



Local Government Act 1972

A Meeting of the Combined Fire Authority for County Durham and Darlington will be held in the County Durham and Darlington Fire and Rescue Service Headquarters on Tuesday 25 February 2020 at 10.00 a.m. to consider the following business:-

PART A

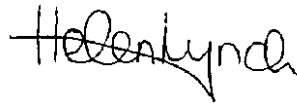
1. Chief Fire Officer Commendations
2. Declarations of Interest

If Members are aware of a private or personal conflict of interest in relation to any items on the Agenda, this should be disclosed at this stage or when the conflict of interest arises during consideration of an item in accordance with the Code of Conduct for Members

3. Minutes of the meeting held on 19 December 2019 (Pages 3 - 6)
4. Current Correspondence - Report of Assistant Chief Fire Officer - Service Support (Pages 7 - 8)
5. Notes of the Finance Committee - Report of Chair (Pages 9 - 10)
6. Local Government Association (LGA) Subscription - Report of Chief Fire Officer (Pages 11 - 12)
7. Budget 2020/21 Report under Section 25 of Local Government Act 2003 - Report of Treasurer (Pages 13 - 16)
8. 2020/21 Revenue Budget and Council Tax, Capital Programme and Medium Term Financial Plan - Report of Treasurer and Chief Fire Officer (Pages 17 - 58)
9. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services Update - Report of Area Manager Training, Assets and Assurance (Pages 59 - 84)
10. Grenfell Tower Inquiry: Phase 1 Report - Report of Assistant Chief Fire Officer - Service Delivery (Pages 85 - 92)
11. Co-opted Governor of Belmont Community School - Report of Chief Fire Officer (Pages 93 - 94)

12. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration
13. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information
14. Fire Fatality Presentation (Pages 95 - 108)
15. Options for the Revision of the Service Leadership Team Structure following the Early Retirement of Assistant Chief Fire Officer - Report of Chief Fire Officer (Pages 109 - 118)

PURSUANT to the provisions of the above named Act, **I HEREBY SUMMON YOU** to attend the said meeting



H LYNCH

Clerk to the Combined Fire Authority
for County Durham and Darlington

County Hall
Durham
DH1 5UL

TO: The Members of the Combined Fire Authority for County Durham and Darlington

Durham County Councillors:

Councillors B Avery, A Batey, D Bell, J Bell, R Bell, P Brookes, C Carr, D Freeman, D Hicks, A Laing, L Maddison, J Maitland, R Manchester, L Marshall, C Potts, G Richardson, J Robinson, E Scott, J Shuttleworth, D Stoker, F Tinsley and J Turnbull.

Darlington Borough Councillors:

Councillors H Crumbie, B Jones, G Lee and A J Scott.

At a **meeting** of the **Combined Fire Authority for County Durham and Darlington** held in Morton Room, Fire and Rescue Headquarters, Belmont Business Park, Durham, DH1 1TW, on **Thursday 19 December 2019** at 10.00 am.

Present:

Durham County Councillors:

Councillors B Avery, A Batey, D Bell, J Bell, R Bell, C Carr, M Davinson (substitute for C Potts), D Freeman, A Laing, R Manchester, L Marshall, , G Richardson, J Robinson, D Stoker, F Tinsley, and J Turnbull.

Darlington Borough Councillors:

Councillors G Lee.

Apologies for absence were received from Councillors D Hicks, C Potts, J Shuttleworth, B Jones, H Crumbie and A Scott.

Independent Person:

A Simpson

A1 Chief Fire Officer Commendations

Chief Fire Officer Commendations were awarded to CM Trevor Sanderson, CM Gary Sands, FF Marcus Waldock, FF Ryan Bell, FF Olly Hopper and FF Graeme Norman for their professional, swift and decisive action at a house fire, resulting in the rescue and medical treatment of a casualty, ultimately saving her life.

A minute's silence was held in memory of Ron Hogg, PCVC and the collaboration work between the two organisations was noted.

The Chair noted his, and the Vice Chairs, thanks to all those involved with the HMICFRS inspection work.

The Chair thanked the Northern Echo for their excellent reporting following debate at last CFA meeting around Grenfell Towers.

A2 Declarations of Interest

Cllr J Robinson declared his interest in item 11 in relation to Sedgefield Station. It was agreed that the Vice Chair would chair this part of item 11.

A3 Minutes of the Meeting held on 6 November 2019

The minutes of the meeting held on 6 November 2019 were confirmed as a correct record and signed by the Chair (for copy see file of minutes).

A4 Current Correspondence

The Authority received an update from the Assistant Chief Fire Officer Service Support in relation to current correspondence received from government and other bodies relevant to the Authority and the status of each (for copy see file of minutes).

A5 Notes of the Performance Committee

The Authority considered a report of the Chair of the Performance Committee which provided an update on the discussions at the meeting held on 25 November 2019 (for copy see file of minutes).

Members were advised of a typographical error appearing at paragraph 3 of the report which should have read for the period of 1 April – 31 October 2019.

A6 Performance Report Quarter Two 2019/20

The Authority considered a report of the Area Manager Emergency Response which presented a summary of organisational performance at the end of the second quarter of the 2019/20 financial year (for copy see file of minutes).

Members stressed the importance of reporting any inappropriate parking in their wards to themselves.

Resolved:

That the contents of the report be noted.

A7 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services Update (HMICFRS)

The Authority considered a report of the Area Manager Training, Assets and Assurance which gave an update on the current position and next steps of HMICFRS inspection of the Service (for copy see file of minutes).

Resolved:

That the contents of the report be noted.

A8 Bonfire Period Update

The Area Manager Community Risk Management delivered a presentation to members in relation to the latest bonfire period (for copy see file of minutes).

Cllr Davinson queried hot spot areas and R Turnbull noted the work that is undertaken by crews and the Community Risk Management team in conjunction with Durham County Council in clearing rubbish in a timely manner as well as the educational work provided.

A8 Any Other Business

The Chair noted the retirement of Assistant Chief Fire Officer Dominic Brown and noted thanks from the CFA, and labour group. A message was read out from Cllr Shuttleworth, on behalf of the minority group, thanking Dominic for his all of his work with the Service.

A 9 Exclusion of the public

That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Part 1 of Schedule 12A to the said Act.

B 10 Estates Update

The Authority considered a report of the Head of Corporate Resources which updated members on the latest position in relation to the Estates Improvement Programme and of plans to address risks associated with outstanding estates management (for copy see file of minutes).

Resolved:

- i) That the contents of the report were noted
- ii) The capital provision was approved

B11 Retirement of Assistant Chief Fire Officer

The Authority considered a report informing them of the retirement of Assistant Chief Fire Officer.

Resolved:

- i) That the contents of the report are noted
- ii) A separate report outlining options around the Service Leadership Team structure would be presented to members at CFA meeting on 25 February 2020 was noted

B12 Any Other Business

There was no other business

CLOSE OF MEETING



Current Correspondence: December 2019 – February 2020

Release date	Subject	Summary	Action		
			CFA Report	CFA Response	Info
20/01/2020	Letter from HMI Phil Gormley	Details of 2021 HMICFRS inspection dates.			√
31/01/2020	Letter from Kit Malthouse, Minister of State for Crime, Policing and the Fire Service	Letter following completion of first cycle of fire inspections and the publication of the State of Fire and Rescue report.			√
10/02/2020	Letter from HMI Zoe Billingham	FRS inspections update letter including judgement criteria and FRS inspection programme and framework consultation 2020-21.			√

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COMBINED FIRE AUTHORITY

25 FEBRUARY 2020

NOTES OF THE FINANCE COMMITTEE HELD ON 30 JANUARY 2020

REPORT OF THE CHAIR OF THE FINANCE COMMITTEE

Members Present: Cllr A Batey (Chair)
Cllrs R Bell, D Freeman and J Shuttleworth

Officers Present: T Hope

Apologies: Apologies were received from Cllrs H Crumbie and C Potts

Forecast of Outturn 2019/20 Quarter 3

1. The committee received an update regarding the Service's revenue and capital financial outturn position based upon expenditure and income to the 31 December 2019. The forecast revenue outturn position to the 31 March 2020 is an underspend of £0.226M.

The committee **noted** the report.

Short-Term Investments 2019/20 Quarter 3

2. The committee received an update on the performance of the Authority's Short-Term Investments for the period ended 31 December 2019.

The committee **noted** the current position regarding the Authority's Short-Term Investments.

Revenue and Capital Budgets 2020/21 and Medium-Term Financial Plan

3. The committee received details of the local government finance settlement for 2020/21 and were requested to consider the revenue and capital budgets and medium-term financial plan (MTFP) to agree a firm recommendation on the budget and council tax to the meeting of the Fire Authority on 25 February 2020.

The committee discussed possible effects of a council tax increase and noted concern for individuals who are already under financial pressure as a result of increases in the cost of living.

- (i) The committee **considered** the information in the report.
- (ii) The committee **considered** the level of council tax for the 2020/21 financial year.
- (iii) The committee **noted** the risks that had been identified as part of the budget setting process
- (iv) The committee **agreed** that a firm recommendation be made to the Combined Fire Authority meeting on 25 February 2019 that council tax for 2020/21 be increased by 2.%.
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**COMBINED FIRE AUTHORITY****25 FEBRUARY 2020****LOCAL GOVERNMENT ASSOCIATION (LGA) SUBSCRIPTION**

REPORT OF CHIEF FIRE OFFICER

PURPOSE OF THE REPORT

1. The purpose of this report is to provide details of the LGA subscription for 2020/21 and to seek a decision about continued membership.

BACKGROUND

2. A letter from Mark Lloyd, Chief Executive of the LGA, setting out the role provided by the LGA and associated subscription rate for 2020/21 was received at the end of December 2019. A copy of the letter is attached at Appendix A.

LGA SERVICES PROVIDED

3. The LGA lobbies on behalf of local authorities on many issues that affect the sector as a whole and works with councils and fire authorities to develop new approaches to improvement and innovation. The attached letter sets out the recent work of the LGA.
4. A significant amount of work has been undertaken by the LGA and in particular the Fire Services Management Committee (FSMC) to make a case for sustainable funding for the sector. This role, alongside that of the National Fire Chiefs Council (NFCC), is extremely helpful in presenting a joined-up and consistent voice for the fire and rescue service to government. Increasingly the LGA and the NFCC are working more closely together.
5. The LGA have recently refreshed their sector-led improvement offer to fire and rescue authorities and increased the amount of training available to members. Examples include their leadership essentials course for members and equality and diversity masterclasses for both members and officers.
6. The LGA have also taken the lead with providing legal support for fire and rescue authorities on issues that impact on the entire sector. This reduces duplication of effort and significantly reduces costs for the Authority. These examples show some of the value that the Authority receives from the membership fees.

SUBSCRIPTION RATE

8. For 2020/21 the LGA have introduced a new charging mechanism for councils and fire and rescue authorities. Subscriptions can now be made via Direct Debit. The LGA have previously maintained membership fees at the same level for the last eight years, however, this year they are increasing costs by 2%. There is a new 2.5% Direct Debit

discount, which replaces the previous early payment discount and a 2.5% loyalty discount for fire and rescue authorities not on notice to withdraw from LGA Membership.

9. The overall membership fee for 2020/21 is therefore £6,914.

RECOMMENDATIONS

10. Members are requested to **agree** the LGA subscription for 2020/21.

CFO Stuart Errington

Tel: 0191 375 5553



COMBINED FIRE AUTHORITY

25 FEBRUARY 2020

BUDGET 2020/21

REPORT UNDER SECTION 25 OF LOCAL GOVERNMENT ACT 2003

REPORT OF TREASURER

Purpose of Report

1. The purpose of this report is to provide members with information on the robustness of the estimates and the adequacy of reserves, so that Members have authoritative advice available when they make their budget decisions.

Background

2. Fire and rescue authorities (FRA's) decide each year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on the Service.
3. The decision on the level of the council tax is taken before the year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:
 - a) making prudent allowance in the estimates for each of the services, and
 - b) ensuring that there are adequate reserves to draw on if the Service estimates turn out to be insufficient.
4. Section 25 of the Local Government Act 2003 requires that an Authority's Chief Financial Officer reports to the Authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that members will have authoritative advice available to them when they make their decisions.

Section 25 also requires Members to have regard to the report in making their decisions.

Robustness of Estimates

5. The budget process has involved Members and staff in a thorough examination of the budget now recommended to the Authority.
6. During the budget process risks have also been identified. It is anticipated that these risks can be managed using contingencies and if necessary, reserves.

7. The budget has been the subject of extensive consultation and challenge. Community representatives and the representatives of the National Non-Domestic Rate Payers have had the opportunity to comment on the budget and the proposals.
8. In my view, the robustness of the estimates has been ensured by the budget process, which has enabled all practical steps to be taken to identify and make provision for the Authority's commitments in 2020/21.
9. It should be noted that plans for 2021/22, 2022/23 and 2023/24 are based on a range of assumptions and estimates for these years are therefore less robust at this stage.

