudential borrowing.
- 3.2 Prudential borrowing is used to fund capital expenditure, within the limits prescribed within the Annual Treasury Management Strategy Statement. This is reviewed annually for affordability.
- 3.3 HFA measures its capital financial requirement, which shows our underlying need to borrow for a capital purpose. This is shown in the table below:-

<b>End of:</b>	<b>Underlying CFR</b>	<b>Other LTL</b>	<b>Total CFR</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
24/25	24,289	977	25,266
25/26	25,844	956	26,800
26/27	27,171	933	28,104
27/28	28,781	907	29,688

- 3.4 Projections of actual debt are part of the treasury management indicators in the Annual Treasury Management Strategy Statement.

**4. Debt Repayment**

- 4.1 HFA makes charges to the budget each year to repay debt incurred for previous years' capital spending. This is known as "Minimum Revenue Provision" (MRP). The general principle is that HFA seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed. MRP is calculated as:
- 4% of the CFR at the end of the preceding financial year; and
  - Based on the useful asset life using the annuity method

**5. Commercial Activity**

- 5.1 Government guidance now requires us to specify our policy towards non-financial investments.
- 5.2 HFA makes no such investments.



## NFCC Maturity Models

### 1. SUMMARY

1.1 Developed within the National Fire Chiefs Council (NFCC) People Programme, the NFCC Workforce Good Practice Framework and Maturity Models are based on the principles of the recognised Deloitte methodology.

1.2 Each Maturity Model is a diagnostic tool for Services to assess and benchmark practice against the following subject themes:

Leadership Development	Recruitment
Learning Organisation	Blended Learning
Performance Management	Employee Recognition
Talent Management	EDI
Wellbeing	HR Analytics

1.3 Management for each of the maturity models is completed through the following measures:

- i. **Assessment:** Determine the current level of Service maturity for each subject.
- ii. **Determine:** How far the wishes to develop its maturity through achievable outcomes.
- iii. **Identify Gaps:** Based on a four-stage model identification of the gaps needed to enable progression.
- iv. **Create a Development Plan:** Actions needed to address the identified gaps.

1.4 It is important to note that there is not a right or wrong level of maturity to be at. The honesty of the self-assessment, the process of visualising the future and developing plans reflects sector maturity.

### 2. MATTERS FOR CONSIDERATION

2.1 The Committee to take assurance, through their scrutiny of the subject, that the Service has effectively adopted the Maturity Models and manages their progression through robust evidence gathering and monitoring processes.

### 3. BACKGROUND

3.1 When adopting the Maturity Models the Service firstly participated in workshops with the NFCC to understand the requirements and how to manage the associated compliance.

3.2 A key part of understanding the Maturity Models before their introduction was the required management of the four-tiered self-assessment tools used for each of the ten subjects, with level one determined as basic level maturity through to level four comprehensive.

3.3 Appendix 1 provides an example template of the Leadership Development Maturity Model detailing the format and requirements issued by the NFCC. This format is applied to all Maturity Models aligned to subject requirements.

3.3 Through the formal adoption of the Maturity Models, by the Service in 2023, it is intended to support workforce development, through the accomplishment of the following objectives:

- i. Provides a roadmap for becoming a leading practice organisation.
- ii. Allows measurement and internal progress marking.
- iii. Facilitate national benchmarking.
- iv. Helps explain maturity and organisational concepts to colleagues, leaders and members.

#### **4. REPORT DETAIL**

- 4.1 Managed by Corporate Assurance in collaboration with key function stakeholders an initial assessment of the Services current level of maturity, for each of the ten subjects was conducted, to create an initial benchmark.
- 4.2 As part of the initial assessment identification of gaps in maturity were made, between the Services status and the position required to comply with the NFCC Maturity Models.
- 4.3 Based on the initial assessment and gap analysis, a plan was developed to close the gaps and move towards enhanced compliance with the NFCC Maturity Models. This involved implementing new processes and systems, which notably incorporated the following:
  - i. Creation and application of a dedicated portal page to record, publish and monitor progression against each of the Maturity Models. (Appendix 2).
  - ii. Transition of the Maturity Model format into Excel to improve the management, tracking and evidence gathering of material.
  - iii. Introduction of the Service Improvement Officer in Corporate Assurance to manage the facilitation of evidence gathering, quality assurance and collaboration.
  - iv. Alignment of applicable Maturity Models with related Fire Standard(s) in regard of evidence and compliance.
  - v. Integration of the Maturity model reviews into the 2024-2025 Business Planning framework.
  - vi. Maturity Models subject to independent assessment by the NFFC during 2024-2025.
- 4.4 Monitoring of progress is managed through the Service Improvement Officer within Corporate Assurance ensuring compliance with the NFCC Maturity Models.
- 4.5 Maintenance of compliance will be achieved through the Business Planning Framework 2024-2025, including periodic assessments, ongoing training, and continuous improvement efforts aligned to the Service Improvement Plan as applicable.

