



**MINUTES OF THE POLICY COMMITTEE held on Wednesday 27<sup>th</sup> January 2016  
at Fire Service Headquarters, Winsford at 10.00 am.**

**PRESENT:** Councillors J Joyce (Chair), M Biggin, P Booher, P Carey, S Nelson, S Parker, B Rudd, T Sherlock and J Weatherill.

**PART 1 – MATTERS CONSIDERED IN PUBLIC**

**1 PROCEDURAL MATTERS**

**A RECORDING OF MEETING**

Members were reminded that the meeting would be audio-recorded.

**B APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Edgar.

**C DECLARATION OF MEMBERS INTERESTS**

There were no declarations of Members interests.

**D MINUTES OF THE POLICY COMMITTEE MEETING**

**RESOLVED: That**

**The Minutes of the meeting of the Policy Committee held on 16<sup>th</sup> December 2015 be confirmed as a correct record.**

**E NOTES OF THE RISK MANAGEMENT BOARD**

**RESOLVED: That**

**The notes of the Risk Management Board meeting held on 19<sup>th</sup> January 2016 be received, for information.**

**2 2016-17 DRAFT BUDGET, COUNCIL TAX AND MEDIUM TERM FINANCIAL PLAN**

The Head of Finance updated Members on the latest position on the Authority's draft budget for 2016-17 and the Medium Term Financial Plan (MTFP). The detailed settlement for the Authority was announced on 17<sup>th</sup> December 2015 and confirmed cuts of around 25% in Settlement Funding Assessment. The impact of the latest position was shown in the MTFPs, Appendix 1 assumed a 1.99% increase in precept in 2016-17, whilst Appendix 2 assumed no increase in precept in 2016-17.

The Head of Finance explained that, for 2016-17, the level of Business Rates for the Fire Authority was estimated at £4.5m. The difference between this and the Fire Authority's baseline funding level was £4.2m to be paid as Top Up Grant. Local authorities provided Government with their latest estimate of Business Rates at the end of January 2016 and provided the Fire Authority with this information at the same time. Therefore, the amount of Settlement Funding Assessment (SFA) actually received, compared to that estimated by Government, may change and could affect the final budget presented to the Fire Authority in February.

The Head of Finance confirmed that the Authority had now been informed of the tax bases by each local authority in Cheshire. The overall increase in tax base was actually 2.2%, slightly less than the 2.5% shown in the MTFPs reported to the Fire Authority in December.

The Head of Finance explained to Members that the Government defined spending power for the Fire Authority as SFA and Council Tax added together. He added that the Government was assuming cuts of around 55% in Revenue Support Grant (RSG) over the life of the MTFPs but this would be offset by assumed increases in Council Tax and Business Rates. The Government estimated that the Fire Authority's spending power would reduce by around 2.5% over the life of the MTFP. However, by the Authority's estimates, the fall was around 1.7%, because the assumptions about increases in precept and growth in tax base were different to the figures used by Government.

The Fire Authority receives a share of surpluses and deficits on local authorities' Collection Funds, which included both Council Tax and Business Rates, from the previous year. Two of the four local authorities had already indicated that there would be a surplus on Council Tax this year and the remaining authorities would be informing the Fire Authority of their position within the next few days.

The Head of Finance reported that the following assumptions had also been used:-

- Pay inflation of 1.5% in 2016-17 to cover the impact of changes to National Insurance; 1.5% in 2017-18 to cover the impact of the new levy of 0.5% to fund apprenticeship schemes, and 1% in line with the Government's suggested level of public sector pay increase;
- Non pay inflation of 2.0% over the life of the plan;
- Precept increase of 1.99% in any year where an increase is made; and
- Contribution to capital reserves to fund the capital programme as grants to fund capital will no longer be available.

The Head of Finance explained that Appendix 1 and 2 of the report showed the savings requirements over the life of the plan (£5.2m and £5.7m respectively). Of this, £900k would be achieved in 2016-17 mainly through the savings identified in the organisational review. Savings in the years 2017-18 to 2019-20 would be found from the impact of changes from ERP2 proposals and other efficiency savings including the impact of Blue Light Collaboration.

In addition, savings from ERP1 at Crewe, Ellesmere Port and Widnes, would also be included.

