

HUMBERSIDE FIRE AUTHORITY

24 JUNE 2013

PRESENT:

Representing East Riding of Yorkshire Council:

Councillors Engall MBE, Hodgson, Ibson, Mole, Moore and Whittle

Representing Kingston upon Hull City Council:

Councillors Armstrong, Gemmell OBE, Petrini, Quinn and S. Walker

Representing North Lincolnshire Council:

Councillors Briggs (Chairperson) and Waltham

Representing North East Lincolnshire Council:

Councillors Baxter, Wallace, Wilson and T. Walker

Mr D Hughes, Chairperson of Governance, Audit and Scrutiny Committee was also present. Mr M Allingham and Mrs G Hardy (Independent Co-opted Members) also attended as observers.

Apologies for absence were received from Councillors Chapman MBE, Mathieson, Swift, Turner and Vickers. Councillor Waltham was not present at the start of the meeting.

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

4169 DECLARATIONS OF INTEREST - No declarations were made in connection with any of the items to be considered at the meeting.

4170 CHAIRPERSON'S ANNOUNCEMENTS – The Chairperson congratulated Councillor Engall on her recent award of an MBE. Members also expressed their congratulations. The Chairperson also reminded Members of the Fire and Rescue Day to be held at Crowle Lakes on 13th July 2013. The Chairperson informed Members that members of staff, in aid of the Fire Fighters Charity, were holding a national 3 peaks challenge on 27 June 2013 should any Member wish to sponsor the event.

4171 MINUTES – Resolved – That the minutes of the special meeting of the Authority held on 10 May 2013 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

4172 MINUTES – Resolved – That the minutes of the Annual General Meeting of the Authority held on 24 May 2013, having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

4173 PETITIONS AND DEPUTATIONS - The Secretary/Director of People stated that no petitions had been received and no requests for a deputation had been received under Rule 12, Part 4 of the Constitution.

4174 COMMUNICATIONS - The Chairperson reported that he had received a letter from the Fire Officers' Association explaining its position regarding pensions and stated that a copy would be circulated to all Members. The Chairperson also reported that he had received a communication from the Fire Brigades' Union regarding its response to Sir Ken Knight's Review of Efficiencies and Operations in Fire and Rescue Authorities in England.

The Chairperson referred to the booklet on the Review which had previously been circulated by email to Members and stated that any Member who had not yet received a copy should obtain a copy from the Secretary/Director of People after this meeting.

4175 QUESTIONS BY MEMBERS - The Secretary/Director of People stated that no questions had been received from Members in accordance with Rule 12, Part 4 of the Constitution.

4176 MATTERS ARISING – FIRE AUTHORITY AND GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE – The Secretary/Director of People submitted a report consolidating certain matters seeking an Authority decision arising from the Annual General Meeting of the Authority on 24 May 2013 and the meeting of the Governance, Audit and Scrutiny Committee on 11 June 2013 with regard to:

- (i) 'HFR Solutions' (CIC) – Elected Member representation (Minute 4137 refers). The view of the Secretary remained as set out in the draft minutes but ultimately it was a matter for the Authority to decide. The Authority must be satisfied that there exists good governance and accountability arrangements in place and the report later on the Agenda for this meeting in respect to 'HFR Solutions' (CIC) was intended to provide further assurance to the Authority. Members were asked to note the report concerning the CIC which was considered by the Governance, Audit and Scrutiny Committee on 11 June 2013 and the recommendation from the Committee that it would be preferable that Elected Members do not become Directors of the Company (Minute 4150 refers).
- (ii) Appointment of Vice-Chairperson of Governance, Audit and Scrutiny Committee - At its meeting on 11 June 2013 the Governance, Audit and Scrutiny Committee decided to seek the Authority's approval to the appointment of a Vice-Chairperson (Minute 4143 refers). The Authority's Constitution did not provide for the appointment of a Vice-Chairperson (other than in respect to the Authority) nor did it preclude it. This was entirely a matter for the Authority. The previous practice of committees was that there was no Vice-Chairperson and in the absence of the Chairperson then a Member was nominated to take the Chair for that particular meeting. There was no allowance in the current scheme payable in respect to a Vice-Chairperson of a committee.
- (iii) Term of Office – Independent Co-Opted Members – At the Governance, Audit and Scrutiny Committee on 11th June 2013 (Minute 4146 refers) the Committee requested that the Authority review its decision at its meeting on 23 April 2013 (Minute 4107 refers) in respect to the recently appointed Members and confirm their term of office beyond the next review planned for April 2014. This was a matter entirely for the Fire Authority to determine.