Adequacy of Reserves

10. The CIPFA Local Authority Accounting Panel (LAAP) has issued a guidance note on Local Authority Reserves and Balances (LAAP Bulletin 55) to assist local authorities in this process. This guidance is not statutory, but compliance is recommended in CIPFA's 2003 Statement on the Role of the Finance Director in Local Government. It would be best practice to follow this guidance.
11. The guidance however, states that no case has yet been made to set a statutory minimum level of reserves, either as an absolute amount or a percentage of the budget. Each local authority should take advice from its Chief Financial Officer and base its judgement on local circumstances.
12. The Fire and Rescue National Framework for England document makes specific reference to reserves and requires (FRA's) to provide information to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the FRA's medium-term financial plan (MTFP). In addition, authorities are required to provide justification for holding a general reserve larger than 5% of budget.
13. A general reserve of 5% of budget is considered to be adequate taking account of the risks associated with the MTFP and the Authority's track record of delivering efficiency savings and sound budget management.
14. The reserves policy is that the Authority will:
 - Set aside sufficient sums in earmarked reserves as it considers prudent to do so. The Treasurer will be authorised to establish such reserves as required and to review them for adequacy and purpose on a regular basis.
 - Aim to maintain a general reserve of 5% of net expenditure, currently £1.45m.
15. In coming to a view on the adequacy of reserves, account needs to be taken of the risks facing the Authority. The Annual Governance Statement, within the Authority's Statement of Accounts, gives assurance in relation to the organisation's arrangements for the management of risk and ensuring proper arrangements are in place for governing its affairs and looking after the resources at its disposal.
16. The risk management process has identified a number of key risks which could impact on the Authority's resources. These risks which are outlined in the Authority's MTFP are likely to impact in the short to medium term.

17. The setting of the level of reserves is an important decision, not only in the budget for 2020/21, but also in the formulation of the MTFP.
18. In my view, if the Authority were to accept the Finance Committee's recommendations regarding the 2020/21 revenue budget, the level of council tax and capital expenditure, then the level of risks identified in the budget process, alongside the Authority's financial management arrangements, suggest that the level of reserves is adequate.

Recommendation

19. Members are **recommended** to:
 - a) **note** the Treasurer's assessment of the robustness of estimates and adequacy of reserves: and
 - b) **have regard** to this report when approving the budget and the level of council tax for 2020/21.

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Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



COMBINED FIRE AUTHORITY

25 FEBRUARY 2020

2020/21 REVENUE BUDGET AND COUNCIL TAX, CAPITAL PROGRAMME AND MEDIUM-TERM FINANCIAL PLAN

REPORT OF TREASURER AND CHIEF FIRE OFFICER

PURPOSE AND STRUCTURE OF THE REPORT

- 1 The purpose of the report is to enable the Authority to:
 - approve a revised revenue budget for 2019/20
 - approve a revenue budget for 2020/21
 - approve the Medium-Term Financial Plan
 - approve the capital budgets for 2020/21 to 2023/24
 - determine the Fire Authority Council Tax Requirement
 - approve the associated resolutions

- 2 The report is divided into 11 sections:
 - Section A - Background (page 2)
 - Section B - Consultation (page 3)
 - Section C - Local Government Finance Settlement (page 4)
 - Section D – Reserves Strategy (page 5)
 - Section E – Medium-Term Financial Plan (MTFP) (page 9)
 - Section F – Revenue Budget (page 15)
 - Section G - Capital Strategy (page 16)
 - Section H- Fire Authority Council Tax Requirement (page 20)
 - Section I - Prudential Code (page 23)
 - Section J - Treasury Management (page 28)
 - Section K - Summary of Recommendations (page 41)

SECTION A

BACKGROUND

- 1 A meeting of the Finance Committee was held on 30 January 2020 to consider the revenue and capital budgets, together with the MTFP. This report incorporates the recommendations of the Committee regarding the overall budget amount and the level of council tax for 2020/21.

SECTION B

CONSULTATION

- 1 The Authority has undertaken on-going consultation with a wide range of stakeholders on the Integrated Risk Management Plan (IRMP) action plan and the budget. The consultation process involved a wide range of stakeholders including:
 - Our staff
 - Representative Bodies
 - The public
 - Our partner agencies
 - Local councillors
 - Parish councils
 - Residents associations
 - Area Action Partnerships
 - Community groups
 - Representatives of the Non-Domestic Ratepayers.

- 2 Various methods of communication have been used in the consultation process and these included:
 - An on-line survey
 - Station open night events at the stations impacted specifically by the options
 - Durham County Council and Darlington Borough Council staff
 - Messages about the survey and links to it from Twitter and Facebook via the Service accounts as well as the partner organisations (listed above)
 - Presentations to various strategic groups of Darlington Borough Council and Durham County Council including Overview and Scrutiny Committees
 - Presentations at Resident Association meetings
 - Presentations at Parish and Town Council meetings
 - Presentations to Area Action Partnership meetings
 - Briefings to all CDDFRS staff. Information also included in several staff bulletins and Communications Forums

- 3 Consultation on the budget and proposals for achieving efficiency savings have taken place with staff and the representative bodies on a regular basis. Meetings have been productive and focused on considering savings options that minimise any increase in risks in local communities.

- 4 It is **recommended** that members take into account the views of those consulted as they consider the budget and MTFP proposals.

SECTION C

LOCAL GOVERNMENT FINANCE SETTLEMENT

Funding Settlement

- 1 In September 2019, the Government announced the high-level outcomes of the Spending Round for 2019. It was announced that the settlement funding assessment for 2020/21 would increase by inflation which was welcome news for the fire and rescue sector as we were expecting the cuts to continue over the medium-term. However, the Spending Round was for a single year only (2020/21) which makes longer term planning particularly challenging. Normally spending reviews are for a minimum two-year period and in 2015, the last comprehensive spending review was for a four-year period. The government have committed to a full multi-year settlement later in 2020.
- 2 The settlement funding assessment has been calculated by formula and is the Government's assessment of the financial resources to be provided from a combination of revenue support grant, local business rates income and top-up grant. Table 1 below sets out the settlement figures for 2020/21 and the current year (2019/20).

Table 1: Settlement Funding Assessment

Description	2019/20 £m	2020/21 £m
Total Government Funding	9.024	9.171
Local Non-Domestic Rates	1.409	1.503
	10.433	10.674
Change in Funding	-0.262	+0.241
% Change in Funding	-2.45%	+2.31%

- 3 The Authority's funding from central government and local non-domestic rates will increase by £0.241M (2.31%) in 2020/21. We are unlikely to have longer term certainty around funding until the end of 2020.

Local Council Tax Referendum

- 4 The Government has also announced details of the local council tax referendum limits for 2020/21.
- 5 Any fire authority that wishes to increase council tax in 2020/21 by 2% or more, as compared to the 2019/20 council tax level will be required to hold a referendum.

Recommendation

- 6 It is **recommended** that the Authority notes the 2020/21 settlement funding assessment and the uncertainty around the funding position from 2021/22 onwards.

SECTION D

RESERVES STRATEGY

Background

- 1 The Fire and Rescue National Framework for England sets out the priorities and objectives for fire and rescue authorities (FRA's) and makes specific reference to reserves. The document requires FRA's to provide information to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the FRA's MTFP.
- 2 The information which FRA's are required to publish includes:
 - How the level of the general reserve has been set
 - Justification for holding a general reserve larger than 5% of budget
 - Details of the activities or items to be funded from each earmarked reserve and how they support the FRA's strategy to deliver a good quality service to the public. Where an earmarked reserve is intended to fund a number of projects or programmes (for example a change or transformation reserve), details of each programme or project to be funded should be set out.
- 3 The information on each reserve should make clear how much of the funding falls into the following three categories:
 - a. Funding for planned expenditure on projects and programmes over the period of the current MTFP.
 - b. Funding for specific projects and programmes beyond the current planning period.
 - c. As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).

Reserves Policy

- 4 The Authority's reserves are held as:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. This forms part of general reserves.
 - A contingency to cushion the impact of unexpected events or emergencies. This also forms part of general reserves.
 - A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.
- 5 The current reserves policy is that the Authority will:

- Set aside sufficient sums in earmarked reserves as it considers prudent to do so.
- Aim to maintain a general reserve of 5% of the net expenditure, currently £1.45m.

Estimated Reserves Position

6 The estimated reserves position for the period 2019/20 to 2023/24 is set out in Table 2 below:

Table 2: Estimated Reserves Position 2019/20 – 2023/24

Reserve	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
General Reserve	1.425	1.450	1.450	1.450	1.450
Modernisation Reserve	3.407	0.948			
Use of Reserve – Capital Financing	-2.459	-0.948			
Closing Balance	0.948	0	0	0	0
Other Earmarked Reserves	2.458	2.031	0.950	0.950	0.950
TOTAL RESERVES	4.831	3.481	2.400	2.400	2.400

General Reserve

- 7 The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. However, given the high level of influence that third parties such as the Local Government Employers and government departments have on income and expenditure there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for. As a single purpose authority, the Authority has no opportunity to use cross service subsidies to meet unanticipated expenditure. Therefore, proportionally, it's general reserve may be slightly higher than a multi-purpose authority.
- 8 The Authority has a policy to maintain the general reserve at 5% of the net expenditure which is a commonly used benchmark across the fire sector. A risk assessment of the adequacy of the Authority's general reserve is carried out at the year-end and any necessary adjustments are made as part of the final accounts process. A general reserve of 5% of net expenditure is considered to be adequate taking account of the risks associated with the MTFP, the level of earmarked reserves and the Authority's track record of delivering efficiency savings and sound budget management.

Earmarked Reserves

- 9 The Authority holds the following earmarked reserves to meet known or predicted liabilities:

Pensions Reserve (General Contingency)

The purpose of the pensions reserve is to meet any unforeseen pension costs which may arise as a result of changes to pension schemes, or any increase in the level of ill-health retirements over and above the level included in the revenue budget. Each higher tier ill-health retirement can cost in the region of £125K therefore the pensions reserve equates to the equivalent of an additional 4 higher tier ill-health retirements over the four-year MTFP period.

Insurance Reserve (General Contingency)

The excess levels on the Authority's insurance policies are significant and the purpose of this reserve is to meet any unexpected increase in the level of claims excesses that may arise over and above the sums included in the revenue budget. Provision has not been made in the revenue budget to cover the payment of policy excesses which are £50K on the vehicle insurance policy and £100K on the public and employer's liability policies.

Resilience (General Contingency)

The National Framework requires the Authority to maintain national resilience capabilities in a high state of operational readiness. The funds in this reserve have been set aside to meet any unforeseen costs which may arise in order to meet this obligation and any costs associated with a business continuity event such as a prolonged period of industrial action or the need to support a significant operational incident over a prolonged period of time, either within our area or elsewhere.

Replacement Mobilisation System Reserve (Grant funding for a planned project)

This reserve comprises of the balance of unspent grant, earmarked to fund the replacement mobilisation system. The funds in this reserve will be utilised during 2019/20 to fund licence and maintenance costs associated with the command and control system.

Community Safety Reserve

This reserve is made up of the balance of unspent grant to enable specific community safety improvements to be undertaken. This balance is expected to be fully utilised during 2019/20.

New Risks Reserve

This reserve holds the balance of unspent grant, earmarked to fund the response to emerging new risks. This balance is expected to be fully utilised during 2019/20.

Modernisation Reserve (Funding for a planned project)

The funds in this reserve will be fully utilised during 2019/20 and 2020/21 on the Darlington Fire Station capital replacement project.

Emergency Services Mobile Communications Programme (Grant funding for a planned project)

The reserve comprises of the balance of unspent grant, earmarked to fund the replacement national mobile communications systems. Whilst the funds in this reserve are not legally or contractually committed at this stage, they will be fully utilised over the MTFP period to finance the replacement systems.

- 10 The estimated movement on each of the earmarked reserves during the period 2019/20 to 2022/23 is set out in Table 3 below:

Table 3: Earmarked Reserves 2019/20 to 2023/24

Earmarked Reserve	Estimated Balance at 01/04/19 £m	Transfers to Reserves £m	Use of Reserves £m	Estimated Balance 31/03/24 £m
Pensions	0.500	0	-0.300	0.200
Insurance	0.250	0	0	0.250
Resilience	0.500	0	0	0.500
Replacement Mobilisation System	0.100	0	-0.100	0
Modernisation	3.407	0	-3.407	0
ESMCP	0.931	0	-0.931	0
Community Safety	0.142	0	-0.142	0
New Risks	0.035	0	-0.035	0
TOTAL	5.865	0	-4.915	0.950

Recommendations

- 11 It is **recommended** that the Authority:

(a) Agrees to the policy for reserves, that the Authority will:

- Set aside sufficient sums in earmarked reserves as it considers prudent to do so.
- Aim to maintain a general reserve of 5% of the net expenditure, currently £1.45m.

SECTION E – MEDIUM-TERM FINANCIAL PLAN

This section provides a summary of the MTFP for 2020/21 to 2023/24.

Basis of the Preparation of the Medium-Term Financial Plan

- 1 The MTFP has been revised to take account of the settlement information and to incorporate 2020/21 and future year's expenditure and income estimates.

Resources

Settlement Funding

- 2 Details of the Local Government Finance Settlement are outlined in Section C. The Government has only provided a one-year settlement and funding has increased by £0.241m (2.31%) in 2020/21. The funding position beyond 2020/21 is currently unknown and we are unlikely to have longer term certainty regarding the level of funding until late 2020.

Council Tax

- 3 The MTFP has been calculated based on the assumption that council tax will increase by 1.91% in 2020/21 and by 1.99% in each of the financial years included in the MTFP thereafter. Members will need to review these assumptions noting that each 1% change in council tax results in a variation of approximately £184,000.