#### **5. EQUALITY IMPLICATIONS**

- 5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change.

#### **6. CONCLUSION**

- 6.1 The Service will appropriately manage the progress of the consultation responses aligned to the recommendations stated.
- 6.2 The Committee should take assurance that the Service has effectively adopted the Maturity Models and manages their progression through robust evidence gathering and monitoring processes.

**Steve Duffield**  
**Area Manger of Service Improvement**

## Officer Contact

Jamie Morris – Head of Corporate Assurance

☎ 07970969425

✉ [jmorris@humbersidedefire.gov.uk](mailto:jmorris@humbersidedefire.gov.uk)

## Background Papers

None

## Abbreviations

NFCC	National Fire Chiefs Council
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**NFCC**  
National Fire  
Chiefs Council

# Maturity Models self-assessment: Leadership

Before you start your self-assessment, think about how you will approach it, who and what you need to help you with the process. Working with a diverse group of people from different parts of your organisation will be

beneficial and will aid unbiased and balanced assessment.

Please allow up to five working days to receive your Maturity Model self-assessment report. Our analysis team will email you the report as soon as it is ready.

By completing the Maturity Model self-assessment tool you are giving your permission to share your information with the NFCC, please note that your data will not be shared with any third-parties.

If you have any questions, please contact the [Portfolio Analysis team](#)

**Please provide your contact details so that we can send the results of your self-assessment to you:**

Name	<input type="text"/>
Service/Organisation	<input type="text"/>
Role/Job title	<input type="text"/>
Email address	<input type="text"/>

**When do you expect to review this Maturity Model and complete the self-assessment again?**

In 3 months

In 6 months

In 9 months

In 12 months

Other (please specify):

## Level 1 - Inconsistent approach to Leadership Development

For each statement below, please select whether you agree or disagree and to what extent. You are asked to think about your service as it stands today and also how you think you might answer next time you complete the self-assessment (based on the answer you gave on earlier in the tool).

**Please state to what extent you agree or disagree with the following statements. Please choose from Strongly agree, Agree, Neither agree or disagree, Disagree, Strongly Agree**

*If a statement does not apply to your service, please leave the response blank.*

Statement	Thinking about your service now:	In the future:
1. Some content available, but limited numbers able to access.		
2. Benefits are for employees and not aligned to organisational progress.		
3. Undertaking leadership development has no bearing on progression.		
4. Set people defined as leaders.		
5. Limited uptake, difficult decisions passed off.		
6. Leadership by fear, or command and control prevalent as major or only style.		
7. Decisions not debated.		

**If you have any evidence to support your responses to the statements above, please note them here:**

Statement	Evidence
1. Some content available, but limited numbers able to access.	
2. Benefits are for employees and not aligned to organisational progress.	
3. Undertaking leadership development has no bearing on progression.	
4. Set people defined as leaders.	
5. Limited uptake, difficult decisions passed off.	
6. Leadership by fear, or command and control prevalent as major or only style.	

7. Decisions not debated.	
---------------------------	--

**If you wish to note any actions you might take to achieve your goals, please note them here:**

<b>Statement</b>	<b>Actions</b>
1. Some content available, but limited numbers able to access.	
2. Benefits are for employees and not aligned to organisational progress.	
3. Undertaking leadership development has no bearing on progression.	
4. Set people defined as leaders.	



5. Limited uptake, difficult decisions passed off.	
6. Leadership by fear, or command and control prevalent as major or only style.	
7. Decisions not debated.	

## Level 2 - Structured Leadership Development

For each statement below, please select whether you agree or disagree and to what extent. You are asked to think about your service as it stands today and also how you think you might answer next time you complete the self-assessment (based on the answer you gave on earlier in the tool).

**Please state to what extent you agree or disagree with the following statements. Please choose from Strongly agree, Agree, Neither agree or disagree, Disagree, Strongly Agree**

*If a statement does not apply to your service, please leave the response blank.*

Statement	Thinking about your service now:	In the future:
1. Learning content available with context added.		
2. Leadership development material able to be accessed by all.		
3. Development is actively recognised as key to progression.		
4. Developing individuals to become better managers, with some future skills identified.		
5. Senior team statement permeates all levels, but only partially adopted.		
6. Empowering/coaching leadership styles are used, but with some inappropriate command and control style still present.		
7. Decisions are debated.		
8. Learning material is available, but is generic in approach.		
9. Only people who are current managers can access leadership material.		
10. Basic skills covered to bring people up to current requirements.		