It was suggested that Members might find it helpful to capture the above matters in a single report. Members were asked to consider the report and read the relevant draft meeting minutes for further background and the reports elsewhere on this Agenda in respect to 'HFR Solutions' (CIC).

Resolved – (a) That the matters set out in the report be referred for consideration by the Group Secretaries and that their recommendations be reported to the next meeting of the Authority, and

(b) that the Group Secretaries shall meet prior to the Member Day on 5

July 2013.

MINUTES OF COMMITTEES

4177 Governance, Audit and Scrutiny Committee – Mr D Hughes, Chairperson of the Governance, Audit & Scrutiny Committee submitted a report summarising the salient points arising from the Governance, Audit & Scrutiny Committee Members' discussion of reports on the Agenda for the meeting held on 11 June 2013. The report was to be read in conjunction with the draft minutes of the Committee. The report drew the attention of the Authority to the discussion by Governance, Audit and Scrutiny Committee Members on the following items:

- Appointment of a Vice-Chairperson (Minute 4143 refers)
- Governance, Audit & Scrutiny Committee Report (Minute 4146 refers)
- Internal Audit Report (Minutes 4155 and 4157 refer) -
- Operational Efficiency Programme – (Minute 4165 refers)
- HFR Solutions – (Minute 4150 refers)

Mr D Hughes, Chairperson of the Governance, Audit & Scrutiny Committee then presented the minutes of that Committee held on 11 June 2013. The Chairperson of the Fire Authority thanked Mr Hughes for his report.

A Member referred to Minute 4164 and the views expressed that Members of the Governance, Audit and Scrutiny Committee might have some input into the draft response to Sir Ken Knight's report and stated that the draft response was a matter for the Authority and that the Committee's role should be a scrutinising role, and that it would be a bit of duplicity if that Committee was to be involved in drafting the response. The Chairperson stated that Mr Hughes would take that message back to the Governance, Audit and Scrutiny Committee.

Resolved – (a) That the Authority notes the report by Mr Hughes, Chairperson of the Governance, Audit and Scrutiny Committee bringing matters to the attention of the Elected Members, and

(b) that the minutes of the Governance, Audit and Scrutiny Committee held on 11 June 2013 be received.

4178 MANAGEMENT ACCOUNTS TO 31 MAY 2013 - The Director of Finance & Assets/Section 151 Officer submitted a report containing the Authority's Management Accounts and Prudential Indicators for the period ending 31 May 2013. The summary estimated outturn position from the Management Accounts and Prudential Indicators was as follows:

- Revenue Budget - on budget;
- Capital Programme - £2.879m total expenditure (before 2012/13 slippage);
- Pensions Account - £9.307m deficit

Resolved – That Members take assurance from the report and the Authority's financial position for the period ending 31 May 2013.

(Councillor Waltham arrived at 10.50am)

4179 ANNUAL STATEMENT OF ACCOUNTS 2012/13 – The Director of Finance & Assets/Section 151 Officer submitted a report containing the Authority's full unaudited Statement of Accounts for 2012/13 as set out in Appendix 1 to the report and also highlighting the key aspects of revenue and capital outturn for the year. The audited Statement of Accounts for the Authority's Community Interest Company (CIC) for 2012/13 was set out in Appendix 2 to the report. The Accounts covered by the report in Appendix 1 were subject to audit by KPMG in their role as the Authority's external auditor. The audited Statement of Accounts must be approved by the Fire Authority by 30 September 2013. The report indicated that outturn position for the revenue budget for 2012/13 was a £2.076m

underspend which compared well to the period 11 end of February 2013 projection in the Management Accounts of a £1.949m underspend. The full schedule of variances was set out in more detail in the Foreword to the Statement of Accounts