Budget Pressures

- 4 A number of budget pressures have been identified which have been incorporated into the MTFP:

Pay Awards

- 5 The MTFP includes an allowance for pay increases of 2% in each year. Each additional 1% increase in firefighters pay costs approximately £170,000 and for the whole workforce costs in the region of £195,000. The Fire Brigades Union (FBU) are still in discussion with the national employers regarding broadening the role of firefighters in return for a significant increase in pay. Whilst the sector has made it clear that any increase in firefighter's pay above 2% would need to come with assurances of additional funding from government, any unfunded pay increase above 2% would have a significant impact on the MTFP.

Firefighters Pension Scheme (FPS)

- 6 Following the last valuation of the Firefighters' Pension Scheme there was an average increase of 12.6% in the employer's contribution rate which resulted in an increase of £1.560m in the overall cost. The Government have stated that grant funding will be made available towards the additional cost in 2020/21 and the position from 2021/22 onwards will be addressed as part of the forthcoming spending review.

BREXIT

- 7 The UK is now in a transitional period until December 2020 by which time it is anticipated that a trade deal can be reached with the European Union. There is however a risk of a longer-term impact from an economic and procurement perspective which is unknown at this point. By way of example, the purchase cost of items such as vehicles could increase and there is the potential for a rise in fire related incidents should poverty increase in the service area.

Emergency Response Review

- 8 At the Fire Authority strategic planning day on 11 October 2019, members received an update on the Emergency Response Review which included proposals for achieving

further efficiency savings in response to ongoing reductions in the Authority's funding. The Authority is currently consulting with the public on some of these options via the IRMP consultation which closes on 6 March 2020. The savings options identified in the Emergency Response Review are set out in Table 4 below:

Table 4: Emergency Response Review Options

Option	Annual Saving
1. Move Durham's second appliance to Spennymoor	£0.110m
2. Implement day crewing on a permanent basis at Newton Aycliffe and Seaham	£0.350m
5. Ride with a crew of 4 on all appliances	£0.740m
6. Change wholetime appliance to day crewing	£0.400m
7. Change wholetime appliance to day crewing	£0.400m
8. Review the crewing arrangements at 2 appliance RDS stations and trial introduction of TRV's	£0.180m to £0.250m
TOTAL	£2.180m to £2.250m

- 9 At this stage, none of the above options have been incorporated into the budget for 2020/21 or any of the MTFP models set out below.

Medium Term Financial Plan Assumptions

- 10 As there is a great deal of uncertainty surrounding the level of Government funding (both settlement funding and funding for pensions) from 2021/22 onwards, three MTFP scenarios have been modelled based on differing levels of funding. All three models include a 2.31% increase in settlement funding in 2020/21 and are based upon the assumptions set out in Table 5 below:

Table 5 MTFP Assumptions

	2020/21	2021/22	2022/23	2023/24
Income Assumptions				
Council Tax Base	+1.42%	+1.02%	+1.02%	+1.02%
Council Tax Level	+1.91%	+1.99%	+1.99%	+1.99%
Expenditure Assumptions				
Pay Awards	+2.00%	+2.00%	+2.00%	+2.00%
Inflation	+2.00%	+2.00%	+2.00%	+2.00%

Medium Term Financial Plan Models

- 11 The following MTFP models are based on the assumptions outlined above and incorporate 2020/21 and future year's expenditure and income estimates:

- Model 1 (Table 6) – “Best Case Scenario” – based upon a 2% increase in government funding from 2021/22 onwards and continuation of the £1.560m per annum pension grant.
- Model 2 “Mid Case Scenario” (Table 7) – based upon no further increase in government funding from 2021/22 onwards and continuation of the £1.560m per annum pension grant.
- Model 3 “Worse Case Scenario” (Table 8) – based upon no further increase in government funding from 2021/22 onwards and cessation of the £1.560m per annum pension grant after 2020/21.

Table 6: Medium Term Financial Plan 2020/21 – 2023/24 – Model 1 “Best Case Scenario”

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Net Expenditure	29.173	30.068	30.836	31.633
Total Government Funding	9.171	9.354	9.541	9.732
Local Non-Domestic Rates	1.503	1.503	1.503	1.503
Council Tax	18.466	19.037	19.616	20.212
Surplus on Collection Fund	0.033	0	0	0
Total Funding	29.173	29.894	30.660	31.447
Surplus/ (Shortfall)	0	(0.174)	(0.176)	(0.186)

- 12 The MTFP in Table 6 above shows a balanced budget position in 2020/21 and a shortfall in funding of £0.174m in 2021/22 rising to £0.186m in 2023/24.

Table 7: Medium Term Financial Plan 2020/21 – 2023/24 – Model 2 “Mid Case Scenario”

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Net Expenditure	29.173	30.068	30.836	31.633
Total Government Funding	9.171	9.171	9.171	9.171
Local Business Rates	1.503	1.503	1.503	1.503
Council Tax	18.466	19.037	19.616	20.212
Surplus on Collection Fund	0.033	0	0	0
Total Funding	29.173	29.711	30.290	30.886
Shortfall	0	(0.357)	(0.546)	(0.747)

- 13 The MTFP in Table 7 above shows a balanced budget position in 2020/21 and a shortfall in funding of £0.357m in 2021/22 rising to £0.747m in 2023/24.

Table 8: Medium Term Financial Plan 2020/21 – 2023/24 – Model 3 “Worse Case Scenario”

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Net Expenditure	29.173	31.628	32.396	33.193
Total Government Funding	9.171	9.171	9.171	9.171
Local Non-Domestic Rates	1.503	1.503	1.503	1.503
Council Tax	18.466	19.037	19.616	20.212
Surplus on Collection Fund	0.033	0	0	0
Total Funding	29.173	29.712	30.290	30.886
Surplus/ (Shortfall)	0	(1.916)	(2.106)	(2.307)

- 14 The MTFP in Table 8 above shows a balanced budget position in 2020/21 and a shortfall in funding of £1.916m in 2021/22 rising to £2.307m in 2023/24. This scenario would require the implementation of all savings options identified under the Emergency Response Review (Table 4) in order to balance the budget over the medium term.
- 15 It should be noted that the estimates for 2021/22 onwards are less robust as they are based upon a number of assumptions. Therefore, there is a risk that the actual position could turn out to be different. They do, however, provide a good indication of the level of savings which will need to be identified in future years in order to balance the budget.

Risks

- 16 The Authority has embedded risk management as part of its overall control framework

and reviews financial risks on a regular basis. Risks have also been fully reviewed as part of the overall budget setting process for 2020/21 and over the medium term.

17 There are a number of risks associated with the MTFP that need to be considered as part of the budget setting process:

(a) Local Business Rates Retention

The Local Business Rates Retention Scheme introduces risks in relation to the Authority being exposed to fluctuations in business rates income in County Durham and Darlington. The Authority is also exposed to collection rate risk and if collection rates fall, then there will be a direct impact on the Authority's available financial resources.

(b) Local Council Tax Benefit Schemes

The introduction of local council tax benefit schemes by Durham County Council and Darlington Borough Council exposes the Authority to a further council tax collection rate risk.

(c) Expenditure and Income Assumptions

A number of assumptions have been made in relation to settlement funding, pay, prices and pension costs across the MTFP period. Whilst the assumptions are considered to be reasonable at this stage, there is a risk that the actual position could turn out to be different.

Whilst the sector has made it clear that any increase in firefighter's pay above 2% would need to come with assurances of additional funding there is a risk that firefighters could secure an increase in pay which is unfunded. This would have a significant impact on the forecast deficit position.

The employer costs of pensions are extremely difficult to forecast with any certainty. The outcome of the valuation exercise for the Firefighters Pension Scheme has resulted in an increase of 12.6% in the average employer's contribution rate. The government have stated that grant funding will continue to be made available towards the additional cost in 2020/21 and the position from 2021/22 onwards will be addressed as part of the forthcoming spending review. There is a risk that the Authority does not receive sufficient funding through the spending review to meet the ongoing cost.

Table 9 below sets out the potential impact of changes to these assumptions on the MTFP position:

Table 9: Impact of Changes to Expenditure Assumptions

Impact of Changes to Expenditure Assumptions	Annual Impact £m
Additional 1% Pay Award	+£0.195
Additional 1% Inflation	+£0.066

Loss of government funding for increase in FPS contribution rate	+£1.560
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- 18 The above risks will be closely monitored, and the Authority will be notified of any significant movement in the financial assumptions and projections that have been made within the MTFP.

Value for Money

- 19 The Authority's approach to identifying efficiency savings is based on the principle of providing value for money to local taxpayers. The savings that have been identified as part of the budget setting process are focused on reducing cost whilst at the same time minimising the impact on the level of risk in local communities.

Recommendations

- 20 It is **recommended** that the Authority:
- (a) Agrees the Medium-Term Financial Plan.
 - (b) Notes the Treasurer's comments on the robustness of the estimates, the adequacy of reserves and the risks in the budget, as set out in the separate report under Section 25 of the Local Government Act 2003.

SECTION F

REVENUE BUDGET

Introduction

- 1 This section sets out the revised revenue budget for 2019/20 and the revenue budget for 2020/21.

Revised Revenue Budget 2019/20

- 2 During the year, the revenue budget is monitored and reports outlining spending against budget are regularly considered by the Finance Committee. Estimates are revised as pressures and opportunities for savings are identified and virement is exercised in accordance with the financial regulations of the Authority. Details of the revised 2019/20 revenue budget are set out in Appendix A.
- 3 Based upon expenditure and income to 31st December 2019, net expenditure for 2019/20 is forecast to be within the approved budget.
- 4 In order to secure the financial position of the Authority going forward It is recommended that the Treasurer is authorised to make any proper accounting transactions that would be in the interests of the Authority in relation to the accounts for 2019/20.

Revenue Budget 2020/21

- 5 The revenue budget for 2020/21 includes provision for pay awards, inflation, capital financing and any known variations. Due to the current financial climate, attention has been focussed on the achievement of further efficiencies during the preparation of the budget.
- 6 The net revenue budget for 2020/21 totals £29,173,399. Details of the revenue budget are set out in Appendix A.

Recommendations

- 7 The following resolutions are **recommended** to the Authority:
 - (a) That the revised revenue budget for 2019/20 as set out in Appendix A be approved;
 - (b) That the Treasurer be authorised to make any proper accounting transactions that would be in the interests of the Authority in relation to the accounts for 2019/20;
 - (c) That the revenue budget for 2020/21 as set out in Appendix A be approved.

SECTION G

CAPITAL STRATEGY 2019/20 TO 2023/24

Background

- 1 The revised CIPFA Prudential Code for Capital Finance in Local Authorities, which was issued in December 2017, sets out key objectives to ensure capital programme decisions are affordable, prudent and sustainable. Under the revised guidance, the Authority is now required to produce a Capital Strategy, which must be considered and approved annually by Members.

Purpose and Principles

- 2 The principles of the Capital Strategy are:
 - To ensure capital resources are aligned with the corporate priorities of the Authority;
 - To maintain the Authority's assets and infrastructure;
 - To maintain an affordable rolling capital programme;
 - To only undertake Prudential Borrowing where there are sufficient monies to meet the full borrowing and running costs of capital expenditure.
- 3 These principles have been followed when developing the capital programme, within the framework of the MTFP.
- 4 It is essential that the Authority ensures that its assets are in good condition and that it delivers a good service through the best use of its assets. Where assets are identified as surplus to requirements, they will be disposed of appropriately and where possible, will generate a capital receipt. Such capital receipts contribute towards the costs of future asset investment and development.

Monitoring

- 5 The Authority will undertake frequent monitoring of the agreed capital programme, including the funding of this programme. All expenditure incurred in delivering the capital programme must be compliant with the defined finance and procurement policies and procedures.

Funding

- 6 There are a number of available options for the financing of capital expenditure. Typically, this will be financed through a combination of revenue contributions or use of reserves, capital grants, capital receipts and borrowing, as defined below:
 - Revenue Contributions – the revenue budget can include an amount allocated to support the funding of the capital programme.
 - Use of Reserves – revenue resources held in the Authority's modernisation reserve are set aside in order to fund capital expenditure.

- Capital Grants – external grant funding may be available for some projects. Such funding must be applied for and utilised for the specific project. The Government have not announced any available capital grant funding for 2020/21.
- Capital Receipts – cash receipts generated from the disposal of assets deemed to be surplus to requirements will be used to support new capital investment or to offset any future debt.
- Borrowing – prudential borrowing can be used to fund capital expenditure. This is on condition that any borrowing is affordable, prudent and sustainable over the medium term. As part of the annual budget setting process, a range of calculations, known as prudential indicators, are completed in order to demonstrate this and ensure that when developing the MTFP, the cost of interest charges and the repayment of principal is taken into account.

Capital Receipts Strategy

- 7 Prior to the start of each financial year, under the statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), Local Authorities are required to publish a strategy on the planned use of capital receipts. Generally, capital receipts must only be utilised to support the purchase of capital expenditure. However, in March 2016, statutory guidance issued by the Government allowed a variation to this.
- 8 The Statutory Guidance on the Flexible Use of Capital Receipts allowed capital receipts to fund revenue expenditure costs which would generate ongoing savings, relating to sharing back office services, service reform, collaboration and driving digital delivery. This permission was initially applied from 1 April 2016 to 31 March 2019, but it was subsequently confirmed in the Local Government Finance Settlement, issued in February 2018, that this would be extended by a further 3 years to April 2022. Any transformation revenue costs which will be incurred by 31 March 2022 and funded from capital receipts received between 1 April 2016 and 31 March 2022 must be detailed in the strategy.
- 9 The utilisation of capital receipts to fund expenditure that would usually be funded from revenue resources prevents these receipts from being available for investment in capital. To date, the Authority has not made use of the option to fund any revenue reform costs from capital receipts and the MTFP does not include any such funding. Any changes to this plan in the future would be considered on an individual project basis and any expected savings or service transformation proposals would be reported to the Authority for their consideration. The Authority is not expected to receive a significant level of capital receipts in 2020/21, but any received will be used to fund capital expenditure, reducing the need to borrow.