**If you have any evidence to support your responses to the statements above, please note them here:**

<b>Statement</b>	<b>Evidence</b>
1. Learning content available with context added.	
2. Leadership development material able to be accessed by all.	
3. Development is actively recognised as key to progression.	
4. Developing individuals to become better managers, with some future skills identified.	
5. Senior team statement permeates all levels, but only partially adopted.	
6. Empowering/coaching leadership styles are used, but with some inappropriate command and control style still present.	
7. Decisions are debated.	

8. Learning material is available, but is generic in approach.	
9. Only people who are current managers can access leadership material.	
10. Basic skills covered to bring people up to current requirements.	

**If you wish to note any actions you might take to achieve your goals, please note them here:**

<b>Statement</b>	<b>Actions</b>
1. Learning content available with context added.	
2. Leadership development material able to be accessed by all.	
3. Development is actively recognised as key to progression.	
4. Developing individuals to become better managers, with some future skills identified.	

5. Senior team statement permeates all levels, but only partially adopted.	
6. Empowering/coaching leadership styles are used, but with some inappropriate command and control style still present.	
7. Decisions are debated.	
8. Learning material is available, but is generic in approach.	
9. Only people who are current managers can access leadership material.	
10. Basic skills covered to bring people up to current requirements.	

## Level 3 - Focussed Leadership Development

For each statement below, please select whether you agree or disagree and to what extent. You are asked to think about your service as it stands today and also how you think you might answer next time you complete the self-assessment (based on the answer you gave on earlier in the tool).

**Please state to what extent you agree or disagree with the following statements. Please choose from Strongly agree, Agree, Neither agree or disagree, Disagree, Strongly Agree**

*If a statement does not apply to your service, please leave the response blank.*

Statement	Thinking about your service now:	In the future:
1. Senior Team statement about need for all staff to adopt leadership skills is communicated at all levels, and widely adopted.		
2. Culture setting and role modelling is evident.		
3. Strategy development and future focus is a part of the organisational debate.		
4. The NFCC Leadership Behaviour Framework has been adopted/adapted and is used in supporting development.		
5. Core progression pathways are understood in the organisation, and training is available for specific areas e.g. budget skills, project management for differing levels within the organisation.		
6. Multiple sources of Leadership content available, with some bespoke routes to current and future skills required.		
7. Lack of development is challenged and plans put in place to support individuals to develop.		
8. Individuals encouraged to seek professional memberships and appropriate qualifications at the right level.		
9. Difficult decisions are undertaken regularly, with plans to improve communicated.		
10. Leadership style development is a regular debate and reinforced in different ways.		
11. Rank pulling actively discouraged and individuals coached away from inappropriate behaviour or abuse of power.		

12. Secondments, working with partners in projects and collaboration are all encouraged to build broad leadership skills.		
13. Exposure to significant projects, reporting to senior teams and members is encouraged to build skills and confidence.		
14. Governance skills such as budget management, project and programme management/sponsorship, report writing are a part of core learning for leaders at appropriate levels of content.		
15. Strong emphasis on team management, team meetings, open discussions on various topics across the FRS.		

**If you have any evidence to support your responses to the statements above, please note them here:**

<b>Statement</b>	<b>Evidence</b>
1. Senior Team statement about need for all staff to adopt leadership skills is communicated at all levels, and widely adopted.	
2. Culture setting and role modelling is evident.	
3. Strategy development and future focus is a part of the organisational debate.	
4. The NFCC Leadership Behaviour Framework has been adopted/adapted and is used in supporting development.	
5. Core progression pathways are understood in the organisation, and training is available for specific areas e.g. budget skills, project management for differing levels within the organisation.	

<p>6. Multiple sources of Leadership content available, with some bespoke routes to current and future skills required.</p>	
<p>7. Lack of development is challenged and plans put in place to support individuals to develop.</p>	
<p>8. Individuals encouraged to seek professional memberships and appropriate qualifications at the right level.</p>	
<p>9. Difficult decisions are undertaken regularly, with plans to improve communicated.</p>	
<p>10. Leadership style development is a regular debate and reinforced in different ways.</p>	
<p>11. Rank pulling actively discouraged and individuals coached away from inappropriate behaviour or abuse of power.</p>	
<p>12. Secondments, working with partners in projects and collaboration are all encouraged to build broad leadership skills.</p>	
<p>13. Exposure to significant projects, reporting to senior teams and members is encouraged to build skills and confidence.</p>	



<p>14. Governance skills such as budget management, project and programme management/sponsorship, report writing are a part of core learning for leaders at appropriate levels of content.</p>	
<p>15. Strong emphasis on team management, team meetings, open discussions on various topics across the FRS.</p>	