The report included the annual accounts of 'HFR Solutions' the Authority's Controlled Interest Company which was established in January 2012 and commenced trading on 1 April 2012. The CIC's Annual Accounts for 2012/13 were compiled by Audit Solutions (UK) Limited of Scunthorpe and independently audited by Streets Audit LLP of Lincoln in April 2013. There was no requirement under the Companies Act legislation for an audit due to the size of the CIC's turnover, but it was felt from the perspective of prudence that an audit would give maximum assurance before consolidation into the Authority's accounts took place. The first year trading performance of the CIC had been strong with a post corporation tax surplus of £298k. In addition to that the Authority had seconded staff and charged staff time to the CIC to the order of £280k. The later section of the report on Reserves recommended that the £280k be placed in an earmarked reserve to clearly identify the CIC's contribution to the Authority's financial position. The remaining £298k surplus was shown within the Authority's Group Accounts (page 52 of the Authority's Accounts refers). In total therefore in the first year of trading the CIC had generated a total financial benefit of £578k.

The outturn for the Capital Programme showed spending of £3.457m as detailed in the report. The report identified ten schemes for which it was proposed that the capital allocations be re-phased into the 2013/14 Capital Programme. Table 1 in paragraph 6 to the report showed the overall position on Reserves at 31 March 2013 and some recommended movements in reserves to be effected from 1 April 2013. Table 1 showed overall revenue reserves of £18.6m at 31 March 2013 with a projected level of £13.3m at 31 March 2014. 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 2014/15 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 with circa £5.0m expected to be applied in 2013/14 to schemes such as Clough Road, BA Replacement, the Service-wide WAN and the East Coast and Hertfordshire Control Room Consortium. Table 1 also identified firm funding for the solutions required at Brough and Hull Central. Further reports will be brought before Members in due course to ensure that fit for purpose facilities are created for these two locations as part of the Authority's on-going programme of fire station investment and renewal.

The report captured the financial impact of the Authority's activities during the 2012/13 financial year and concluded that the picture was one of robust finances despite the fact that £5.3m had been removed from the Authority's base funding over the period 2011/12 to 2014/15. Judicious use of reserves had ensured, and would continue to ensure, that key investment projects are undertaken. The financial challenges will continue over the period 2014/15 onwards with particular focus now on what lies ahead from 2015/16. The Authority was well placed to meet those challenges with early engagement underway on possible operational efficiencies.

The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4161 refers).

A Member referred to Table 1 insofar as it related to Central Fire Station and asked whether a site had yet been identified. The Director of Finance & Assets/Section 151 Officer reported on discussions that had taken place with Hull City Council and the possibility of a site swap. A Member referred to Appendix 1 to the report and sought clarification of the term 'unusable reserves'. The Director of Finance & Assets/Section 151 Officer stated that the term referred to accounting entries that mirror costs to be met in the future to reverse those entries out. A Member queried the process whereby KPMG had been appointed the Authority's external auditors in place of the Audit Commission. The Director of Finance & Assets/Section 151 Officer confirmed that KPMG were appointed by a competitive process

through the Audit Commission on a regional basis; that KPMG's costs would be £45,000 compared to £70,000 previously, and that the appointment was for a five year period. A Member asked what the re-phasing into the 2013/14 Capital Programme of the scheme at Immingham West fire station related to. The Director of Finance & Assets/Section 151 Officer explained what the works were. The Chairperson suggested that a discussion about Reserves should be included at a future Member Day. A Member sought clarification regarding the Authority's debtors. The Director of Finance & Assets/Section 151 Officer stated that the Authority had very few debtors and explained the circumstances in which they might arise.

Resolved - (a) That Members take assurance from the Accounts presented and that a copy signed by the Director of Finance and Assets/Section 151 Officer be presented for audit;

(b) that Members approve the Capital Programme 'slippage' at paragraph 8 of the report;

(c) that Members approve the position on Reserves as at 1 April 2013, and

(d) that a discussion about Reserves be included in a Member Day.

4180 TREASURY MANAGEMENT ANNUAL REPORT 2012/13 - The Director of Finance & Assets/Section 151 Officer submitted a report providing Members with a review of the Authority's Treasury Management activity and Prudential Indicators for the year 2012/13 in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2009. The report showed full compliance with the Authority's Prudential Indicators for 2012/13. Appendix 1 to the report detailed the agreed Prudential Indicators for 2012/13 and the actual figures for 2012/13. During the financial year the Authority 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 Service and Finance 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 2013 was £1.2m below the agreed Operational Boundary for 2012/13 and the maturity structure for both borrowing and investments remained within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2013/14 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 4162 refers).