Significant Capital Projects

- 10 The main capital projects included in the Authority's Capital Programme are outlined below:
 - **Premises** – The capital programme includes provision for major building works at

Darlington fire station, Sedgefield fire station and the Training Centre. In addition, it includes a budget for minor works in order to ensure that the condition of the Authority's property portfolio is maintained, and any improvements or enhancements are undertaken whenever it is necessary and appropriate.

- **Vehicle Replacement** – a comprehensive plan is in place to replace the operational fleet of fire appliances and specialist vehicles, pool cars and response vehicles when they reach the end of economic life. This is reviewed on an ongoing basis to identify any changes in the number and types of vehicles required to facilitate operational capacity.
- **Equipment Replacement** – Equipment and IT assets are replaced in line with a detailed plan, which is subject to regular review.

11 All capital projects are subject to an assessment of risk and outcomes, as well as identifying any savings and efficiencies that can be achieved. The Authority seeks to collaborate with other partner agencies wherever possible, in order to maximise efficiencies and improvements to service.

Capital Expenditure

12 The Prudential Code requires that all decisions made by the Authority in relation to capital expenditure, investments and borrowing are prudent and sustainable. Therefore, the Authority must consider arrangements for debt repayment, risk and the impact on overall fiscal sustainability. The Authority should make reasonable estimates of the anticipated capital expenditure throughout the period covered by the MTFP.

13 The estimates of capital expenditure, along with the proposed sources of finance are outlined in Table 10 below:

Table 10: Capital Budgets 2019/20 – 2023/24

	2019/20 Revised £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Premises	1,250	4,150	250	250	250
IT	100	155	100	100	100
Equipment	109	306	169	50	308
Vehicles	1,210	1,612	120	579	1,246
TOTAL	2,669	6,223	639	979	1,904
Funded by:					
Use of reserves	-2,669	-947	0	0	0
External borrowing	0	-5,276	-639	-979	-1,904
TOTAL FUNDING	-2,669	-6,223	-639	-979	-1,904

14 A significant amount of work has been undertaken to ensure that the capital budgets proposed for the medium term are reflective of the Authority's priorities and are affordable in terms of associated revenue expenditure. The revenue costs associated with the capital programme have been incorporated into the MTFP.

Capital Financing Requirement

- 15 Under the Prudential Code, it is necessary for the Authority to calculate its Capital Financing Requirement (CFR), which relates to all unfunded capital expenditure, not yet permanently financed through the revenue account. The Authority's Capital Financing Requirement is set out in Table 11 below:

Table 11: Capital Financing Requirement 2019/20 – 2020/21

	2019/20 £000	2020/21 £000
Opening CFR	8,444	8,180
Capital Expenditure	2,669	6,223
Sources of Finance:		
Revenue Contributions	0	0
Transfers from Reserves	-2,669	-948
Minimum Revenue Provision (MRP)	-264	-275
Closing CFR	8,180	13,180

External Debt

- 16 All borrowing is undertaken from the Public Works Loan Board (PWLB). The Authority currently has no PWLB debt outstanding. The estimated borrowing requirement based upon the capital programme contained within the MTFP is set out in Table 12 below:

Table 12: Estimated Borrowing Requirement 2020/21 – 2023/24

2020/21	2021/22	2022/23	2023/24
£000	£000	£000	£000
5,276	639	979	1,904

Knowledge and Skills

- 17 Capital and Treasury Management are managed by professionally qualified accountants, who also have significant experience within local government. External professional advice is procured where required and members receive appropriate training on a variety of financial subjects, provided by officers and external providers.

Recommendations

- 18 It is **recommended** that the Authority approves the revised capital budget for 2019/20 and the capital budgets for 2020/21 to 2023/24.

SECTION H

FIRE AUTHORITY COUNCIL TAX REQUIREMENT

Council Tax

- 1 Taking into account the information outlined in Sections F and G, the budget has been constructed to include the assumption that council tax will be increased by 1.91%.
- 2 This will increase basic council tax from the 2019/20 level of £103.50 to £105.48 in 2020/21.
- 3 Members are **requested** to determine the level of Council Tax for 2020/21.

Calculation of the Council Tax Requirement

- 4 The calculation of the council tax requirement takes the Authority's net expenditure and deducts contributions from Government in respect of revenue support grant and top up grant, together with the business rates income receivable from Durham County Council and Darlington Borough Council. Allowance also has to be made for the Authority's share of any surplus or deficit on Durham County Council and Darlington Borough Council Collection Funds.
- 5 Assuming net revenue expenditure of £29,173,399 the calculation is shown in Table 13 below:

Table 13: Calculation of the 2020/21 Council Tax Requirement

	£	£
Net Revenue Expenditure		29,173,399
Less:		
Revenue Support Grant	3,479,823	
Top Up Grant	5,691,126	
Business Rates Income	1,503,334	
Collection Fund Surplus / Deficit	32,596	
		10,706,879
Council Tax Requirement		18,466,520

Council Tax Base

- 6 The 'council tax bases' of Durham County Council and Darlington Borough Council are used to calculate the proportion of the Fire Authority's total precept to be levied on each local authority. The tax base is the estimated full year equivalent number of chargeable 'Band D' dwellings with two or more liable adults in respect of which tax will be received. The 'council tax bases' for 2020/21 as notified to the Fire Authority are set out in Table 14 below:

Table 14: Council Tax Base and Precept 2020/21

Authority	Council Tax Base	Precept £
Durham County Council	141,742.00	14,950,946.16
Darlington Borough Council	33,329.30	3,515,574.56
Total	175,071.30	18,466,520.72

Calculation of Fire Authority's Basic Council Tax

- 7 The basic council tax for the Authority is calculated by dividing the council tax requirement by the aggregate of the tax bases as shown below:

$$\frac{\text{Council Tax Requirement}}{\text{Aggregate Council Tax Base}} = \text{Basic Council Tax (At Band D)}$$

$$\frac{18,466,520.72}{175,071.30} = \text{£105.48}$$

- 8 A Basic Council Tax of £105.48 represents a 1.91% increase from the 2019/20 level.

Precept Instalments

- 9 Following discussions with the Treasurers of the collecting authorities, the following dates for the payment of the precept in ten equal instalments have been agreed:

- (a) Durham County Council:

3 rd April 2020	2 nd September 2020
4 th May 2020	2 nd October 2020
2 nd June 2020	2 nd November 2020
2 nd July 2020	4 th December 2020
3 rd August 2020	5 th January 2021

- (b) Darlington Borough Council:

20 th April 2020	15 th October 2020
27 th May 2020	19 th November 2020
1 st July 2020	24 th December 2020
5 th August 2020	2 nd February 2021
10 th September 2020	9 th March 2021

- 10 It is proposed that Durham County Council and Darlington Borough Council also use these payment dates for income from business rates.

Recommendations

- 11 Based on the net expenditure of £29,173,399 and a Band D Council Tax of £105.48 it is **recommended** that the Authority adopts the following resolutions:

That for the year ended 31 March 2021:

- (i) the 'council tax base' for the whole of the Authority's area be 175,071.30;
- (ii) there be no Authority expenses relating to a part only of the Authority's area;
- (iii) the 'basic amount of council tax' be £18,466,520.72 and the amount of the council tax for each category of dwelling be as set out in Table 15 below:

Table 15: 2020/21 Council Tax by Valuation Band

Valuation Band	Proportion of 'Basic Amount'	Council Tax
		£
A	6/9	70.32
B	7/9	82.04
C	8/9	93.76
D	'basic amount'	105.48
E	11/9	128.92
F	13/9	152.36
G	15/9	175.80
H	18/9	210.96

- (iv) the Net Expenditure be £29,173,399 and that, after taking into account revenue support grant of £3,479,823 business rates income of £1,503,334, top up grant of £5,691,126, and a surplus on the collection fund of £32,596, precepts totalling £18,466,520.72 be issued to Durham County Council and Darlington Borough Council.

SECTION I

PRUDENTIAL CODE

Background

- 1 The framework of the prudential capital finance system, which came into effect from 1 April 2004, is contained in the Local Government Act 2003. Under the Act, Government borrowing controls based on “credit approvals” were abolished with effect from 1 April 2004. The Authority is now free to borrow and take out leases without Government consent, provided these commitments can be afforded. The Prudential Code is designed to guide the Authority’s decision on what it can afford. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 specifies the Prudential Code for Capital Finance in Local Authorities, issued by CIPFA, as the code of practice to which local authorities must have regard when setting and reviewing their affordable borrowing limit.
- 2 The key objectives of the Prudential Code are to ensure that within a clear framework the capital investment plans of the Authority are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.
- 3 To demonstrate that the above objectives have been fulfilled, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Code does not include limits; these are for the Authority to set.
- 4 Previously, credit approvals from Central Government set the limit of a local authority’s long-term borrowing and attracted Revenue Support Grant (RSG) towards the financing costs of loans (interest and repayment of principal). Under the new system, unless, exceptionally, a national limit is imposed, the Authority is free to make its own borrowing decisions according to what it can afford. Central Government support for borrowing through RSG continues to be given on the basis of a named amount of capital expenditure which borrowing will support. The Authority will take the totality of Central Government support into account in setting its prudential limits.

Prudential Indicators

- 5 The estimates of capital expenditure to be incurred for the current and future years are contained in Section H of this report and summarised in Table 16 below:

Table 16: Prudential Indicators – Capital Expenditure

Capital Expenditure				
2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
1,060	2,659	6,223	639	979

- 6 Estimates of the end of year Capital Financing Requirement for the Authority for the current and future years and the actual Capital Financing Requirement at 31 March 2019 are set out in Table 17 below:

Table 17: Prudential Indicators – Capital Financing Requirement

Capital Financing Requirement				
2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
8,444	8,178	13,074	13,310	13,843

- 7 The Capital Financing Requirement measures the Authority’s underlying need to borrow for a capital purpose. In accordance with best professional practice, the Fire Authority does not associate borrowing with particular items or types of expenditure. The Authority has an Integrated Treasury Management Strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Authority’s Treasury Management Strategy and annual plan for 2020/21 is shown in Section J. The Fire Authority has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management Strategy. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the Authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the Authority’s underlying need to borrow for a capital purpose.

- 8 CIPFA’s Prudential Code for Capital Finance includes the following as a key indicator of prudence:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

- 9 There are no difficulties envisaged for the current or future years in meeting this requirement. This view takes into account current commitments, existing plans, and the proposals contained in this budget report.

- 10 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2018/19 are set out in Table 18 below:

Table 18: Prudential Indicators – Ratio of Financing Costs to Net Revenue Stream

Ratio of Financing Costs to Net Revenue Stream				
2018/19 Actual %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %
1.4	0.9	1.6	1.9	2.1

Minimum Revenue Provision (MRP) Statement

- 11 The Authority is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision – MRP). CLG Regulations have been issued which require the full Authority to approve an MRP Statement in advance of each year. A variety of options have been provided to replace the existing Regulations, so long as there is a prudent provision. The Authority is recommended to approve the following MRP Statement:
- i. 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 CLG Regulations (Option 2).
 - ii. From 1 April 2008 for all unsupported borrowing the MRP policy will be:
 - **Asset Life Method (Annuity)** - MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (Option 3).

External Debt

- 12 In respect of external debt, the Authority has set Authorised Limits for its total external debt, gross of investments, for the current (2019/20) and the next three financial years. These limits separately identify borrowing from other long-term liabilities such as finance leases. The authorised limits are set out in Table 19 below:

Table 19: Prudential Indicators – Authorised Limit for External Debt

Authorised Limit for External Debt				
	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Borrowing	-	5.804	6.506	7.467
Long-term liabilities	7.893	7.657	7.408	7.147
Total	7.893	13.461	13.914	14.615

- 13 The Authorised Limits are consistent with the Authority’s current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely, prudent but not worst-case scenario, with the addition of sufficient headroom over and above this to allow for operational management. An assessment of risk has been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements.
- 14 The Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the Treasurer’s estimate of the most likely, prudent but not worst-case scenario, without the additional headroom included within the Authorised Limit. The Operational Boundary represents a key management tool for in year monitoring by the Treasurer. Within the Operational Boundary, figures for

borrowing and other long-term liabilities are separately identified. The operational boundary limits are set out in Table 20 below:

Table 20: Prudential Indicators – Operational Boundary for External Debt

Operational Boundary for External Debt				
	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Borrowing	-	5.276	5.915	6.789
Long-term liabilities	7.175	6.961	6.735	6.497
Total	7.175	12.237	12.649	13.286

- 15 The Authority's actual external debt at 31 March 2019 was £6.961m, comprising of long-term liabilities in respect of Private Finance Initiative (PFI) schemes. It should be noted that actual external borrowing differs from the Authorised Limit and Operational Boundary, since actual external debt reflects the position at one point in time.

