

HUMBERSIDE FIRE AUTHORITY

27 JUNE 2016

PRESENT:

Representing East Riding of Yorkshire Council:

Councillors Chadwick, Finlay, Green, Jefferson JP, Matthews, Sharpe and Turner

Representing Kingston upon Hull City Council:

Councillors Allen, Clarkson, Dad, Fudge, Mathieson and Wilson

Representing North Lincolnshire Council:

Councillors Briggs (Chairperson), Grant, Sherwood and Waltham

Representing North East Lincolnshire Council:

Councillors Jackson, Shepherd and Sutton

Chief Fire Officer & Chief Executive, Deputy Chief Fire Officer/Executive Director Service Delivery, Executive Director Service Support/Section 151 Officer, Director of Public Safety, Monitoring Officer/Secretary, Committee Manager, Ms J Rae (External Auditor (KPMG)) and Mr D Chapman (Chairperson of the Governance, Audit and Scrutiny Committee) were also present.

Mr A Smith, Mrs A Thomlinson and Mr C Vertigans (Independent Co-opted Members of the Governance, Audit and Scrutiny Committee) also attended as observers.

An apology for absence was submitted from Councillor Burton.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull. Meeting commenced at 10.30 a.m.

(The Chairperson welcomed the Independent Co-opted Members of the Governance, Audit and Scrutiny Committee and all other persons who were present.)

5163 DECLARATIONS OF INTEREST – There were no declarations.

5164 MINUTES – Resolved – That the minutes of the Annual Meeting of the Authority held on 6 June 2016 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

5165 QUESTIONS BY MEMBERS - The Monitoring Officer/Secretary stated that no questions had been received from Members in accordance with Rule 12, Part 4 of the Constitution.

5166 PETITIONS AND DEPUTATIONS - The Monitoring Officer/Secretary stated that no petitions had been received and no requests for a deputation had been received under Rule 13, Part 4 of the Constitution.

5167 COMMUNICATIONS - The Chairperson reported that a communication had been received from East Riding of Yorkshire Council that Councillor Hodgson had resigned as a Councillor and therefore was no longer a Member of the Fire Authority.

5168 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUTHORITY HELD ON 6 JUNE 2016 – The Chairperson invited the Authority to consider making appointments to those positions previously held by former Councillor Hodgson as referred to in Minute 5129 (Committee Structure and Composition 2016/17) and Minute 5131 (Appointment of Nominated Spokespersons for Each Constituent Unitary Authority). The

Chairperson stated that with regard to former Councillor Hodgson being an Elected Member Director on HFR Solutions that nomination would be reviewed upon receipt of an invitation from HFR Solutions for the Authority to nominate a replacement.

Resolved – That the following appointments until the Annual Meeting of the Authority in 2017 be approved:

- (i) Pensions Board – Elected Member Representative: Councillor Shepherd
- (ii) Appeals Committee – Conservative Group nominee: Councillor Chadwick
- (iii) Equality and Inclusion Group: Councillor Sharpe
- (iv) Nominated Spokespersons – East Riding of Yorkshire Council: Councillor Sharpe

MINUTES OF COMMITTEES

5169 Governance, Audit and Scrutiny Committee – The Chairperson of the Governance, Audit and Scrutiny Committee presented the minutes of the meeting of the Committee held on 17 June 2016.

A Member referred to Minute 5143 regarding the Performance and Risk meetings held on a quarterly basis at Community Protection Unit level and asked if dates of those meetings could be circulated to Elected Members. The Deputy Chief Fire Officer/Executive Director Service Delivery confirmed that the information would be re-circulated. A Member referred to Minute 5146 insofar as it related to the scrutiny review of Members' Allowances and suggested that it might be preferable for the Sub-Group undertaking the review to meet with more than 1 Member from each of the constituent unitary authorities having regard to political composition. The Chairperson of the Fire Authority stated that who the Sub-Group should meet would be decided in consultation with Group Secretaries; reminded Members that they can attend meetings of the Committee as observers, and thanked the Committee for the work it was doing. A Member referred to the Internal Audit Update with regard to the review of Procurement (Minute 5147 refers) and welcomed the challenge by the Committee of the awarding of 'significant' assurance given that the report identified some areas for action.

Resolved – That the minutes of the Governance, Audit and Scrutiny Committee held on 17 June 2016 be received.