Resolved - That Members take assurance from the treasury management activities undertaken during 2012/13 and the Prudential Indicators as outlined in paragraphs 17 and 18 and detailed in Appendix 1 to the report.

EXTERNAL AUDIT

4181 External Audit Progress – A letter from KPMG, the external auditors dated 28 May 2013 was submitted confirming that no significant issues had been identified during the early part of the audit work as requiring discussion with Officers or report of the Authority. The letter had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4154 refers). The Chairperson stated that KPMG should be informed that even if there are no items to report the Authority should receive progress reports.

Resolved – That the letter be noted.

4182 PEER CHALLENGE MARCH 2013 - DRAFT REPORT – The Chief Fire Officer & Chief Executive submitted a report, further to Minute 4059, presenting a copy of the draft report received from the Local Government Association (LGA) setting out the outcomes and key findings from the LGA's Fire Peer Challenge at Humberside Fire and Rescue Service in March 2013. The purpose of the peer challenge was to complement the Authority's Operational Assurance self-assessment by providing external challenge to help support improvement and to reflect how the Service is performing across the areas of focus. Each of the key areas which were subject to challenge by the Peer Team was covered in detail within the draft report, highlighting strengths and areas to explore as a service. However as a draft document there were a number of observations within the report that required clarification with the author before production of the final document. Members' attention was drawn to some key points from the Executive Summary. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4059 refers). A copy of the final report would be submitted to the Governance, Audit and Scrutiny Committee and the Authority when received.

A Member stated that whilst the report listed the members of the Peer Team it omitted stating which Members of the Authority participated in the review process. A Member stated that to obtain such positive statements as set out in the report was significant and that Officers should be congratulated.

Resolved – (a) That the report be noted, and

(b) that the Chief Fire Officer & Chief Executive and his staff be congratulated for achieving such a successful outcome.

4183 FINDINGS OF THE REVIEW OF EFFICIENCIES AND OPERATIONS IN FIRE AND RESCUE AUTHORITIES IN ENGLAND - The Chief Fire Officer & Chief Executive submitted a report indicating that Sir Ken Knight was commissioned by the Government in December 2012 to undertake a Review of Efficiencies and Operations in Fire and Rescue Authorities (FRAs) in England. As part of the review Sir Ken visited 16 authorities including Humberside Fire Authority. In preparation for the review the Chief Fire Officer & Chief Executive had submitted a report to Sir Ken outlining the performance of Humberside Fire and Rescue Service (HFRS) and the efficiencies made so far. Sir Ken visited Service Headquarters on 26 February 2013 where he met with the Chairperson of the Authority and the Corporate Management Team. Sir Ken received a presentation which prompted a lengthy discussion into the challenges facing the Fire and Rescue Service (FRS) in general and HFRS in particular. Sir Ken's report 'Facing the Future' was subsequently published on 17 May 2013 and a copy was sent to all Members of Authority. A summary of the report was attached at Appendix 1 to the report now submitted.

Prior to visiting FRS's Sir Ken's team undertook a desk-top review of the data relevant to FRS efficiency. It had been confirmed that that data, the most current at the time, was approximately 12 months' old. Whilst it was accurate when published it was likely that most FRS's had reduced their costs in the light of grant reductions and the council tax freeze. However, the conclusions drawn by Sir Ken were in the most part reasonable and did provide 'food for thought' as to how FRS's might drive out more efficiencies in the future. Conspicuous by its absence was reference to the Authority's Governance, Audit & Scrutiny Committee which Sir Ken regarded as notable practice. This was disappointing in the light of his criticism of the independence of scrutiny in the Combined Fire Authorities (CFAs) and Metropolitan FRAs. On 23 May 2013 the Fire Minister, Brandon Lewis, and Sir Ken Knight held a tele-conference to provide the opportunity for officers and Members to ask questions and comment on the report. During that tele-conference the Minister stated that he would carefully consider the report and that he would respond to it in the Autumn of 2013. He encouraged officers and Members to comment on the report and he undertook to consider such comments before responding formally. In the meantime FRAs were advised to

continue making efficiencies and to consider implementing efficiency options identified by Sir Ken.