Council Tax

- 16 The Prudential Indicators have been calculated using a 2% Council Tax increase in 2020/21 and assuming a 2% increase in subsequent years.
- 17 The capital programme outlined in Appendix C is funded by a mix of capital grants, contributions from revenue and borrowing under the Prudential Code.
- 18 The estimate of the incremental impact of this prudential borrowing for Band D Council Tax is set out in Table 21 below:

Table 21: Prudential Indicators – Incremental Impact of Borrowing

Incremental Increase on Band D Council Tax		
2020/21 %	2021/22 %	2022/23 %
1.48	0.73	0.86

Recommendations

- 19 It is **recommended** that the Authority:
- (a) Notes the prudential indicators.
 - (b) Approves the MRP Statement.
 - (c) Approves the following limits for external debt in 2020/21:
 - (i) Authorised Limit of £13.461m
 - (ii) Operational Boundary of £12.237m

SECTION J

TREASURY MANAGEMENT 2020/21

- 1 The CIPFA Code of Practice for Treasury Management in the Public Services makes the following key recommendations:
 - (i) Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities
 - (ii) Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities
 - (iii) They should acknowledge that the pursuit of best value in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

- 2 The Authority has formally adopted the key recommendations of the CIPFA Code of Practice for Treasury Management in the Public Services and has created and maintains, as the cornerstone for effective treasury management:
 - a treasury management policy statement stating the policies and objectives of its treasury management activities. This is attached as Annex K1.
 - suitable treasury management practices (TMPs), setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. These are attached as Annex K2.

- 3 Reports will be presented to members of the Authority on its Treasury Management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in the TMPs. The annual strategy for 2020/21 is shown in Annex K3. In implementing this strategy, the Authority will give priority to security and liquidity rather than yield. However, the Authority will aim to achieve the highest rate of interest consistent with proper levels of security and liquidity. In particular, members' attention is drawn to the key objectives of the Investment Strategy, which is firstly safeguarding the repayment of principal and interest of its investments on time and secondly ensuring adequate liquidity. The investment return is the third objective. The Authority delegates responsibility for the execution and administration of treasury management decisions to the Treasurer, who will act in accordance with the Policy Statement, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

Treasury Management Indicators

- 4 The Authority has set an upper limit on its *fixed* interest rate exposures for 2020/21, 2021/22 and 2022/23 of 100% of its net outstanding principal sum.
- 5 The Authority has further set an upper limit on its *variable* interest rate exposures for

2019/20, 2020/21 and 2021/22 of 30% of its net outstanding principal sums.

- 6 The Authority’s upper and lower limits for the maturity structure of its borrowings are set out in Table 22 below:

Table 22: Maturity Structure of Borrowings

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate		
	Upper Limit %	Lower Limit %
Under 12 months	20	0
12 months and within 24 months	20	0
24 months and within 5 years	30	0
5 years and within 10 years	50	0
10 years and above	100	0

- 7 The Authority does not intend to invest sums for periods longer than 364 days. This is seen as prudent interest rate risk management.

Recommendations

- 8 It is **recommended** that the Authority:
- a) Continues to adopt the key recommendations of the CIPFA code.
 - b) Notes the Annual Treasury Management Strategy as set out in Annex K3.
 - c) Sets an upper limit on the Authority’s fixed interest rate exposures for 2020/21, 2021/22 and 2022/23 of 100% of its net outstanding principal sum.
 - d) Sets an upper limit on the Authority’s variable interest rate exposures for 2020/21, 2021/22 and 2022/23 of 30% of its net outstanding principal sums.

Annex J1: Treasury Management Policy Statement

1 The Authority defines its treasury management activities as:

“The management of the organisation’s cash flows, 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”.

2 The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

3 The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and Service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Annex J2: Treasury Management Practices

1 TMP1 - TREASURY RISK MANAGEMENT

1.1 The Treasurer shall:

- Design, implement and monitor all arrangements for the identification, management and control of the treasury management risks shown below;
- Report at least annually on the adequacy/ suitability thereof, and
- Report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Authority's objectives in this respect, all in accordance with the procedures set out in **TMP6 Reporting requirements and management information arrangements**.

1.2 *Liquidity*

The Authority will ensure it has adequate, but not excessive, cash resources, borrowing arrangements, overdraft or standby facilities, to enable the Authority at all times to have the level of funds available which are necessary for the achievement of its service objectives.

1.3 *Interest Rates*

The Authority will manage its exposure to fluctuations in interest rates with a view to containment of its net interest costs, or securing its interest revenues, in accordance with the amounts provided in the Revenue Estimates in accordance with **TMP6 Reporting requirement and management information arrangements**.

1.4 *Credit and Counterparties*

The Authority regards a prime objective of its treasury management activities to be the security of the principal sums invested. A formal counterparty list will be maintained and the named organisations and limits will reflect a prudent attitude towards organisations with which funds may be deposited, and will limit the Authority's investment activities to the instruments, methods and techniques referred to in **TMP4 Approved Instruments, methods and techniques**.

1.5 *Rescheduling & Refinancing of Debt*

The Authority will ensure that all borrowing, private financing and partnership arrangements will be negotiated, structured and documented, and the maturity profile of debt will be managed with a view to obtaining terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

Relationships with counterparties in these transactions will be managed in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

1.6 *Legal and Regulatory*

The Authority will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. The Authority will demonstrate such

compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under **TMP1.4 Credit and Counterparties**, the Authority will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the organisation, particularly with regard to duty of care and fees charged.

The Authority will seek to minimise the impact of future legislative or regulatory changes on its treasury management activities so far as it is reasonably able to do so.

1.7 *Fraud, Error and Corruption, and Contingency Management*

The Authority will seek to ensure that it has identified the circumstances which may expose the Authority to the risk of loss through fraud, corruption or other eventualities in its treasury management dealings. Accordingly, it will design and implement suitable systems and procedures, and will maintain effective contingency management arrangements to counter such risks.

1.8 *Market Risk*

The Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums invested.

2 TMP2 - BEST VALUE AND PERFORMANCE MEASUREMENT

2.1 The Authority will actively work to promote best value in its treasury management activities. The treasury management function will be the subject of regular reviews to identify scope for improvement.

3 TMP3 - DECISION-MAKING AND ANALYSIS

3.1 The Authority will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions to demonstrate that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account.

4 TMP4 - APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 The Authority will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy that is shown in Annex J3.

5 TMP5 - ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 The Authority's treasury management activities will be properly structured in a clear and open fashion and a rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.

5.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of

funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

- 5.3 If and when the Authority intends, as a result of lack of resources or other circumstances, to depart from these principles, the Treasurer will ensure that the reasons are properly reported in accordance with **TMP6 Reporting requirements and management information arrangements**, and the implications properly considered and evaluated.
- 5.4 The Treasurer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover.
- 5.5 The Treasurer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.
- 5.6 The Treasurer will fulfil all delegated responsibilities in respect of treasury management in accordance with Authority's Treasury Management Policy Statement, Treasury Management Practices and the CIPFA Standard of Professional Practice on Treasury Management.

6 TMP6 - REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

- 6.1 Regular reports will be prepared for consideration by the Authority on:
 - the implementation of its treasury management policies
 - the effects of decisions taken and the transactions executed in pursuit of those policies
 - the implications of changes resulting from regulatory, economic, market or other factors affecting its treasury management activities; and the performance of the treasury management function
- 6.2 As a minimum, Authority will receive:
 - an Annual Report on the strategy and plan to be pursued in the forthcoming year
 - an Annual Report on the performance of the treasury management function in the previous year and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and Treasury Management Practices

7 TMP7 - BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

- 7.1 The Authority will account for its treasury management activities in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements.
- 7.2 The Authority will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

8 TMP8 - CASH AND CASH FLOW MANAGEMENT

- 8.1 All Authority monies shall be aggregated for treasury management purposes and will be under the control of the Treasurer. Cash flow projections will be prepared on a regular and timely basis, and the Treasurer will ensure that these are adequate for the purposes of monitoring compliance with **TMP1.2 Liquidity**.

9 TMP 9 - MONEY LAUNDERING

- 9.1 Procedures will be enforced for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this area are properly trained.

10 TMP 10 - STAFF TRAINING AND QUALIFICATIONS

- 10.1 The Authority will seek to appoint individuals to the treasury management function who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Treasurer will recommend and implement the necessary arrangements.

11 TMP 11 - USE OF EXTERNAL SERVICE PROVIDERS

- 11.1 When external service providers are employed by the Authority, the Treasurer will ensure that this is done for reasons which have been submitted to a full evaluation of the costs and benefits. The terms of their appointment and the methods by which service providers' value will be assessed will be properly agreed and documented and subjected to regular review.
- 11.2 Where feasible and necessary, a spread of service providers will be used to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, Authority Standing Orders and Financial Regulations plus legislative requirements will always be observed. The monitoring of such arrangements rests with the Treasurer.

12 TMP 12 - CORPORATE GOVERNANCE

- 12.1 The Authority is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 12.2 The Authority has adopted and implemented the key recommendations of the Code of Practice on Treasury Management in the Public Services. This, together with other arrangements that the Treasurer will put in place, is considered vital to the achievement of proper corporate governance in treasury management, and the Treasurer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Annex J3: Treasury Management Strategy 2020/21

The CIPFA Code of Practice for Treasury Management in the Public Services recommends that the Authority draw up an annual Treasury Management Strategy before the start of each financial year, which it may vary at any time.

In implementing this strategy, the Authority will give priority to security and liquidity, rather than yield. However, the Authority will aim to achieve the highest rate of interest consistent with the proper levels of security and liquidity. In order to achieve this, the strategy deals with the use of specified investments, non-specified investments and the liquidity of investments.

The strategy also covers the Authority's approach to borrowing and the use of external managers.

1. Borrowing Strategy 2020/21 – 2022/23

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result, the Authority will take a cautious approach to its treasury strategy.

Long-term fixed interest rates are at risk of being higher over the medium term, and short-term rates are expected to rise, although more modestly. The Treasurer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide lower cost opportunities in the short/medium term.

With the likelihood of long-term rates increasing, debt restructuring is likely to focus on switching from longer term fixed rates to cheaper shorter term debt, although the Treasurer and treasury consultants will monitor prevailing rates for any opportunities during the year.

Continuing to postpone borrowing and running down investment balances will also be considered. This would reduce counterparty risk and hedge against the expected fall in investments returns.

2. Investment Strategy 2020/21 – 2022/23

2.1 Key Objectives

The primary objectives of the Authority's investment strategy are firstly safeguarding the repayment of the principal and interest of its investments on time and secondly ensuring adequate liquidity. The investment return is the third objective. With the current economic background, the current investment climate has one over-riding risk consideration; that of counterparty security risk. As a result of these underlying concerns, officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.

2.2 Risk Benchmarking

A development in the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature.

These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Authority's maximum-security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.08% historic risk of default when compared to the whole portfolio.

Liquidity – In respect of this area, the Authority seeks to maintain:

- Liquid short-term deposits of at least £0.5m available with a week's notice
- Weighted Average Life benchmark is expected to be 0.25 years (3 months), with a maximum of 0.5 years (6 months)

Yield - Local measure of yield benchmarks is:

- Investments - Internal returns above the 7-day London Interbank Bid Rate (LIBID)

2.3 Investment Counterparty Selection Criteria

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:

- 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.
- 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 Treasurer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to the Authority for approval as necessary. These criteria are separate to those which choose Specified and Non-Specified investments, as they provide an overall pool of counterparties considered high quality that the Authority may use, rather than defining what its investments are.

The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Authority's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by

two agencies, one meets the Authority's criteria, the other does not, the institution will fall outside of the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by our treasury consultants 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 a possible longer-term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

2.4 Specified Investments

Specified Investments are defined as those satisfying the following conditions:

- a) Denominated in sterling
- b) To be repaid or redeemed within 12 months of the date on which the investment was made
- c) Do not involve the acquisition of share capital or loan capital in any body corporate
- d) Are made with the UK Government, local authorities, parish councils, community councils, housing associations or with a body or in an investment scheme which has been awarded a high credit rating by a credit agency.

The criteria for providing a pool of high-quality investment counterparties are:

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 AAA;
- (c) And have, as a minimum, the following Fitch, Moody's and Standard & Poors credit ratings (where rated):
 - i. Short Term – F1
 - ii. Long Term – A
 - iii. Individual / Financial Strength – C- (Fitch / Moody's only)
 - iv. Support – 3 (Fitch only)

Banks 2 - Guaranteed Banks with suitable Sovereign Support

In addition, the Authority will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:

- (a) wholesale deposits in the bank are covered by a government guarantee;
- (b) the government providing the guarantee is rated "AAA" by all three major rating agencies (Fitch, Moody's and Standard & Poors); and
- (c) the Authority's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.

Banks 3 - Eligible Institutions

The Authority is an eligible institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long-term ratings required in Banks 1 above. These institutions have been subject to suitability checks before inclusion and have access to HM Treasury liquidity if needed.

Banks 4 - The Authority's own banker for transactional purposes if the bank falls below the above criteria although in this case balances will be minimised in both monetary size and time.

Building Societies

The Authority will use all Societies which meet the ratings for banks outlined above.

Money Market Funds – AAA

UK Government (including gilts and the Debt Management Account Deposit Facility (DMADF))

Other Local Authorities, Parish Councils, Community Councils, Housing Associations

2.5 Non - Specified Investments

Non-Specified investments are those not meeting the definition in the Specified Investments section above. It is proposed that during 2020/21, the Authority will not invest in Non-Specified Investments, including those to be repaid or redeemed more than 12 months from the date on which the investment was made.