**If you wish to note any actions you might take to achieve your goals, please note them here:**

<p><b>Statement</b></p>	<p><b>Actions</b></p>
<p>1. Senior Team statement about need for all staff to adopt leadership skills is communicated at all levels, and widely adopted.</p>	
<p>2. Culture setting and role modelling is evident.</p>	
<p>3. Strategy development and future focus is a part of the organisational debate.</p>	
<p>4. The NFCC Leadership Behaviour Framework has been adopted/adapted and is used in supporting development.</p>	

<p>5. Core progression pathways are understood in the organisation, and training is available for specific areas e.g. budget skills, project management for differing levels within the organisation.</p>	
<p>6. Multiple sources of Leadership content available, with some bespoke routes to current and future skills required.</p>	
<p>7. Lack of development is challenged and plans put in place to support individuals to develop.</p>	
<p>8. Individuals encouraged to seek professional memberships and appropriate qualifications at the right level.</p>	
<p>9. Difficult decisions are undertaken regularly, with plans to improve communicated.</p>	
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<p>12. Secondments, working with partners in projects and collaboration are all encouraged to build broad leadership skills.</p>	

<p>13. Exposure to significant projects, reporting to senior teams and members is encouraged to build skills and confidence.</p>	
<p>14. Governance skills such as budget management, project and programme management/sponsorship, report writing are a part of core learning for leaders at appropriate levels of content.</p>	
<p>15. Strong emphasis on team management, team meetings, open discussions on various topics across the FRS.</p>	

## Level 4 - Strategic Leadership Development

For each statement below, please select whether you agree or disagree and to what extent. You are asked to think about your service as it stands today and also how you think you might answer next time you complete the self-assessment (based on the answer you gave on earlier in the tool).

**Please state to what extent you agree or disagree with the following statements. Please choose from Strongly agree, Agree, Neither agree or disagree, Disagree, Strongly Agree**

*If a statement does not apply to your service, please leave the response blank.*

Statement	Thinking about your service now:	In the future:
1. Championed by the senior team, methods and learning content are wide ranging and bespoke to meet individual needs but focused on meeting service needs.		
2. Ongoing development is considered natural by people and not just part of lead up to and undertaking of new roles.		
3. Future skills analysis are regularly considered and integrated into learning programmes and other organisational forms of learning.		
4. Talent management is integral to business planning.		
5. Information and the Why of decisions is transparent to all staff, and engagement in decision making encouraged.		
6. Decision making is structured to happen at the appropriate level of management so it empowers and builds trust.		
7. Constructive challenge and diverse views are proactively sought in meetings and other engagement mechanisms.		
8. Decisions are widely debated, with ability to change end result.		
9. Significant level of coaching carried out at all levels. Mentoring is available to all where it can add value.		
10. Good support for all individuals as they navigate personal change curve during change, and underlines need for leadership at all levels.		
11. Wellbeing of self and others seen as a valued part of leadership.		

12. Leadership style which is consistent with empowering and supporting people is widely adopted and adapted with feedback from different sources.		
13. Ethical considerations are integral to decision making.		

**If you have any evidence to support your responses to the statements above, please note them here:**

<b>Statement</b>	<b>Evidence</b>
1. Championed by the senior team, methods and learning content are wide ranging and bespoke to meet individual needs but focused on meeting service needs.	
2. Ongoing development is considered natural by people and not just part of lead up to and undertaking of new roles.	
3. Future skills analysis are regularly considered and integrated into learning programmes and other organisational forms of learning.	
4. Talent management is integral to business planning.	
5. Information and the Why of decisions is transparent to all staff, and engagement in decision making encouraged.	
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7. Constructive challenge and diverse views are proactively sought in meetings and other engagement mechanisms.	
8. Decisions are widely debated, with ability to change end result.	
9. Significant level of coaching carried out at all levels. Mentoring is available to all where it can add value.	
10. Good support for all individuals as they navigate personal change curve during change, and underlines need for leadership at all levels.	
11. Wellbeing of self and others seen as a valued part of leadership.	
12. Leadership style which is consistent with empowering and supporting people is widely adopted and adapted with feedback from different sources.	
13. Ethical considerations are integral to decision making.	

If you wish to note any actions you might take to achieve your goals, please note them here:

Statement	Actions
1. Championed by the senior team, methods and learning content are wide ranging and bespoke to meet individual needs but focused on meeting service needs.	
2. Ongoing development is considered natural by people and not just part of lead up to and undertaking of new roles.	
3. Future skills analysis are regularly considered and integrated into learning programmes and other organisational forms of learning.	
4. Talent management is integral to business planning.	
5. Information and the Why of decisions is transparent to all staff, and engagement in decision making encouraged.	
6. Decision making is structured to happen at the appropriate level of management so it empowers and builds trust.	
7. Constructive challenge and diverse views are proactively sought in meetings and other engagement mechanisms.	