The latest estimated position on reserves for the period 2015-16 to 2019-20 was shown in Appendix 6 of the report. As previously reported the Authority had substantial earmarked reserves, a significant portion of which related to the building of the three remaining new fire stations and safety centre and consequently, the level of estimated reserves was significantly reduced by 2019-20. The Head of Finance explained that the current strategy was to build sufficient room into the revenue budget to fund capital, rather than borrow and increase the Authority's debt. The Authority's officers were also considering a proposal to repay some or all of the pension deficit arising from past service costs on the Local Government Pension Scheme which would reduce the amount that the Authority paid in annual employer contributions.

The Chair commented that the report showed that the authority was in a healthy position and thanked the finance team and also Finance Member Champions for their input. One of the Finance Member Champions added that a comprehensive analysis of reserves had been carried out and the possibility of paying off debts had been considered but it was not prudent to do this at the present time. However he supported the proposal to look at the benefits if repaying the pension deficit as this did make sense in the Authority's current financial position.

**RESOLVED: That**

**[1] the 2016-17 Draft Budget, Council Tax and Medium Term Financial Plan report be noted.**

**3 DRAFT INTEGRATED RISK MANAGEMENT PLAN 2016/17 (IRMP13) FEEDBACK REPORT**

The Head of Planning, Performance and Communications introduced the report which provided details of the key outcomes of the consultation into IRMP13. He informed Members that six public roadshows were held across Cheshire East, Cheshire West and Chester, Halton and Warrington with a total of 424 responses being received. Five staff roadshows were held with a total of 75 staff responses received. It was noted that the recent staff satisfaction survey had also allowed employees to give feedback on a wide range of issues with 939 comments received in total.

Feedback continued to show the high regard in which the Service was held by the public, with 98% saying they value the organisation and the service it provided, even though 57% of respondents said they had not had any contact with the Service in the past three years.

The Head of Planning, Performance and Communications informed Members that public support in favour of the Authority's proposal to increase its Council Tax precept by 1.99% was strong with 65% in favour of this proposal. He added that the support had increased by 10% each year, which reflected growing recognition for the value of the services provided and the need for sufficient funding.

There was strong public support overall for the Authority's draft proposals for 2016-17, with 78% in favour, 17% not sure and 5% opposing. A full copy of the Consultation report would be available for Members at the Fire Authority meeting on 10th February 2016.

Other findings included:

- **Blue light collaboration** – There was a clear understanding that support services need to be joined up with 70% of the public supporting the proposal, 21% not sure and 9% against. There was less backing for the plan to share Headquarters, with 38% in support, 35% not sure and 26% opposing.
- **Expanding Home Safety Assessments to incorporate basic health checks** - 78% of public support this, 12% are unsure and 9% oppose. The survey sought views on which checks were felt most appropriate with preventing slips, trips and falls (89%) and help staying warm in winter (89%) the most favoured options, followed by smoking cessation (76%), dementia awareness (73%) and help for those recently discharged from hospital (70%).
- **Pilot programme to respond to cardiac incidents with North West Ambulance Service** – strong public support with 76% in favour, 17% not sure and 7% opposing.

The Head of Planning, Performance and Communications reported that the results of the staff consultation were not as positive as there were a number of negative factors influencing their views. He added that there was a significant crossover with the Staff Attitude Survey and that the results highlighted the need to engage with staff more effectively.

60% of staff supported joining some support services with Cheshire Constabulary, 27% opposed and 12% unsure. Just over half (51%) supported the plan to move to a joint headquarters site, with 36% opposed and 14% not sure.

The proposed expansion of Home Safety Assessments was supported by 62% of staff, 31% against and 7% unsure, with the most appropriate additional services to be offered were felt to be slip, trip and fall prevention (77% agreed) and help staying warm in winter (74%). This was followed by providing dementia awareness (61%) and smoking cessation (57%).

There was a clear majority of support for the proposed cardiac response pilot, with 78% of staff in favour of the scheme with 12% unsure and 10% of respondents opposed.

Overall support for the IRMP proposals from staff respondents stood at 60%, with 31% opposed and 9% unsure.