2.6 Use of additional information other than credit ratings

Additional requirements under the Code of Practice now 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 counterparties.

2.7 Time and Monetary Limits applying to Investments

The time and monetary limits for institutions on the Authority's Counterparty List are set out in Table 23 below:

Table 23: Time and Monetary Limits of Investments

	Fitch (or equivalent)	Money Limit	Time Limit
Limit 1 Category	AAA	£4m	1 year
Money Market Funds	AAA	£4m	1 year
Limit 2 Category	AA	£4m	1 year
Eligible Institutions	AA	£4m	1 year
Limit 3 Category	A	£1m	3 months
Eligible Institutions	A	£1m	3 months
UK Government		unlimited	1 year
Other Local Authorities		£2m	1 year

Due to the uncertainty in the financial markets it is recommended that the Investment Strategy is approved on a similar approach to previous years which will provide officers with the flexibility to deal with any unexpected occurrences. Officers will restrict the pool of available counterparties from these criteria to safer instruments and institutions. Currently this involves the use of the UK Government Debt Management Account Deposit Facility, AAA rated Money Market Funds and institutions with higher credit ratings than those outlined in the investment strategy or which are provided support from the Government. Investments are being maintained short term to also improve the security of investments.

2.8 Sensitivity to Interest Rate Movements

Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified.

The estimated impact of a 1% increase or decrease in interest rates to the estimated treasury management income for the Authority in 2020/21 is an increase or decrease of £31,000.

3. External Managers (Other than those relating to the Pension Fund)

The Authority may, upon the recommendations of the Treasurer, appoint one or more external managers to manage the short-term investment of surplus Authority money. Any such managers appointed are to be bound by this Treasury Management Policy Statement.

SECTION K

SUMMARY OF RECOMMENDATIONS

Set out below is a summary of the recommendations on which Members' views are sought.

SECTION B – Consultation (page 3)

That Members take into account the views of those consulted as they consider the budget and Medium-Term Financial Plan proposals.

SECTION C – Local Government Finance Settlement (page 4)

That the Authority notes the 2020/21 settlement funding assessment and the uncertainty around the funding position from 2021/22 onwards.

SECTION D – Reserves Strategy (page 8)

That the Authority agrees to the policy for reserves, that the Authority will:

- Set aside sufficient sums in earmarked reserves as it considers prudent to do so.
- Aim to maintain a general reserve of 5% of the net expenditure; currently £1.45m.

SECTION E – Medium-Term Financial Plan (page 14)

That the Authority:

- (a) Agrees the Medium-Term Financial Plan.
- (b) Notes the Treasurer's comments on the robustness of the estimates, the adequacy of reserves and the risks in the budget, as set out in the separate report under Section 25 of the Local Government Act 2003.

SECTION F – Revenue Budget (page 15)

That the Authority adopts the following resolutions:

- (a) That the revised revenue budget for 2019/20, as set out in Appendix A be approved;
- (b) That the Treasurer be authorised to make any proper accounting transactions that would be in the interests of the Authority in relation to the accounts for 2019/20.
- (c) That the revenue budget for 2020/21, as set out in Appendix A be approved.

SECTION G – Capital Strategy (page 19)

That the Authority approves the revised capital budget for 2019/20 and the capital budgets for 2020/21 to 2023/24.

SECTION H – Fire Authority Council Tax Requirement (page 22)

That Members determine the level of Council Tax for 2020/21 based on the Net Expenditure of £29,173,399. Based on the recommendation of the Finance Committee, it is recommended for the year ending 31st March 2021:

- (i) That the 'council tax base' for the whole of the Authority's area be £175,071.30
- (ii) That there be no Authority expenses relating to a part only of the Authority's area
- (iii) That the Authority increases Council Tax by 1.91% to £105.48 for a Band D property
- (iv) That the Net Expenditure be £29,173,399 and that, (after taking into account revenue support grant of £3,479,823 business rates income of £1,503,334, top up grant of £5,691,126, and a surplus on the collection fund of £32,596, precepts totalling £18,466,520.72 be issued to Durham County Council and Darlington Borough Council.

SECTION I – Prudential Code (page 27)

- (a) That the Authority notes the prudential indicators.
- (b) That the Authority approves the MRP Statement.
- (c) That the Authority approves the following limits for external debt in 2020/21:
 - (i) Authorised Limit of £13.461m
 - (ii) Operational Boundary of £12.237m

SECTION J – Treasury Management (page 29)

- (a) That the Authority formally adopts the key recommendations of the CIPFA code.
- (b) That the Authority notes the Annual Treasury Management Strategy.
- (c) That the Authority sets an upper limit on its fixed interest rate exposures for 2020/21, 2021/22 and 2022/23 of 100% of its net outstanding principal sum.
- (d) That the Authority sets an upper limit on its variable interest rate exposures for 2020/21, 2021/22 and 2022/23 of 30% of its net outstanding principal sums.

APPENDIX A

COUNTY DURHAM AND DARLINGTON FIRE AND RESCUE AUTHORITY

REVENUE BUDGET

Original Estimate 2019/20	Revised Estimate 2019/20	Budget Heading	Original Estimate 2020/21
£	£		£
18,386,608	18,386,608	Employees	19,035,625
3,692,889	4,052,731	Salaries and Wages	3,900,048
559,000	559,000	Pension Contributions	715,000
456,349	456,349	Ill Health Charges	434,946
		Other	
23,094,846	23,454,688	Total Employees Costs	24,085,619
2,729,646	2,707,723	Premises	2,824,066
616,621	616,621	Transport	610,739
4,261,384	4,280,863	Supplies & Services	4,369,514
1,221,227	1,221,227	Capital Financing	1,231,177
418,306	237,161	Contingencies	280,057
2,800,033	2,800,033	Capital Charges	3,094,533
35,142,063	35,318,316	GROSS EXPENDITURE	36,495,705
-3,832,501	-4,008,754	Income	-4,077,773
-100,329	-100,329	Contribution from Reserve	-150,000
-2,800,033	-2,800,033	Reversal of Capital Charges	-3,094,533
28,409,200	28,409,200	NET EXPENDITURE	29,173,399



COMBINED FIRE AUTHORITY

25 FEBRUARY 2020

HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE AND RESCUE SERVICES UPDATE

REPORT OF AREA MANAGER TRAINING, ASSETS AND ASSURANCE

Purpose of Report

1. The purpose of this report is to provide Members with an update on the current position and next steps of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

2019 Inspection

2. The HMICFRS inspection of County Durham and Darlington Fire and Rescue Service (CDDFRS) was completed on 19 July 2019 with the final report published on 17 December 2019.
3. The inspection assessed how effectively and efficiently CDDFRS prevents, protects the public against and responds to fires and other emergencies. It also assessed how well it looks after the people who work for the Service.
4. The following grades and sub-diagnostic grades were awarded within the report:

EFFECTIVENESS	GOOD
Understanding the risk of fire and other emergencies	Requires Improvement
Preventing fires and other risks	Good
Protecting the public through fire regulation	Requires Improvement
Responding to fires and other emergencies	Good
Responding to national risks	Good
EFFICIENCY	GOOD
Making best use of resources	Good
Making the FRS affordable now and in the future	Good
PEOPLE	REQUIRES IMPROVEMENT
Promoting the right values and culture	Good
Getting the right people with the right skills	Good
Ensuring fairness and promoting diversity	Requires Improvement
Managing performance and developing leaders	Requires Improvement

Action Plan

5. An action plan to address all improvement areas identified in the report has been developed. The action plan highlights all the areas formally highlighted in the report as needing improvement and also any text in the report which identifies where the Service is not as good as it could be.
6. In total there are 57 actions across the three pillars of Effectiveness, Efficiency and People. The action plan is attached as Appendix A.
7. Periodically, progress against the action plan will be reported to the Performance Committee and the Combined Fire Authority (CFA).

Service Liaison Lead and Round Two Inspection

8. Davinder Johal has been appointed as the new HMICFRS Service Liaison Lead for CDDFRS. She will visit the Service in March 2020.
9. HMICFRS have informed all FRS of the dates of the Round Two inspections. CDDFRS will be inspected in July 2021.

State of Fire and Rescue 2019

10. On 15 January 2020, Her Majesty's Chief Inspector of Fire and Rescue Services, Sir Thomas Winsor published the 'State of Fire and Rescue – The Annual Assessment of Fire and Rescue Services in England 2019'.
11. This is the first report to the Secretary of State under section 28B of the Fire and Rescue Services Act 2004. It contains his assessment of the effectiveness and efficiency of FRS in England, based on the inspections HMICFRS carried out between June 2018 and August 2019. He will publish an annual report on the state of the fire and rescue sector from now on.
12. The report can be accessed online at:
<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/state-of-fire-and-rescue-annual-assessment-2019/>
13. The report is in three parts. Part 1 contains his assessment of the state of FRS in England. Part 2 gives an overview of the gradings and the findings from HMICFRS's first round of inspections. Part 3 sets out the full list of HMICFRS fire and rescue reports and other inspection publications for the period covered by the report.
14. The key headlines outlined in Part 1 of the report are listed below:
 - Services are generally highly skilled and able to respond to all kinds of challenges, but significant reform is needed to modernise the sector;
 - The role of the fire sector needs greater clarity;
 - National terms and conditions need reviewing;
 - Trade union influence is not always in the best interests of the public;
 - Chief Fire Officers (CFO) need operational independence;
 - Operational response is strong, but many Services need to improve their protection work;
 - The degree of variation between Services is undesirable;
 - Almost every Service we inspected that employs on-call firefighters faces problems;

- Staff need to be treated better. There is a toxic culture in too many Services;
 - Better performance and talent management is needed;
 - Some watches develop their own culture, sometimes to the detriment of the Service;
 - Diversity must be addressed;
 - More and more wellbeing provision is being made available with Services rapidly expanding the range of wellbeing support available to their staff;
 - Some Services are financially strapped; others are inefficient;
 - The sector is missing opportunities to use data and technology effectively;
 - Significant savings could be achieved through combining FRS.
15. Part 1 also contains four recommendations which Sir Thomas Winsor has made to the fire and rescue sector:
- a. By June 2020, the Home Office (HO), in consultation with the fire and rescue sector, should review and with precision determine the roles of:
 - (a) FRS; and
 - (b) those who work in them.
 - b. By June 2020, the HO, the Local Government Association (LGA), the National Fire Chiefs Council (NFCC) and trade unions should consider whether the current pay negotiation machinery requires fundamental reform. If so, this should include the need for an independent pay review body and the future of the 'grey book'.
 - c. By September 2020, the HO should consider the case for legislating to give CFO operational independence. In the meantime, it should issue clear guidance, possibly through an amendment to the Fire and Rescue National Framework for England, on the demarcation between those responsible for governance and operational decision making by the CFO.
 - d. By December 2020, the NFCC, with the LGA, should produce a code of ethics for FRS. The code should be adopted by every service in England and considered as part of each employee's progression and annual performance appraisal.
16. CDDFRS features in the Efficiency summary of Part 2. The report positively highlights the movement of work carried out by central teams to operational crews, with the aim of making better use of firefighter capacity which has resulted in a notable increase in productivity levels. Commenting in the year to 31 March 2018, CDDFRS carried out around three times the England rate per 1,000 population for home fire safety checks and more than four times the England rate for fire safety audits per 100 known premises.
17. Additionally, it highlights the Service's performance regime that guides work in priority areas. Giving an example of how this drives station-based work such as home fire safety checks, safe and well visits and fire safety inspections.
18. The report also comments on the survey "Public perceptions of FRS in England 2019". HMICFRS commissioned BMG Research to identify the public's views and experiences of FRS'.
19. Ten thousand members of the public across England were surveyed which identified the following:
- a. The sector is admired by the public (only 2% of just over 10,000 respondents said they were dissatisfied with their local Service);

- b. Most respondents are interested in knowing what their local FRS is doing in their area (78%);
- c. Compared with a similar previous survey BMG Research did, fewer respondents feel informed about what their local FRS is doing (52% in 2018, compared with 57% in 2019);
- d. The main reason respondents don't feel informed is because they haven't seen any information about their FRS (79% of those who don't feel informed stated this);
- e. Only a small proportion of respondents have been asked about their views on FRS in the past 12 months (8%);
- f. Respondents were asked about their knowledge of the staffing arrangements for stations in their local FRS. The respondents had low awareness of this (42% gave an incorrect answer and a further 28% said they didn't know).

20. Other areas for Members to note are:

- a. The report advises that HMICFRS will devise and consult on a methodology to inspect fire and rescue authorities, if they have concerns that the governance may be negatively affecting the effectiveness and efficiency of a Service.
- b. It highlights that during this cycle of inspections, HMICFRS may also choose to carry out a thematic inspection on an issue or issues of cross-sector relevance and importance. The report also states that "The effect of fire and rescue authorities on the work of CFO is something we will consider further in our next round of inspections, including whether it should form part of a thematic review into the sector's leadership."
- c. Although the report highlighted "The on-call model needs attention to make it work now and in the future" and stated "There needs to be a continued, concerted effort from Services and Government to attract enough firefighters to crew engines when they are needed" the report did not include a recommendation for the Government to take action in this area.

21. The Service are reviewing the content of the report and any areas of improvement identified will be added to the HMICFRS Action Plan.