5170 Pension Board – Resolved – That the minutes of the Pension Board held on 20 June 2016 be received.

5171 ANNUAL STATEMENT OF ACCOUNTS 2015/16 - UNAUDITED - The Executive Director Service Support/Section151 Officer submitted a report containing the Authority's full unaudited Statement of Accounts for 2015/16 as set out in Appendix 1 to the report and also highlighting the key aspects of revenue and capital outturn for the year. The accounts covered by the report were subject to audit by KPMG in their role as the Authority's external auditor. The intention was that the audited Statement of Accounts will be approved by the Fire Authority by 31 July 2016 although statutorily this could be any time before 30 September 2016. The outturn position for the revenue budget for 2015/16 was a £1.223m underspend which compared well to the period 11 end of February 2016 projection in the Management Accounts of a £1.107m underspend. The full schedule of variances was set out in more detail in the Statement of Accounts (Appendix 2, pages 80-82). The outturn for the Capital Programme showed spending of £5.175m (£4.614m was the Authority's Capital Programme and £561k was the East Coast and Hertfordshire Control Room Consortium spend in 2015/16) as detailed in the report. The report identified eleven projects that had not been completed in 2015/16 and for which it was proposed that the capital allocations be re-phased into the 2016/17 Capital Programme. Table 1 in paragraph 8 to the report showed the overall position on Reserves at 31 March 2016 and some recommended movements in

reserves to be effected from 1 April 2016. Table 1 showed overall revenue reserves of £15.1m at 31 March 2016. The Authority had worked hard in recent years to deliver a sound level of reserves. This was particularly important against the uncertain financial backdrop for 2017/18 onwards. The earmarked reserves identified in the Table underpinned a number of key areas of work for the Service. Many of those workstreams were now in the implementation/delivery stage.

In terms of key financial indicators the report indicated that against the backdrop of significant austerity (the Authority’s external financing from Government had been reduced by 28% or £7.5m over the period 2011/12 to 2015/16 as well as a 5 year freeze in the precept/council tax between 2011/12 and 2015/16), and drew attention to the following key financial indicators as set out in the table below:

<u>Key Indicator</u>	<u>2012/13 actual</u>	<u>2013/14 actual</u>	<u>2014/15 actual</u>	<u>2015/16 actual (unaudited)</u>	<u>2016/17 projected</u>	<u>2017/18 projected</u>
Capital Financing Requirement (CFR)	£17.7m	£16.6m	£15.6m	£16.1m	£15.7m	£15.2m
Long-term Borrowing(PWLB) (excluding leases)	£18.6m	£17.7m	£16.6m	£15.3m	£14.4m	£13.6m
Revenue Outturn	£2.1m underspend	£1.5m underspend	£1.3m underspend	£1.2m underspend	-	-
Total Revenue Reserves	£18.6m	£17.3m	£16.1m	£15.1m	£11.0m	£10.5m

Fundamentally the Authority’s underlying position was sound and against the backdrop of austerity the Capital Financing Requirement (CFR) (the Authority’s underlying need to borrow for a capital purpose) had increased slightly in 2015/16 over the 2014/15 level. This was not a cause for concern and showed the CFR stabilising on a downward trend over the period 2012/13 to 2015/16. The recommended movements in reserves in Table 1 above showed further resources directed towards the capital programme which will reduce the CFR further in line with the reducing financial size of the Authority due to austerity. The revenue outturn underspend was lower than in the previous year and overall reserves had also reduced. Both of these elements demonstrated a financial tightening as efficiency measures are worked through alongside significant reductions in external funding. The Authority’s budget was balanced for 2016/17. 2017/18 onwards will require careful monitoring given that the Government’s austerity programme is unlikely to abate before 2020. The Service Re-design Programme currently underway will examine all possible options for further efficiency in ‘non-fire engine’ areas of the Service. This will be vital for the challenges that will lie ahead for 2017/18 onwards.

In conclusion the report captured the financial impact of the Authority’s activities during the 2015/16 financial year. The picture was one of robust finances despite the fact that £7.5m had been removed from the Authority’s base funding over the period 2011/12 to 2015/16. Judicious use of reserves had ensured, and will continue to ensure, that key investment projects are undertaken. Principal amongst these are the Control Refurbishment, the WAN, Clough Road, BA Replacement and the new stations for Brough and Central Fire Station, Hull, which are currently under construction. The financial challenges will continue over the period 2017/18 onwards and the Authority is well placed to meet these challenges. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 5148 refers).