In terms of an overview of Sir Ken's report the report now submitted indicated that the report focused on the fact that demand for FRS emergency response had fallen by 40% in the last decade but that the number of staff employed and therefore cost had barely changed. Whilst this might be the case in some FRS's many, including HFRS, had reduced their whole time establishment significantly during that period. HFRS had reduced the whole time establishment from 714 in 2003 to 528 in 2013. Set against this, however, was an increase in support staff to fulfill front-line functions such as community safety and enforcement and an increase in on-call staff. There had, however, been a reduction in revenue costs of over £5m per year. Sir Ken estimated that if all FRSs operated at the same cost per head of population as the average for England then £196m per year could be saved. Members were asked to note that whilst previous efficiency programmes had improved the Authority's position from fifth to sixth most expensive service per head of population in England the Authority remained under pressure to reduce cost further. Sir Ken also commented that protecting frontline services was about maintaining the service the public receives, not about avoiding redundancy or station closures and highlighted the potential to convert some whole time duty system stations to retained duty system stations which could save up to £123m per year across England. The report stated that current delivery had been borne out of successive changes and that it would look very different if it was designed from a blank sheet of paper. Whilst full mergers remained an option Sir Ken's report suggested that significant savings could be made by merging non-operational functions (i.e. HR, payroll, legal) sharing senior officers, sharing operational cover or working more closely with other blue light services. Members were reminded that mergers and shared management teams were evaluated and rejected by this Authority in 2011 as there were many obstacles and the benefits were unclear

It was reported that HFRS was progressing in many areas of collaboration as suggested but it was clear that the magnitude of those savings, whilst helpful, would not be sufficient to meet the forecasted grant reduction beyond 2014/15. Sir Ken's report noted that the basis for the current funding formula was fair as it accurately links need to spend. The overall spend had however reduced so the FRS will still feel the impact of grant reductions. Sir Ken questioned whether the Fire sector had people with the requisite skills to trade efficiently and suggested that these might be acquired by the appointment of non-executive directors. On the development of mutuals the report recognizes that they were not the only way forward but they might present opportunities for a far different delivery model. Sir Ken also suggested that governance arrangements such as the Police and Crime Commissioner could clarify accountability and provide visibility to the electorate. He also feels that the County model had the potential to drive out greater efficiencies as fire and rescue would have to compete for resources with other functions. It was reported that again HFRS are at the forefront of trading to generate income for reinvestment through 'HFR Solutions' which has returned a surplus over £500k in its first year of trading. 'HFR Solutions' appears to deliver many of the benefits of service mutualisation whilst ensuring that core services remain in the public sector. The governance arrangements currently in use by the HFA provide genuine and unique independent scrutiny ensuring accountability and transparency within the CFA model. In the final chapter Sir Ken highlights some broad options to release greater efficiencies but acknowledges that these would need to be driven by Government; these were set out in Appendix 1.

The report concluded that whilst the report Sir Ken was critical of Officers and Elected Members but did not highlight the lack of leadership of Central Government, many of his observations and conclusions he draws are reasonable. The Vision recently approved by the Authority should in the fullness of time deliver many of the efficiencies identified by Sir Ken. The Operational Efficiencies Programme had the potential to release significant further savings and still meet our response standards. The review of non-frontline services had already released savings and further potential had been identified through possible

collaboration with South Yorkshire FRS and Humberside Police. A medical response pilot was underway in the East Riding and in North East Lincolnshire and further collaboration with both Ambulance Trusts looked promising. Until the Minister responds to Sir Ken Knight's review it was suggested that the Service should maintain its present direction in the knowledge that its efficiency strategy is well thought out and achievable. The pace of change is, however, dependent on Government's willingness to provide flexibilities around redundancy payments and early access to pensions.

The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4164 refers).