Recommendations

22. Members are requested to:

- a. **note** the contents of this report;
- b. **receive** further reports as appropriate.

Keith Carruthers, Area Manager Training, Assets and Assurance, ext: 5564

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
How effective is the service at keeping people safe and secure?								
Understanding the risk of fire and other emergencies								
1	9	The Service should ensure its integrated risk management plan (IRMP) is informed by a comprehensive understanding of current and future risk. It should use a wide range of data to build the risk profile and use operational data to test that it is up-to-date.	Y	Develop an up to date, comprehensive Community Risk Profile (CRP) of County Durham and Darlington using a wide range of data. Use this CRP to inform the IRMP. Test the expectations of the IRMP through the use of operational data.	Head of Corporate Resources	Policy Support Officer	October 2020	Update Feb 2020: The CRP has been updated and has been used to inform the new IRMP 2020 – 2023. The IRMP is currently being consulted with an expected publication date of 1 April 2020.
2	9	The Service should ensure its firefighters have good access to relevant and up-to-date site-specific risk information.	Y	Design a new system for the collection of risk information for firefighters. Ensure all relevant buildings are included within this system with appropriate risk ratings. Design a quality assurance process to assure the service of the system's effectiveness.	AM Emergency Response	SM Emergency Response & Resilience Planning	December 2020	Update Feb 2020: A time limited project has commenced utilising personnel on modified duties and Assistant District Managers (ADMs) to ensure that risk information is accurate and up to date. This has commenced as of Feb 2020 and will report progress on a monthly basis.
Page 63	10	Strategy documents do not cover all areas of the organisation. And some managers had no, or only limited, knowledge of these strategies.	N	Produce strategy documents covering the whole of the organisation. Once produced develop a communications plan so staff are aware of	Head of Corporate Resources	Communications Manager	July 2020	Update Feb 2020: Strategies are being developed by Heads of Service with an expected publication date of 1 April 2020.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Page 64				these strategies and how they impact on them.				
4	10	Fire stations have district plans. Station-based staff are clear on important performance areas and report on them. However, some staff are not clear how these plans contributed to meeting the Service's strategic objectives.	N	Once district plans are produced develop a communications plan so station-based staff are aware of these district plans and how they contributed to meeting the Service's strategic objectives.	AM Emergency Response	GM Emergency Response & Resilience Planning	July 2020	Update Feb 2020: A communication plan will be delivered as part of the launch of the new ER strategy and Station action plans. The delivery time frame of this will be May-June 2020.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Preventing fires and other risks								
5	11	The Service should ensure staff have received appropriate training of all the issues covered during a safe and well visit.	Y	Develop a training plan to ensure staff are comfortable to address all the issues covered during a safe and well visit.	AM Community Risk Management	SM Community Safety	June 2020	Update Feb 2020: Training for staff on the contents and delivery of Safe and Wellbeing visits is included within the draft Prevention strategy 2020/21-2022/23. This will also include 'Make Every Contact Count' training. Training for Safe and Well (S&W) visits will commence in the reporting year 2020/21.
6	11	The Service should evaluate all its prevention work, so it understands the benefits better.	Y	Develop an approach to evaluation to ensure all areas of prevention are appropriately evaluated including local prevention activities.	AM Community Risk Management	GM Community Risk Management	Sept 2020	Update Feb 2020: Plans for this action are being scoped.
7	11	Some staff did not have a good awareness of the priorities for prevention work set out in the Prevention Strategy.	N	Develop a plan to ensure staff have a good awareness of the Prevention Strategy, including the pyramid targeting approach.	AM Community Risk Management	SM Community Safety	June 2020	Update Feb 2020: The Service Prevention strategy will clearly summarise the priorities for prevention work. Internal comms plan for prevention priorities will follow after completion of Service strategies, from April 2020/21.
99 Page 65	11	Data shows the Service is below the England rate for safe and well visits to elderly persons and persons with a disability.	N	Revalidate that the Service is comfortable with the approach to targeting vulnerable persons.	AM Community Risk Management	Information Services Manager	June 2020	Update Feb 2020: A national paper (expected around April/May 2020) should inform this decision around targeting vulnerable people.

Page 66	No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
9	12	Guidance for when to give wellbeing advice during a safe and well visit is vague.	N	Provide further guidance to staff for when they should give wellbeing advice during a safe and well visit.	AM Community Risk Management	SM Community Safety	June 2020	Update Feb 2020: Action #9 links to action #5 and will be delivered in conjunction with the delivery of training on the content of safe and wellbeing visits from April 2020/21.	
10	25	The Service should ensure it has an effective quality assurance process for its safe and well visits.	N	Design a quality assurance process to assure the service of the quality of safe and well visits.	AM Community Risk Management	GM Community Risk Management	June 2020	Update Feb 2020: A quality assurance process (described in a CRM practice note) is currently being developed and will be included within the ISO 9001 standard	
11	12	The Arson Reduction Team has no specific objectives.	N	Consider producing specific objectives for the Arson Reduction Team.	AM Community Risk Management	Fire Investigation & Arson Manager	April 2020	Update Feb 2020: Specific objectives for the Arson Reduction Team have been developed and are currently in draft. These will be approved during February 2020 and included in the Service Prevention strategy 2020/21-2022/23.	
12	13	The Service does not have a clear policy for its approach to road safety, including evaluation of activities.	N	Produce a clear policy for the Service's approach to road safety, including evaluation of activities.	AM Community Risk Management	GM Community Risk Management	Sept 2020	Update Feb 2020: Road safety and evaluation will be included within the Prevention strategy 2020/21-2022/23. This will be completed by April 2020.	

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Protecting the public through fire regulation								
13	13	The Service should ensure operational staff are trained to carry out fire safety audits competently.	Y	Review fire safety training for operational staff against national guidance.	AM Community Risk Management	SM Business Fire Safety	June 2020	Update Feb 2020: Training is scheduled to be delivered in February 2020 with further courses to be added later in the year. Rolling programme in place to qualify all Crew and Watch Managers to at least level three Fire Safety.
14	13	The Service should ensure it has an effective quality assurance process for its audit process.	Y	Review the quality assurance process for fire safety audits to ensure it is effective and robust.	AM Community Risk Management	SM Business Fire Safety	Sept 2020	Update Feb 2020: ISO practice note to be reviewed and published.
15	13	The Service should ensure that Business Fire Safety staff have the capacity and skill to use the full range of its available enforcement powers.	Y	Review the capacity and skills of the Business Fire Safety team to ensure the service can use the full range of its available enforcement powers.	AM Community Risk Management	SM Business Fire Safety	Sept 2020	Update Feb 2020: All fire safety staff will be qualified to level 4 diploma which will enable the application of enforcement powers. Legal training in March 2020 to support enforcement action
16	13	The Service should ensure it works proactively with local businesses to support compliance with fire safety regulations.	Y	Develop and deliver a clear approach to business engagement with local businesses to support compliance with fire safety regulations.	AM Community Risk Management	SM Business Fire Safety	Dec 2020	Update Feb 2020: Plans being developed to reinstate the Business Liaison Group during 2020.
17	14	The information used to identify high-risk buildings for fire safety audits is limited.	N	Review the process for identification of high-risk buildings for driving Business Fire Safety activity.	AM Community Risk Management	SM Business Fire Safety	Dec 2020	Update Feb 2020: Outcomes from NFCC risk based inspection programme to be reviewed to establish national best practice.

Page No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
18	14	Protection staff aren't confident that the risk-based inspection programme includes all the buildings that fall under the legislative requirements for inspection.	N	Review the risk-based inspection programme to ensure it includes all the buildings that fall under the legislative requirements for inspection.	AM Community Risk Management	SM Business Fire Safety	Dec 2020	Update Feb 2020: Currently scoping the future impact of this action and CDDFRS way forward to identify new and existing premises.
19	14	The limited amount of specialist protection skills within the service means that there are times when no specialist is working.	N	Review the out of hours provision of qualified Business Fire Safety Officers.	ACO Service Delivery	SM Business Fire Safety	Sept 2020	Update Feb 2020: The availability of specialist skills are currently being reviewed.
20	15	Only few satisfaction surveys for business fire safety audits are returned.	N	Investigate opportunities to increase the return of satisfaction surveys for business fire safety audits.	AM Community Risk Management	SM Business Fire Safety	Sept 2020	Update Feb 2020: New ways to improve evaluation being developed. These will include electronic surveys following audits.
21	15	The service should make sure it strikes the right balance between working with, and supporting, businesses and using its enforcement powers, so businesses comply with legislation.	N	Evaluate the Service's approach to taking enforcement action to ensure the current balance between informal and formal actions is achieving fire safety compliance.	ACO Service Delivery	SM Business Fire Safety	Sept 2020	Update Feb 2020: The number of enforcement notices has increased (to ten from zero). However, this has not driven by the action, but due to the need for the notices, as responsible persons were not compliant. This will continue to be evaluated through the year.
22	16	It hasn't yet been possible to formally assess whether this new approach is reducing attendance at false alarms.	N	Evaluate if the new approach to reducing attendance at false alarms is working.	ACO Service Delivery	SM Business Fire Safety	April 2020	Update Feb 2020: End of the trial for the unwanted fire signal is April 2020. Evaluation will occur at the end of the trial.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
23	16	The Service has chosen not to engage with any Prime Authority Schemes.	N	Clarify the Service's approach to Primary Authority schemes.	ACO Service Delivery	SM Business Fire Safety	April 2020	Update Feb 2020: Not progressed at present. The decision not to accept a Primary Authority Scheme will be recorded within the Service meeting structure at a later date.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Responding to fires and other emergencies								
24	16	The Service should ensure it has an effective policy to determine how it aligns its resources to risk, during periods of low fire engine availability.	Y	Develop a degradation plan for aligning resources to risk, during periods of low fire engine availability.	AM Emergency Response	SM Emergency Response & Resilience Planning	April 2020	Update Feb 2020: A revised draft of the degradation plan has been presented to the SLT Jan 2020 and subsequently to the FBU management meeting Jan 2020. This will be finalised over the remainder of this quarter.
25	16	The Service should ensure it has an effective system of debriefing to enable staff to learn from operational incidents and to improve future response and command.	Y	Review the current system of debriefing to ensure staff are learning from operational incidents.	AM Training, Assets & Assurance	SM Operational Assurance	June 2020	Update Feb 2020: Since the creation of an Operational Assurance Team in April 2019 staff engagement with the Service debrief process have gone from low single figures annually to over 30 debriefs to date this financial year.
26	16	The Service should assure itself that it has procedures in place to record important operational decisions made at incidents and that these procedures are well understood by staff.	Y	Review the current processes for the recording of important operational decisions and implement any improvement actions. Review the recording of these decisions through the debriefing system.	AM Training, Assets & Assurance	SM Training Development Manager	Sept 2020	Update Feb 2020: The use of decision logs will be re-enforced during Incident Command Training. The new Operational Readiness Audits (OpeRAs) starting in March 2020, will include checks of officer's logbooks. Plans are being developed to incorporate checks of logbooks during operational debriefs.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
27	16, 17	The service couldn't demonstrate how the Response Strategy is based on a thorough understanding of risk nor fully explain the operational planning assumptions.	N	Review the Response Strategy to ensure it is based on a thorough understanding of risk and operational planning assumptions.	AM Emergency Response	GM Emergency Response & Resilience Planning	April 2020	Update Feb 2020: A renewed ER strategy is in development and will take cognisance of the issues noted in the report.
28	17	The Service is slow at adopting National Operational Guidance (NOG).	N	Ensure the Service has a clear and realistic timeline for the implementation of NOG.	AM Training, Assets & Assurance	SM Operational Assurance	June 2020	Update Feb 2020: A new Watch Manager has been appointed and is developing an updated project plan The aim is to have a set of objectives and a project plan by the end of March 2020.
29	17	The service hasn't clearly communicated its response standards to the public.	N	Clearly communicate the Service's response standards to the public.	ACO Service Delivery	GM Emergency Response & Resilience Planning	April 2020	Update Feb 2020: The response standards are included within the draft IRMP 2020 -23 which is being consulted with the public. A specific question is being asked on these standards as part of the consultation.
30	17	The response standards reported via the Service's website don't include call handling times.	N	Review if the response standards reported on the service website should include call handling times.	ACO Service Delivery	GM Emergency Response & Resilience Planning	June 2020	Update Feb 2020: Call handling times are now published on the service web site (https://www.ddfire.gov.uk/control-calls) and are automatically updated on a daily basis. The Service will continue to develop these published statistics.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
31	18	Some supervisor-level commanders were unaware of or had only limited technical knowledge of, the command decision-making process.	N	Through training and an audit process ensure supervisor-level commanders have good technical knowledge of the command decision-making process.	AM Training, Assets & Assurance	SM Training Development Manager	Dec 2020	Update Feb 2020: The OpeRAs starting in March 2020 have specific questions to check officer's awareness and understanding of the command decision making process. This process is covered in Incident Command Level 1 development days at STC.
32	19	The service should assure itself that staff read and understand operational learning.	N	Develop a process to give assurance that staff have read and understand published operational learning.	AM Training, Assets & Assurance	SM Operational Assurance	June 2020	Update Feb 2020: A survey button has been added to the bottom of the latest news post and all subsequent news posts. We are working with IT and information services to explore the best ways of monitoring who has confirmed they understand the information. The OpeRA process includes questions on operational learning which will confirm if it has been understood.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Responding to national risks								
33	20	The Service needs to develop a better approach to identifying its highest risk sites.	N	Review the current process for identifying the highest risk sites and implement any recommended improvements.	AM Emergency Response	SM Emergency Response & Resilience Planning	Dec 2020	Update Feb 2020: A project has commenced to review and amend as required the current process for identifying high risk sites. Progress will be reported monthly.
34	20	The service couldn't provide evidence of when it has last tested plans for incidents at high risk sites.	N	Include testing of plans at high risk sites within the Service exercise calendar, keeping appropriate records through the debrief system.	AM Training, Assets & Assurance	GM Assurance	Oct 2020	Update Feb 2020: The Service exercise procedure is being reviewed to clarify expectations in this area. It will be published by April 2020 and exercising will be monitored through the Operational Assurance Group (OAG).
35	20	Some operational staff are not aware of plans for high risk sites.	N	Develop and deliver a communication plan to ensure all operational staff are aware of plans for high risk sites.	AM Emergency Response	GM Emergency Response & Resilience Planning	April 2020	Update Feb 2020: The District Management Teams will be working with watches to ensure that their crews are aware of current plans for high risk sites and how to access these. Subsequently, quality assurance checks will be conducted by the respective District Management team.
36	20	Some operational staff are not aware of cross border risk information on MDTs.	N	Develop and deliver a communication plan to ensure all operational staff are aware of cross border risk information on MDTs.	AM Emergency Response	GM Emergency Response & Resilience Planning	April 2020	Update Feb 2020: District Management teams are ensuring all crews are aware of cross-border risk information and that they can access this data via the MDT.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
37	20	The approach to exercising with neighbouring fire and rescue services has been ad-hoc.	N	Ensure a coordinated approach to cross-border exercising within the Service's exercise calendar.	AM Training, Assets & Assurance	GM Assurance	Oct 2020	Update Feb 2020: The Service exercise procedure is being reviewed to clarify expectations in this area. It will be published by April 2020 and exercising will be monitored through the OAG.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
How efficient is the service at keeping people safe and secure?								
Making best use of resources								
38	24	The service needs to show a clear rationale for the resources allocated between prevention, protection and response activities. <i>(Page 10 of the report also highlights that information in the IRMP should be used to support this allocation of resources.)</i>	Y	Review the IRMP to ensure there is a clear rationale for the Service's allocation of resources to prevention, protection and response activity.	Head of Corporate Resources	Policy Support Officer	Oct 2020	Update Feb 2020: The IRMP is currently being consulted with an expected publication date of 1 April 2020.
39	24	The service should ensure that it is reviewing, monitoring and evaluating all collaboration activity.	Y	Through the collaboration register ensure that all collaboration activity is regularly reviewed, monitored and evaluated.	Head of Corporate Resources	Policy Support Officer	Oct 2020	Update Feb 2020: The collaboration register is reviewed through the Performance and Project Board. A new Collaboration strategy is being developed which will give clear guidance on monitoring and reviewing activity.
40	24	The service should ensure it has good business continuity arrangements in place that take account of all foreseeable threats and risks. It needs to review and test plans thoroughly.	Y	Through SMT ensure all business continuity plans are regularly reviewed. Through PSG ensure all plans are tested on a risk basis.	AM Training, Assets & Assurance	SM Assurance	Dec 2020	Update Feb 2020: Business continuity plans are a standing agenda item at SMT with review of plans scheduled. A new framework for the testing of business continuity is being developed.
Page 11	25	The service needs to ensure that it continues to monitor the use of Operational Cover	N	Review the use of Operational Cover Contracts including associated costs to ensure the approach is	AM Emergency Response	GM Emergency Response & Resilience Planning	July 2020	Update Feb 2020: A review of current use of OCC has taken place to understand key areas of use over the current