In response to a query by a Member regarding there being no reference to Internal Audit in the Governance Framework set out on pages 75/76 of the report the Executive

Director Service Support/Section151 Officer stated that the Internal Auditor was identified in the section of the report "Review of Effectiveness" on page 77 of the report.

Resolved - That Members –

- (a) take assurance from the accounts presented;
- (b) approve the Capital Programme 'slippage' at paragraph 7 of the report; and
- (c) approve the position on Reserves as at 1 April 2016.

5172 TREASURY MANAGEMENT ANNUAL REPORT 2015/16 – The Executive Director Service Support/Section151 Officer submitted a report providing a review of the Authority's Treasury Management activity and Prudential Indicators for the year 2015/16 in line with the Chartered Institute of Public Finance and Accountancy (CIFPA) Code of Practice 2009. The report showed full compliance with the Authority's Prudential Indicators for 2015/16. Appendix 1 to the report detailed the agreed Prudential Indicators for 2015/16 and the actual figures for 2015/16. During the financial year the Authority had operated wholly within the limits approved. The report stated that the Section 151 Officer considered the current capital programme to be affordable and sustainable with the revenue effects of capital investment built into the Medium-Term Financial Plan. Through the Medium-Term Financial Planning Process, the Authority had aligned its resources to key strategic priorities. With regard to Treasury Management the report indicated that based on the Operational Boundary definition, external debt at 31 March 2016 was £6.6m below the agreed Operational Boundary for 2015/16 and the maturity structure for both borrowing and investments remained within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2016/17 would take in to account prevailing interest rates on offer from the Public Works Loans Board, the current maturity structure of loans, balanced with the need to reduce capital risk by keeping down cash-balances. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 5149 refers).

Resolved - That Members take assurance from the Treasury Management activities undertaken during 2015/16 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1 to the report.

5173 FIRE AND RESCUE AUTHORITIES' EFFICIENCY PLANS – The Executive Director Service Support/Section151 Officer submitted a report bringing to the attention of Members a letter that had recently been received from The Rt. Hon Mike Penning MP, Minister for Policing, Fire, Criminal Justice and Victims, on the subject of Fire and Rescue Authorities' Efficiency Plans and four-year funding allocations to 2019/20. A copy of the letter received on 24 May 2016 was attached at Appendix 1 to the report. The letter set out further details and requirements in relation to the Government's offer of a 'firm four-year funding allocation to 2019-20'. In order to be considered for the 'offer' it was necessary to produce a robust, transparent and locally owned efficiency plan which meets the criteria set out in the Annex to the letter. Reassurances had been sought that those authorities (like Humberside) that had already made significant efficiencies over the period 2010 to 2016 (£10.5m) will not be penalised due to the forward-looking nature of the efficiency plans requested. With the support of Members it was considered to be beneficial to take-up the offer from the Government and consequently work will be undertaken to develop an efficiency plan that dovetails with the Authority's Medium-Term Financial Plan (MTFP). The efficiency plan will be brought for consideration by Members at the 23 September 2016 Fire Authority meeting before the deadline of 14 October 2016.

A Member suggested that it might be prudent to write to the Home Office in August 2016 asking whether the Government's offer of a 'firm four-year funding allocation to 2019-20' is still available.

Resolved - That Members support the uptake of the offer from the Government of a four-year funding allocation and that the associated efficiency plan be considered at the 23 September 2016 Fire Authority meeting.

5174 ABSENCE MANAGEMENT AND REPORTING 2016/17 – The Executive Director Service Support/Section 151 Officer submitted a report providing an update to Members with regard to absence management and reporting during 2016/17 and beyond, specifically in relation to an action arising from the 25 April 2016 HFA meeting whereby it was resolved that sickness absence would be reported to each meeting of the HFA (Minute 5018 refers). In terms of Absence Management Reporting the report indicated that during the last two months a verification exercise was conducted to finalise the sickness absence figures for 2015/16 and hence the targets for 2016/17. The outcome of the verification exercise had resulted in final sickness absence figures for 2015/16, which had now been incorporated for performance target reporting during 2016/17. Figures reflected the average number of working days absence per employee, across each staff group and at Service level. It was recommended that target setting for sickness absence is brought into line with other performance reporting in that a 3 year average baseline of actual performance, adjusted to stimulate or maintain improvement, is adopted from 2016/17 onwards as set out in Table 1 at paragraph 5 of the report. An indication of the Service's average sickness absence for the years 2013/14, 2014/15 and 2015/16 was set out in Table 2 at paragraph 7 of the report. Pleasingly the Wholetime Duty System (WDS) absence performance was stable between 2014/15 and 2015/16 and for the same period for Support the figure has decreased significantly. There was however an upward trend across the retained Duty System (RDS) and Control employee groups. The increase in sickness for Control was attributable to a small number of individuals with long-term absences, within a relatively small employee group. The more consistent increase in sickness absence for RDS employees will be subjected to further analysis by the HR team and line managers, in order that the reasons for the increase can be fully understood and appropriate management actions applied.