8. Decisions are widely debated, with ability to change end result.	
9. Significant level of coaching carried out at all levels. Mentoring is available to all where it can add value.	
10. Good support for all individuals as they navigate personal change curve during change, and underlines need for leadership at all levels.	
11. Wellbeing of self and others seen as a valued part of leadership.	
12. Leadership style which is consistent with empowering and supporting people is widely adopted and adapted with feedback from different sources.	
13. Ethical considerations are integral to decision making.	





**HUMBERSIDE**  
Fire & Rescue Service



## Maturity Model Leadership

Before you start your self-assessment, think about how you will approach it, who and what you need to help you with the process. Working with a diverse group of people from different parts of your organisation will be beneficial and will aid unbiased and balanced assessment.

Please allow up to five working days to receive your Maturity Model self-assessment report. Our analysis team will email you the report as soon as it is ready.

By completing the Maturity Model self-assessment tool you are giving your permission to share your information with the NFCC, please note that your data will not be shared with any third-parties.

If you have any questions, please contact the [Portfolio Analysis team](#)

Name	
Service	Humberside Fire and Rescue Service
Role / Job Title	
Email Address	

When do you expect to review this Maturity Model and complete the self-assessment again?	
In 3 Months	
In 6 Months	
In 9 Months	
In 12 Months	
Other (Specify)	

<b>Improvement Theme Status Matrix</b>		
<b>Improvement Theme Progress %</b>	<b>Progress Descriptor Indicators</b>	<b>Improvement Theme Status</b>
<b>0%</b>	Not started, no progress, no evidence and not on track to fulfil the target completion date	<b>Cause for concern</b>
<b>1-19%</b>	Minimal level of progress, limited evidence, lack of cohesion with the evidence criteria and target completion date	<b>Inadequate</b>
<b>20 – 49%</b>	Moderate level of progress and evidence, restricted level of assurance against the evidence criteria and target completion date	<b>Requires Improvement</b>
<b>50 – 79%</b>	Reasonable level of progress and evidence, indicating an adequate level of cohesion against the evidence criteria and target completion date.	<b>Adequate</b>
<b>80 - 99%</b>	Good level of progress and evidence, indicating a good level of cohesion against the evidence criteria and target completion date.	<b>Good</b>
<b>100%</b>	Completed, transitioned to BAU, comprehensive evidence, demonstrates full compliance with the evidence criteria and fulfilled the target completion date	<b>Outstanding</b>

	<b>(Level 1) Inconsistent approach to Leadership Development</b> (If a statement does not apply to your service, please leave the response blank)	<b>Thinking about your service now</b>	<b>In the future</b>	<b>Evidence</b>	<b>Actions</b>	<b>Progress %</b>
1	1. Some content available, but limited numbers able to access.					3 (
2	2. Benefits are for employees and not aligned to organisational progress.					3 (
3	3. Undertaking leadership development has no bearing on progression.					3 (
4	4. Set people defined as leaders.					3 (
5	5. Limited uptake, difficult decisions passed off.					3 (
6	6. Leadership by fear, or command and control prevalent as major or only style.					3 (
7	7. Decisions not debated.					3 (

	<b>(Level 2) Structured Leadership Development</b> (If a statement does not apply to your service, please leave the response blank)	<b>Thinking about your service now</b>	<b>In the future</b>	<b>Evidence</b>	<b>Actions</b>	<b>Progress %</b>
1	1. Learning content available with context added.					3 (
2	2. Leadership development material able to be accessed by all.					3 (
4	3. Development is actively recognised as key to progression.					3 (
5	4. Developing individuals to become better managers, with some future skills identified.					3 (
6	5. Senior team statement permeates all levels, but only partially adopted.					3 (
7	6. Empowering/coaching leadership styles are used, but with some inappropriate command and control style still present.					3 (
8	7. Decisions are debated.					3 (
9	8. Learning material is available, but is generic in approach.					3 (
10	9. Only people who are current managers can access leadership material.					3 (
10	10. Basic skills covered to bring people up to current requirements.					3 (