The Chief Fire Officer & Chief Executive stated that he had now drafted a first response which he proposed to discuss with the Chairperson and Group Secretaries prior to circulating a copy to all Members of the Authority for comment before a final response was submitted by the end of July 2013. The Chairperson updated Members following his attendance at a recent meeting of the Local Government Association's Fire Commission. A Member referred to the Chancellor of the Exchequer's recent announcement on cuts in public spending and queried whether the impact on the Fire Authority would be greater or less than previously anticipated. The Director of Finance & Assets/Section 151 Officer stated that in years 2015/16 the Authority could take a cut of up to 8% compared to the anticipated cut of 5%, and that there could be a cut in Government grant of £2.5m which could result in difficulties given the timescale for retirements among firefighters. In response to a query regarding the efficiency programme engagement process it was agreed that the Secretary/Director of People would supply Members with a list of persons/organisations that the Authority would be engaging with. A Member asked what the view of the Corporate Management Team was regarding privatization, mutualisation and combining of Fire services with Police services. The Chief Fire Officer & Chief Executive stated that with regard to privatization it was felt that the Service should certainly remain in the public sector and could compete with any private supplier; that in terms of mutualisation he could see no benefits and that the research in Cleveland Fire and Rescue Service was coming to a similar conclusion; that he did see that a Community Interest Company such as 'HFR Solutions' can bring in additional income to the Service, and that with regard to possible combination with Police Services he did not believe that that model had been sufficiently tested yet. The Chief Fire Officer & Chief Executive stated that those views had been aired in debates at recent Member Days and were reflected in the draft response to the Efficiency Review. A Member expressed concern regarding the level of the authority's reserves and the impact on those reserves of the proposed cuts in expenditure from 2015/16 onwards.

Resolved – That Members note the report and continue to work with Officers to progress the current planned efficiency programme, and develop a response to the Efficiency Review for consideration by the Fire Minister.

4184 'HFR SOLUTIONS' – REPORTING AND GOVERNANCE ARRANGEMENTS – The Deputy Chief Officer/Director of Operations submitted a report indicating that since the establishment of 'HFR Solutions' (the Community Interest Company of Humberside Fire Authority) in February 2012 the Authority had received four reports with regard to the performance and focus of the company. In an attempt to harmonise the reporting arrangements for 'HFR Solutions' between Authority and the Governance, Audit and Scrutiny Committee so that reporting is consistent between the two, the Committee had been seeking further information with regard to performance, governance and financial accounting in respect of 'HFR Solutions'. As arrangements have now been agreed at both Corporate Management Team (CMT) and Authority level it was felt at the last meeting of the Governance, Audit and Scrutiny Committee that a brief report setting out those arrangements would be the best way of consolidating the information for its Members after two failed attempts (due to time pressure) to deliver the information via a presentation, which the Authority had previously received. The report therefore sets out the format of future performance summary reports to both the Committee and the Authority, reminded the

Authority of approved governance arrangements for 'HFR Solutions', and also the further work that had taken place to consolidate those arrangements in terms of the Solutions Board's relationship with both CMT and the Fire Authority.

In April 2012 the Authority had agreed that a review of the Company be carried out after around 18 months. In respect to Member involvement, Members had sought in Autumn 2012 to have representation on the Board of 'HFR Solutions'. There was a decision that there would be one North Bank and one South Bank representative and this was in the context of an advisory, wise counsel role rather than a Director. A further discussion took place at the March 2013 Member Day and Members indicated that the matter of representation should be considered at the 24 May 2013 AGM of the Authority. This was discussed at the AGM and it was agreed to defer the matter for further consideration. Ultimately the level of Member involvement in the Company was a decision for the Authority. However, the Secretary/Monitoring Officer had advised that in terms of the governance model adopted, with the Authority as the sole decision making body, holding firmly to account performance of the Service, then a role as observer would have greater merit, avoiding any conflict of interest (not in a Code of Conduct sense, but in the sense that if the Authority is to hold to account the performance of its Company, then it would be preferable that Members were also not Directors). There was also the question of potential liability of Directors, although in terms of Member involvement then an indemnity will encompass the overall majority of potential situations arising.

As a result of a continuous learning process, further work had been carried out in clarifying and consolidating the governance of 'HFR Solutions' especially in its relationship with both CMT and the Authority. To this end a new process for the approval and sign-off of new business proposals had been developed and was supported by the Authority and its most recent Member Day. The process was in the report and illustrated as a flowchart at Appendix 1 to the report.

The report had previously been considered by the Governance, Audit and Scrutiny Committee when it was agreed that the Authority be informed that it is the view of that Committee that Members of the Authority should not be Directors of 'HFR Solutions' whilst this Committee understands their interest in the company (Minute 4150 refers). Members were reminded that the Authority had already agreed earlier in this meeting (Minute 4176 above refers that the question of Member involvement on the Board of 'HFR Solutions' should be first considered by Group Secretaries and their recommendations be submitted to the next meeting of the Authority.