A new Absence Management Policy was currently under development with a view to its implementation in the 2nd quarter of 2016/17 which will use trigger points set out at paragraph of the report within a rolling year. This will help to identify employees who regularly have poor attendance. Frequent short-term absence is much more disruptive to the Service than long-term absence, although it was recognised that both need to be carefully and sensitively managed. An absence lasting 21 days or more will be deemed to be long-term sickness for the purposes of the policy. On a monthly basis HR will produce confidential absence reports known as "trigger reports" for Managers which will highlight those employees whose attendance record is giving 'cause for concern'. Sickness statistics will also be reported to the Tactical Management Team (TMT) for discussion. The recent appointment of the HR Manager in March 2016 and the impending HR Director appointment will further support the strategic development of recording, assessment, management/resolution and reporting of sickness absence across all employee groups in addition to significantly raising the profile of HR at Fire Authority and Corporate Management Team level.

A Member requested that future reports should include a breakdown of long term and short term absences. The Executive Director Service Support/Section 151 Officer stated that the statistics would be reported in more detail through the normal quarterly performance reports. A Member sought clarification regarding the role of Occupational Health. The Executive Director Service Support/Section 151 Officer stated that the proposed policy included further detail of the role of Occupational Health.

Resolved - (a) That Members note the Service's proactive approach to absence management;

(b) that the targets set out at paragraph 5 of the report be adopted as the Service's sickness absence targets for 2016/17, and

(c) that a summary of performance, including sickness absence will continue to be formally reported on a quarterly basis, in accordance with our Performance Management Framework.

5175 DRAFT EQUALITY AND INCLUSION ANNUAL REPORT 2016 FOR CONSULTATION – The Director of Public Safety submitted a report indicating that the Service has a duty, under the Equality Act 2010 (EA) to set and publish Equality Objectives. An Annual Report on Equality and Inclusion had been drafted and would be used as a vehicle to publish and consult upon the objectives. An eight week public consultation on the Equality Objectives was proposed which would be facilitated through the Authority's website, mailshots and workshop sessions. The Annual Report was attached at Appendix 1 to the report ready for public consultation. After consultation the final version incorporating relevant feedback will be brought back to the Authority for approval.

Under the Equality Act 2010 the Service has general duties and specific duties, the Public Sector Equality Duty (PSED), as outlined below:

General equality duty (section 149 Equality Act 2010)

- (a) Eliminate unlawful discrimination, harassment and victimization;
- (b) Advance equality of opportunity between different groups;
- (c) Foster good relations between different groups.

Specific duties (Schedule 19 Equality Act)

Listed public authorities must publish:

- (a) Information on employees (if 150 staff or more) and people affected by policies and practices to demonstrate compliance with the equality duty, at least annually;
- (b) Specific and measurable equality objectives, at least every four years.

The Service had taken the opportunity to utilise an 'Annual Report on Equality and Inclusion' as a vehicle for communicating the equality objectives, this will meet the publication requirement identified in part (b) above. The requirement in part (a) will be met by the production of Community and Workforce profile data, to be set out in a future report to the Authority.

An engagement approach to identifying new equality objectives was undertaken during April 2016. Four workshops were undertaken with participation from over 50 members of staff. The Equality and Inclusion Task Group further refined the outcomes from the workshops into the following five priorities as set out in Annual Report attached at Appendix 1 to the report:

- Priority 1: Learning and leading by example on equality.
- Priority 2: Increasing diversity in our workforce through a holistic workforce planning strategy.
- Priority 3: developing a safe and fair workplace culture for all staff.
- Priority 4: Continue to improve our knowledge of and our engagement with diverse communities.
- Priority 5: Assessing fire and other emergency risks linked to multiple disadvantages and discrimination.