<b>(Level 3) Focussed Leadership Development</b> <b>(If a statement does not apply to your service, please leave the response blank)</b>	Wklqnlqj#derxw# rxu#vhuylfh#qrz	Lq#wkh#ixwxuh	Hylghqfh	Dfwrqv	Surjuhv# (
1. Senior Team statement about need for all staff to adopt leadership skills is communicated at all levels, and widely adopted.					3 (
2. Culture setting and role modelling is evident.					3 (
3. Strategy development and future focus is a part of the organisational debate.					3 (
4. The NFCC Leadership Behaviour Framework has been adopted/adapted and is used in supporting development.					3 (
5. Core progression pathways are understood in the organisation, and training is available for specific areas e.g. budget skills, project management for differing levels within the organisation.					3 (
6. Multiple sources of Leadership content available, with some bespoke routes to current and future skills required.					3 (
7. Lack of development is challenged and plans put in place to support individuals to develop.					3 (
8. Individuals encouraged to seek professional memberships and appropriate qualifications at the right level.					3 (
9. Difficult decisions are undertaken regularly, with plans to improve communicated.					3 (
10. Leadership style development is a regular debate and reinforced in different ways.					3 (
11. Rank pulling actively discouraged and individuals coached away from inappropriate behaviour or abuse of power.					3 (
12. Secondments, working with partners in projects and collaboration are all encouraged to build broad leadership skills.					3 (
13. Exposure to significant projects, reporting to senior teams and members is encouraged to build skills and confidence.					3 (
14. Governance skills such as budget management, project and programme management/sponsorship, report writing are a part of core learning for leaders at appropriate levels of content.					3 (
15. Strong emphasis on team management, team meetings, open discussions on various topics across the FRS.					3 (

<b>(Level 4) Strategic Leadership Development</b> <small>(If a statement does not apply to your service, please leave the response blank)</small>	<b>Thinking about your service now</b>	<b>In the future</b>	<b>Evidence</b>	<b>Actions</b>	Surjuhv# (
1. Championed by the senior team, methods and learning content are wide ranging and bespoke to meet individual needs but focused on meeting service needs.					3 (
2. Ongoing development is considered natural by people and not just part of lead up to and undertaking of new roles.					3 (
3. Future skills analysis are regularly considered and integrated into learning programmes and other organisational forms of learning.					3 (
4. Talent management is integral to business planning.					3 (
5. Information and the Why of decisions is transparent to all staff, and engagement in decision making encouraged.					3 (
6. Decision making is structured to happen at the appropriate level of management so it empowers and builds trust.					3 (
7. Constructive challenge and diverse views are proactively sought in meetings and other engagement mechanisms.					3 (
8. Decisions are widely debated, with ability to change end result.					3 (
9. Significant level of coaching carried out at all levels. Mentoring is available to all where it can add value.					3 (
10. Good support for all individuals as they navigate personal change curve during change, and underlines need for leadership at all levels.					3 (
11. Wellbeing of self and others seen as a valued part of leadership.					3 (
12. Leadership style which is consistent with empowering and supporting people is widely adopted and adapted with feedback from different sources.					3 (
13. Ethical considerations are integral to decision making.					3 (





## **GAS COMMITTEE SCRUTINY PROGRAMME AND WORKSTREAMS 2023/24**

### **1. SUMMARY**

- 1.1 This paper summarises the Governance, Audit and Scrutiny (GAS) Committee's Scrutiny Programme and work streams for 2023/24. Each year, the Committee will programme a number of specific, defined scrutiny items complete with scopes in order that relevant officers can focus their reports.
- 1.2 Appendix 1 to this report will serve as a point of reference for report-writers and as a 'living document' during the year for the Committee as it considers the scopes for its scrutiny items.

### **2. MATTER FOR CONSIDERATION**

- 2.1 The Committee to receive approve its scrutiny programme as necessary.
- 2.2 The Committee to note it's work streams.

### **3. BACKGROUND**

- 3.1 Public scrutiny is a corporate process undertaken by the Committee, appointed by the Fire Authority for its breadth of professional experience.

### **4. REPORT DETAIL & OPTIONS/PROPOSALS**

- 4.1 Appendix 1 of this report sets out the topics and scopes for consideration and review as necessary.
- 4.1 Appendix 2 to this report sets out a forward plan of items to be considered by the GAS Committee for the year 2023/24.

### **5. EQUALITY IMPLICATIONS**

- 5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change.

### **6. CONCLUSION**

- 6.1 The Committee is requested to receive any updates and approve changes to its scrutiny programme as necessary.