Resolved – (a) That the Authority take assurance from the content of the report in terms of the governance and reporting arrangements for 'HFR Solutions' and its relationship with both CMT and the Fire Authority in this regard, and

(b) that in accordance with Minute 4176 above the question of Member involvement on the Board of 'HFR Solutions' be considered further at the next meeting of the Authority.

4185 OPERATIONS (RESPONSE) – INCIDENTS OF SPECIAL INTEREST – The Deputy Chief Officer/Director of Operations submitted a report outlining details of incidents of special interest for the last quarterly period as set out in Appendix 1 to the report.

A Member commented that the report did not include details of any Road Traffic Accidents (RTAs) attended by the Service and queried when the Ambulance Service had arrived at a recent incident near North Cave. The Deputy Chief Officer/Director of Operations stated that only serious RTAs would normally be reported; that there was a time delay between events occurring and the information being included in a report to the Authority, and undertook to follow up the Members' query.

Resolved - That Members note the contents of the report as a quarterly update of incidents of special interest.

4186 EXCLUSION OF PRESS AND PUBLIC – Resolved – That the press and public be excluded from the meeting during consideration of the following items (Minutes 4187-4188) on the grounds that it is likely to involve the disclosure of exempt information as defined in paragraphs 1 and 3 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).

4187 WORKSHOPS COLLABORATION - The Director of Finance & Assets/Section 151 Officer and Secretary/Director of People submitted a report, further to Minute 4121, updating Members on the latest position with regard to workshops collaboration for vehicle and equipment maintenance. Over the last two years the Authority had been assessing options aimed at creating sustainable and fit-for-purpose workshop facilities. Members at the 23 April 2013 Fire Authority meeting had requested a more detailed Business Case of the options available. Appendix 1 to the report set out six possible options. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4153 refers).

A discussion ensued during which questions by Members were answered by Officers. The Chairperson stated that a further update would be given to Members at the next Member Day prior to further discussion at the next meeting of the Authority.

Resolved – That Options 1b and 3 are progressed and evaluated against Option 4 and further information be brought to the Fire Authority meeting on 26 July 2013 for consideration.

4188 ‘HFR SOLUTIONS’ - OPTIONS FOR THE USE OF THE SURPLUS GENERATED - The Deputy Chief Officer/Director of ‘HFR Solutions’ submitted a report indicating that upon completion of the first full year of trading, it was a requirement of the Community Interest Company Regulator that detail is provided as to the manner in which any surplus generated has been utilised for the benefit of the community, or section of the community, which the company is intended to serve. It was now opportune to set out more detailed options for the earmarking of the surplus generated by ‘HFR Solutions’ and provide recommendations to the Authority on potential uses. The report therefore set out the options for use of ‘HFR Solutions’ surplus. The report also set out the financial summary of the first year of trading as set out in Appendix 1 to the report and how that was currently accounted for both in ‘HFR Solutions’ and in the consolidated Group Accounts of the Authority. The basis on which the options were formulated was to, in the vast majority of cases, invest in areas that not only satisfy the CIC requirements of ‘community benefit’ but are able, in part, to generate further income for the Service in line with the ‘HFR Solutions’ Business Plan. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4152 refers).

A detailed discussion ensued during which questions by Members were answered by Officers.

Resolved – (a) That the Authority approves the following in respect of ‘HFR Solutions’ surplus:

- (i) Create a Solutions ‘Capital Project’ reserve;
- (ii) Create a Solutions ‘Communities’ reserve; and
- (iii) Continue to recharge secondments into ‘HFR Solutions’ which has a beneficial effect on the Authority’s pay bill.

(b) that Officers be commended on the initiative to create both a Capital Reserve and a Community Reserve.

4189 OTHER MATTERS NOT ON THE AGENDA – The following matters were brought to Members' attention:

- Armed Forces Day – 29 June 2013
- Long Service Award – The Chairperson presented Mr. K Wilson, Director of Finance & Assets/Section 151 Officer with a framed certificate acknowledging his service to local government for over 20 years. Members congratulated Mr. Wilson on his award.

Meeting closed at 12.05pm