In future years, reporting of progress against the equality objectives; along with the production of workforce profile data will be undertaken as part of the Business Planning Framework rather than separate Equality and Inclusion reports. The report outlined the proposed consultation process. The views of consultees will be considered when preparing the final version of the Equality Objectives. A paper will be brought back to Authority to consider the consultation outcomes prior to approving the final Equality Objectives.

A Member noted that 50 persons had taken part in the 4 workshop sessions and queried whether there was any intent to seek to increase that level of participation. The Director of Public Safety reminded Members that the Authority had established an Equality and Inclusion Task Group which comprised representatives from all parts of the Service, and which included an Elected Member representative. The Chief Fire Officer & Chief Executive

informed Members that the next Member Day would include a session on Equality and Inclusion. A Member stated that equality and inclusion centred on culture and there was a need to ensure that everyone in the organisation was engaged and that it is embraced by all. The Chief Fire Officer & Chief Executive referred to the speech by the Home Secretary which had been previously circulated to all Members and stated that it was clear from parts of that speech that workforce culture and diversity of the workforce would be a focus of the Government.

Resolved – That Members approve the Equality and Inclusion Annual Report for an eight week period of consultation.

5176 FIRE AND RESCUE DAY JULY 2016 - The Chairperson reminded Members of the Fire and Rescue Day to be held at 7 Lakes Country Park, Crowle on 9 July 2016.

5177 EXCLUSION OF THE PRESS/PUBLIC - Resolved – That the press and public be excluded from the meeting for consideration of the following item (Minute 5178) on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

(In making its decision the Authority confirmed that having regard to all the circumstances it was satisfied that the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

5178 OUTLINE BUSINESS CASE – NORTH YORKSHIRE FIRE AND RESCUE AUTHORITY AND HUMBERSIDE FIRE AUTHORITY - The Chief Fire Officer & Chief Executive submitted a report describing the work to date by the senior management teams of both Humberside and North Yorkshire Fire & Rescue Services in preparing an outline business case for the merger of their respective Authorities. Should this Authority agree the recommendation further work would need to be undertaken to prepare a full business case to inform a decision to progress to full merger.

As Members were aware Government grant allocations to FRSs had reduced year on year since 2011. Whilst significant change programmes had been implemented to address reduced budgets 'in service' as reductions continued, attention had inevitably turned to seeking efficiencies through collaboration with others both within and outside the fire sector. Whilst work mapping out what a merged service might look like had commenced and is on-going, it was noted that this had been done against a backdrop of change that will undoubtedly impact on FRSs in the medium to long term and this should be borne in mind when considering the business case. The first stage in reform had already been signalled by the Government in its movement of FRSs into the Home Office. The change landscape continued and included the consultation on, and subsequent publication of, the Police and Crime Bill which is due to be enacted in early 2017 – the impact on FRSs is contained within the ability for a Police and Crime Commissioner to take control of their local FRS, as well as its associated police force, as a 'single employer' where a 'local case is made'.

The discussions between the two fire authorities had sought to:

- identify the drivers for, and benefits of, a merger;
- test whether a merger would be financially viable including the impact of changes to financial structures;
- ensure a merger would maintain operational assurance and benefit public safety;
- provide indicative timescales for improved efficiency and the impact of any transitional arrangements;
- Outline the organisational structure.

For Humberside, over the next five years the report outlined a number of factors which will still require the delivery of efficiencies and reviews of the structure of the organisation. The report concluded that having considered all of the headline issues and risks as part of

the work done on the business case thus far, on balance it would appear there are some benefits to pursue a merger and the newly merged organisation could, subject to full consultation and Government approval, be in place by 1 April 2020. The Chief Fire Officer & Chief Executive informed Members that an additional staff resource would be required to further develop the outline business case.

Resolved – (a) That Members agree that Officers should carry out further work leading to production of a full Business Case for merger to be considered at the December 2016 Authority meeting together with an associated communication strategy for engaging with communities within the Authority's area;

(b) that the Officers be asked to organise a joint meeting between Members of North Yorkshire Fire and Rescue Authority and this Authority, and also to provide an opportunity for the trade unions to give a presentation to Members of this Authority, and

(c) that the situation be appropriately updated at future meetings of the Authority.

Meeting closed at 11.24am