**Lisa Nicholson**  
Secretary & Monitoring Officer

#### **Officer Contact**

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#### **Background Papers**

None

#### **Glossary/Abbreviations**

GAS	Governance, Audit and Scrutiny Committee
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**Scrutiny Topics for GAS Committee 2023/24**

Date of Meeting	Item	Scope	Lead Officer
<p align="center"><b>Monday 3<sup>rd</sup> July 2023</b></p> <p align="center">[Report deadline: 9am, 21 June]</p>	<p align="center"><b>Grievance Procedures</b></p>	<p><u>Background Context</u></p> <p>HMICFRS Report Context: The service should make sure that it has effective grievance procedures. It should identify and implement ways to improve staff confidence in the grievance process. <i>HMICFRS Inspection Report: Promoting the rights values and culture Pg 36</i></p> <p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Review of grievance policy and its consistency in application</li> <li>• Trend analysis of incoming grievances received</li> <li>• Effectiveness of the training of managers and supervisors in managing related situations</li> <li>• Quality of the communications and engagement with staff to increase understanding and confidence towards the procedures</li> </ul>	<p align="center"><b>Anne Stott - Head of HR</b></p>
<p align="center"><b>Monday 4<sup>th</sup> September 2023</b></p> <p align="center">[Report deadline: 9am, 22 August]</p>	<p align="center"><b>Dignity Works Scheme</b></p>	<p><u>Background Context</u></p> <p>HMIFRS Report Context: The dignity improvement scheme is intended to improve the estate across the service to give all staff appropriate facilities, for example in relation to their gender or religion. However, the facilities for women at one of the stations were described to us as cramped and not suitable. The service should review its scheme, including speaking to staff it affects, and put in any further arrangements required as a result of that review.</p> <p><i>HMICFRS Inspection Report: Promoting the rights values and culture Pg 39</i></p> <p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Review of the scheme, records, monitoring and implementation</li> <li>• Consideration of how EDI is aligned to the scheme including the completion of related Equality Impact Analysis (EIA) for works completed</li> <li>• Review of any identified learning and adjustments resulting from the completed EIA(s)</li> <li>• Performance management and evaluations of work undertaken and the resulting learning outcomes</li> <li>• Communication of works schemes to relevant groups and / stakeholders</li> </ul>	<p align="center"><b>Andy Day - Head of Fleets and Estates</b></p> <p align="center">Mark Blenkinsop - Head of Joint Estates</p>

**Scrutiny Topics for GAS Committee 2023/24**

Date of Meeting	Item	Scope	Lead Officer
<p align="center"><b>Monday 13<sup>th</sup> November 2023</b></p> <p align="center">[Report deadline: 9am, 1 November]</p>	<p align="center"><b>On-call staff learning and development</b></p>	<p><u>Background Context</u>                      HMIFRS Report Context: Ways of working which resulted in on-call staff not feeling as valued as other groups of staff. There is generally a positive working culture throughout the service. It has worked hard to try to build an open culture, including commissioning psychometric profiles for management teams. But we were told of pockets of behaviours and ways of working which resulted in on-call staff not feeling as valued as other groups of staff. The service needs to do more to make sure this problem is addressed.  <i>HMICFRS Inspection Report: Getting the right people with the right skills Pg 33</i></p> <p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Identification of any differences between opportunities provided for fulltime staff opposed to On-Call</li> <li>• Effectiveness of how the PDR process is applied and managed for On-Call staff</li> <li>• Review of how the agreed outcomes and training, arising from the completed On-Call PDR's, are progressed and completed</li> <li>• Identification of any comments, references and overarching trend analysis arising from completed PDR's, including those relating to the Core Code of Ethics</li> </ul>	<p align="center"><b>Claire Tait - Head of Training</b></p> <p align="center"><b>&amp;</b></p> <p align="center"><b>Sam O'Connor - Head of Organisational Development</b></p> <p align="center">District Manager East Riding</p> <p align="center">District Manager North Lincs</p>

**Scrutiny Topics for GAS Committee 2023/24**

Date of Meeting	Item	Scope	Lead Officer
<p align="center"><b>Monday 22<sup>nd</sup> January 2024</b></p> <p align="center">[Report deadline: 9am, 10 January]</p>	<p><b>Fire Control - Exercises and Debrief</b></p>	<p><u>Background Context</u>                      HMICFRS Report Context: We are pleased to see the service’s control staff integrated into the service’s command, training, and assurance activity. We are, however, disappointed to find that the service’s control staff aren’t always included in the service’s exercise and debrief activity. The service should make sure that fire control staff are routinely invited to attend debriefs and exercises.  <i>HMICFRS Inspection Report: Responding to fires and other emergencies Pg 19</i></p> <p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Processes and procedures to ensure the inclusion of control room staff in exercise and debrief activities</li> <li>• How exercise and debrief activities are recorded to register Fire Controls involvement in the process.</li> <li>• Mechanisms in place to capture learning and actions for Fire Control to address, including evidence of their application and learning outcomes.</li> <li>• How the outcomes and leaning from exercises and debriefs are effectively communicated amongst Fire Control staff and other key stakeholders as applicable.</li> </ul> <p>Review of any related policy and / or guidance to demonstrate compliance</p>	<p><b>Dan Meeke - Head of Emergency Preparedness &amp; Control</b></p> <p>Graeme Dickson - Station Manager (Control)</p>
	<p><b>Update on the Grievance Process</b></p>	<p><u>Background Context</u>                      Requested by the Committee at its meeting of 4<sup>th</sup> September following the updated action schedule detailing progress made against recommendations of the Committee of 3<sup>rd</sup> July when receiving the report on Grievance Procedures.</p> <p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Update on the development and utilisation of the People dashboard</li> <li>• Related HMI Thematic outcomes</li> <li>• Data return revisions</li> <li>• Progress/completion against any applicable V&amp;C culture recommendations</li> </ul>	<p><b>Anne Stott - Head of HR</b></p>