Additional comments received from staff included concerns about loss of identity and levels of service standards through blue light collaboration. There were also concerns raised that some of the proposed activities in an expanded Home Safety Assessment would be outside of the scope of the Service and

that enhanced skills and training would be required. These comments also applied to the pilot scheme to respond to cardiac incidents.

The Head of Planning, Performance and Communications re-iterated the importance for the Service of staff engagement, particularly around areas such as Blue Light Collaboration and the Emergency Response Review proposals. A series of face to face meetings was currently being arranged to help address staff concerns and prompt discussion. The Chief Fire Officer and Chief Executive added that staff engagement was one of his key priorities for the coming year.

A Member commented that the consultation feedback demonstrated that, overall, the Authority was delivering what the community required and the Chair added that the IRMP proposals showed that the Authority was acting appropriately in pursuing greater collaboration and tackling ongoing budgetary pressures.

**RESOLVED: That**

**[1] the feedback on the Consultation Programme for the draft 16-17 Annual Action Plan (IRMP13) be noted.**

**4 REVIEW OF BANKING ARRANGEMENTS**

The Head of Finance introduced this report which provided details of a review of the Authority's banking arrangements. He explained that, following the Cooperative Bank's decision to cease to operate in the local authority environment, the Authority's day to day business had moved to the Nat West Bank.

The Authority had approved Nat West as new bankers at its meeting on 23<sup>rd</sup> April 2014 and, at that meeting, the Head of Finance agreed to review the Authority's banking arrangements in due course. The outcome of the review was detailed in the report. The Head of Finance reported that the revised banking arrangements had been a positive experience, to date and no change of banking arrangements was required at the current time.

**RESOLVED: That**

**[1] the report be noted.**

**5 INTERNAL AUDIT – DRAFT REPORT UNITARY PERFORMANCE GROUPS (UPG) REVIEW**

The Head of Planning, Performance and Communications reported that a review of Unitary Performance Groups (UPGs) had been commissioned in accordance with the approved 2015-16 Internal Audit plan and was carried out by the Service's Internal Auditors (Mersey Internal Audit Agency). The report provided details of the key issues and proposed responses to the audit recommendations in the final audit report.

The Head of Planning Performance and Communications explained that the overall objective of the review was to assess how UPG budgets were being

utilised, the approval process for new initiatives and to establish the level to which the Authority was monitoring and achieving the required outcomes in addressing local safety concerns and issues. The Service's internal auditors concluded that there was significant assurance that the use of funds locally was adequately governed and underpinned by a defined process of authorisation, robust budgetary controls and retention of adequate records at unitary level. However the report highlighted that there was a clear requirement for the UPG revenue budgets to be reviewed and that a total of seven recommendations had been identified.

The report provided a brief summary of the key themes which included UPG plans, governance arrangements, accumulation of reserves and benefits realisation and evaluation. The management responses to the audit recommendations together with indicative timescales and responsibilities were included in the final audit report which was attached as an appendix.

Members discussed the report and a number of comments were made. The Chair explained to Members that the current role of UPGs, as described in the report, does not reflect what the groups were set up to do and he could understand that the auditors may feel that the approach to UPG budgets could be defined more clearly. However the approach taken was what Members had thought was required to allow them to address local issues in a timely manner. It was unfortunate that the reserves had been accrued and the requirement to review budgets was noted. He added that Members should be involved in the review process.

A Member requested that further discussions be held with Members before any reductions to the existing UPG budgets and the use of reserves were agreed. He stated that the money should be spent on something that would benefit all four UPGs. He added that UPGs should be sharing good practice rolling successful projects out across the four areas.

A Member drew attention to the budget projections and the savings requirements highlighted in the budget report earlier on the agenda. He commented that any further report on UPG budgets should consider future savings requirements and how the UPG budget underspends could be used to facilitate this. A Member supported this approach and added that, unless there was a good reason to retain the current level, the reserves should be given up for savings to protect front line services.

It was agreed that further discussions should be held with Members to agree the future UPG budget requirements, review the accumulation of reserves and agree where the UPG reserves should be re-allocated, if necessary.

**RESOLVED: That**

- [1] the report be noted; and**
- [2] further discussions take place with Members on the use of Unitary Performance Group budgets and reserves.**