**Scrutiny Topics for GAS Committee 2023/24**

Date of Meeting	Item	Scope	Lead Officer
<p align="center"><b>Monday 19<sup>th</sup> February 2024</b></p> <p align="center">[Report deadline: 9am, 7 February]</p>	<p align="center"><b>National Fire Chiefs Council (NFCC) Maturity Model</b></p>	<p><u>Background Context</u></p> <p>Developed in conjunction with Fire and Rescue Services and based on the principles of the Deloitte methodology, the <a href="#">maturity models and Workforce Good Practice Framework</a> introduced by the National Fire Chiefs Council (NFCC) allow Fire and Rescue Services to assess current practice by using a self-assessment tool to determine their current level of maturity.</p> <p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Processes used to manage the completion of the related maturity model subject(s)</li> <li>• Assurance and validation of the self-assessment evidence provided</li> <li>• Monitoring and review of self-assessment for changes and / or arising issues</li> <li>• Review of actions used to address identified GAPS through the self-assessment tool</li> <li>• Review of learning and outcomes generated from completed self-assessment(s)</li> <li>• As applicable how the outcomes from an independent review of the self-assessment(s) are addressed regarding sharing best practice and addressing areas of needed improvement</li> </ul>	<p align="center"><b>Jamie Morris - Head of Corporate Assurance</b></p>
<p align="center"><b>Monday 8<sup>th</sup> April 2024</b></p> <p align="center">[Report deadline: 9am, 25 March]</p>	<p align="center"><b>HMICFRS Values and Culture in Fire &amp; Rescue Services</b></p>	<p><u>Background Context</u></p> <p>On 30 March 2023 HMICFRS published its report <i>Values and culture in fire and rescue services</i>. This report focuses on the values and culture of all 44 fire and rescue services (FRSs) in England and draws on the evidence collected through the inspections of FRSs since 2018. In response to this, all 44 FRSs have to have an action plan in place to implement the 35 recommendations made in the report.</p> <p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Background into Values and Culture work being undertaken by HMICFRS</li> <li>• Review of HFRS Values and Culture Action Plan</li> <li>• Compliance status against Service led recommendations made by HMICFRS</li> <li>• Governance arrangements for continual implementation and monitoring of recommendations and actions</li> </ul>	<p align="center"><b>Jamie Morris - Head of Corporate Assurance</b></p>

<b>GAS Committee Scrutiny Programme 2023/24</b>	
<b>Meeting Date</b>	<b>Item and Scope</b>
Monday 3rd July 2023	<ul style="list-style-type: none"> <li>• Treasury Management Annual Report 2022/23</li> <li>• Internal Audit Reports</li> <li>• Scrutiny item: Grievance Procedures</li> </ul>
Monday 4th September 2023	<ul style="list-style-type: none"> <li>• Management Accounts Period ending 30 June 2023</li> <li>• Internal Audit Reports</li> <li>• External Audit Completion Report</li> <li>• Annual Statement of Accounts 2022/23</li> <li>• Scrutiny item: Dignity Works Scheme</li> </ul>
Monday 13th November 2023	<ul style="list-style-type: none"> <li>• Internal Audit Reports</li> <li>• Management Accounts Period ending 30 Sep 2023</li> <li>• Treasury Management Half Year Report 2022/23</li> <li>• Scrutiny item: On-call staff learning and development</li> </ul>
Monday 22nd January 2024	<ul style="list-style-type: none"> <li>• Auditor's Annual Report 2022/23</li> <li>• Internal Audit Reports</li> <li>• Review of Anti-Fraud Related Policies [verbal]</li> <li>• Scrutiny item: Fire Control - Exercises and Debrief</li> </ul>
Monday 19th February 2024	<ul style="list-style-type: none"> <li>• Internal Audit Reports</li> <li>• Internal Audit Plan 2024/25</li> <li>• Treasury Management and Capital Expenditure Strategy 2024/25</li> <li>• Scrutiny item: National Fire Chiefs Council (NFCC) Maturity Model</li> </ul>