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Page 76		Contracts to ensure its continuing sustainability.		fully understood and remains sustainable.				financial year. Some areas account for reduced establishment levels and the honouring of annual leave periods during the Durham/ Spennymoor trials. Actions to reduce the use of OCC moving forward include the transferring into the Service of FF from other FRS and to host a W/T recruits course scheduled to commence Spring 2020. Work is also underway to facilitate new RDS personnel gaining risk critical competence prior to the summer annual leave period commencing 2020 which will help to reduce demand on RDS cover shifts.
42	25	Several of the Service's corporate documents are either missing, contain inaccurate information, or have passed their review dates.	N	Review all policies and procedures to ensure they are available and in date.	AM Community Risk Management	All Section Heads	July 2020	Update Feb 2020: Task and finish group established to review document processes. Recommendations from this group due in February 2020.
43	26	The Service doesn't give training to managers who have business continuity responsibilities.	N	Review training for managers who have business continuity responsibilities and implement any recommendations.	AM Training, Assets & Assurance	SM Assurance	July 2020	Update Feb 2020: A review of the staff who require training and the level of training is ongoing.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Making the fire and rescue service affordable now and in the future								
44	27	The technology of tablets is dated and unreliable and staff find them frustrating to use.	N	Ensure tablets used by staff are user friendly and support improved ways of working.	Head of Corporate Resources	ICT Infrastructure Manager	June 2020	Update Feb 2020: New iPads have been piloted and a project is ongoing to roll these out across the Service.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
How well does the service look after its people?								
Promoting the right values and culture								
45	31	The service should ensure that required actions arising from health and safety investigations happen on time and any identified learning is implemented.	Y	Review all previous health and safety investigations to ensure all actions have been completed. Implement a quality assurance process to ensure timely investigations and effective completion of any identified learning.	AM Training, Assets & Assurance	SM Assurance	July 2020	Update Feb 2020: All previous health and safety investigations have been reviewed and the section are working with those responsible to complete all outstanding actions. A quality assurance process is being developed with the aim to implement by April 2020.
46	32	The Service doesn't always meet current procedure timelines to complete health and safety event investigations.	N					
47	31	Some staff had only limited awareness about the new trauma support service.	N	The service should continue to promote staff understanding of the trauma support service to embed it in the workplace.	Head of Workforce Development	HR Manager	July 2020	Update Feb 2020: Further promotion of the Trauma Support Team (TST) will take place through the bulletin. It will also feature in a future comms brief outlining how the TST has progressed since implementation, including number / type of call outs. Discussions with TWFRS will take place to understand their comms plan.
48	32	The Service only collects limited information on staff survey respondents, which makes understanding the results and	N	Collect more detailed information on respondents to the staff survey to allow more targeted improvements.	Head of Workforce Development	Organisational Development Manager	Oct 2020	Update Feb 2020: Consideration will be given to measuring staff survey results by role type, area of work or leadership banding. We will look to prioritise the leadership learning

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
		implementing targeted improvements more difficult.						curriculum as per survey results.
49	33	Some staff perceive that the Service treats those who sign resilience contracts more favourably than those who don't.	N	Continue to take steps to reassure staff that those who don't sign a resilience contract are not put at a disadvantage.	ACO Service Support	Head of Workforce Development	July 2020	Update Feb 2020: Further explanation of the requirements for FRA to have effective business continuity arrangements in place in accordance with the Civil Contingencies Act 2004 and the FRS National Framework will be given during the next round of station visits.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Getting the right people with the right skills								
50	33	The service should ensure the effectiveness of its workforce planning to enable it to meet operational and organisational needs.	Y	Review the content of the workforce plan to ensure it takes account of the required staffing numbers and skills across the whole service.	Head of Workforce Development	Head of Workforce Development	May 2020	Update Feb 2020: A review of the Strategic Workforce Plan will take place. Analysis and forecasting of retirement profiles and skills gaps will continue to ensure effective workforce planning is in place. Recruitment plans for the next 24 months including 'initial route to competence' have been developed and will be regularly monitored to ensure accuracy is maintained.
Ensuring fairness and promoting diversity								
51	35	The service should assure itself that staff are confident using its feedback mechanisms.	Y	Engage with staff to identify the underlying reasons for these concerns.				Update Feb 2020: The current grievance procedure will be reviewed to ensure it remains fit for purpose. HR will undertake further promotional work to understand any issues and offer support to staff.
52	35	The service should assure itself that it has effective grievance procedures which staff are confident in using.	Y	Measure these areas during the staff survey. Take action following the findings of this engagement.	ACO Service Support	Organisational Development Manager	Dec 2020	Discussions with Durham University will take place to ascertain the appropriate question sets to include in the next survey to address confidence and perceptions of fairness and confidentiality.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
53	35	The service should improve understanding of positive action among staff.	Y	Engage with staff to review their understanding of positive action and implement any actions required to improve this understanding.	ACO Service Support	HR Manager	Dec 2020	Update Feb 2020: A positive action strategy will be developed to provide clarity and improve understanding as well as the action to be taken. We will consider publishing clean recruitment data following a recruitment campaign i.e. how many applicants, broken down by all protected characteristics at all stages of a process.
54	35	The service needs to ensure its staff understand how the survey is developed to prevent misunderstanding of the questions.	N	Develop and deliver a communication plan for the staff survey, so staff understand the reasons for the survey and how the questions have been designed.	ACO Service Support	Communications Manager	June 2020	Update Feb 2020: A communications plan will be developed prior to the release of the next survey.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
Managing performance and developing leaders								
55	37	The service should ensure its selection, development and promotion of staff is open, accessible and fair.	Y	The service should ensure it follows a promotion policy that details all aspects of the promotion process to ensure fairness, consistency and openness.	Head of Workforce Development	HR Manager	April 2020	Update Feb 2020: The new uniformed promotion procedure has been implemented. Work is ongoing to review the application, sift and feedback elements to ensure consistency. In the recent AM process an audit form was developed to track each stage of the process to ensure adherence and will be used in future processes.
56	37	The service should put in place an effective process to identify, develop and support high potential staff and aspiring leaders.	Y	Although the Service has a process to identify, develop and support staff with high potential to be senior leaders in the future, uptake is low. Review the current process then engage with staff to increase participation with this process.	Head of Workforce Development	Organisational Development Manager	July 2020	Update Feb 2020: A leadership framework, route to competence and leadership learning log is being developed aligned to supportive leadership and our values and behaviours. Engagement with staff will take place via the bulletin, line managers and appraisal process to ensure they are made aware of opportunities for development through a second cohort of fast track candidates during 2020 to ensure high potential staff are identified and receive appropriate levels of development.

No.	Report page	Issue to be addressed	Formal AFI (Y/N)	Action	SLT Lead Officer	Lead Officer(s)	Expected Completion	Progress
57	37	Some staff do not understand what the new appraisals system is trying to achieve, and some managers do not know how to conduct an effective appraisal.	N	Explain to staff what the new appraisals system is trying to achieve and consider further training to maximise the effectiveness of the new appraisals system.	Head of Workforce Development	Organisational Development Manager	October 2020	<p>Update Feb 2020: A guide to performance excellence will be published. Analysis and observation of current skills will be conducted to develop interventions to assist staff to conduct effective appraisals. The key principles of the appraisal process will be delivered at the Leadership Forum. Mid-year reviews will be used to evaluate the learning impact.</p>

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COMBINED FIRE AUTHORITY

25 FEBRUARY 2020

GRENFELL TOWER INQUIRY: PHASE 1 REPORT

REPORT OF ASSISTANT CHIEF FIRE OFFICER SERVICE DELIVERY

Purpose of Report

1. The purpose of this report is to brief Members on the contents and recommendations from the Grenfell Tower Inquiry: Phase 1 Report and associated implications for County Durham and Darlington Fire and Rescue Service (CDDFRS).

Background

2. In the early hours of 14 June 2017, a fire broke out in the kitchen of Flat 16 Grenfell Tower, a high-rise residential building in North Kensington, West London. Kitchen fires are not uncommon and in terms of its origin and initial magnitude this one appeared reasonably normal. However, the fire, which should have been contained within the confines of Flat 16, spread via the kitchen window to the external envelope of the building.
3. Firefighters from the London Fire Brigade (LFB) attended the fire and within minutes of their arrival had extinguished the fire within the kitchen of Flat 16, but by that time, the fire had already spread into the external cladding where they were unable to fight it successfully. Once established within the cladding, the fire spread up the outside of the building quickly engulfing most of the tower block. The fire subsequently claimed the lives of 71 people who were present in the tower that night.
4. The morning after the fire, the Prime Minister announced that there would be a public inquiry into the circumstances surrounding the fire. On 28 June 2017, The Rt. Hon. Sir Martin Moore-Bick was appointed to act as its chairman.
5. The Grenfell Tower Inquiry: Phase 1 Report was published on 30 October 2019, with full access to the document located here:

[Grenfell Tower Inquiry Phase 1 Report](#)

6. Phase 2 of the enquiry involves investigating the underlying causes of the tragedy.

Overview of the Inquiry: Phase 1 Report

7. The first report of the Grenfell Tower Inquiry is divided into six parts. Part I contains a broad introduction to the events that took place during the early hours of 14 June 2017. It contains a description of Grenfell Tower itself and of the organisation of (LFB).
8. Part II contains a detailed narrative account of the fire and the steps taken in response to it.

9. Part III contains The Rt. Hon. Sir Martin Moore-Bick's conclusions about the origin and development of the fire and his analysis of the response of the LFB and the other emergency services which attended the incident.
10. A summary of the tributes paid to their loved ones by their families and friends is contained in Part IV.
11. Part V contains recommendations arising out of the findings made earlier in the report.
12. Part VI looks ahead to identify some matters of particular importance on which the Inquiry will concentrate its attention in Phase 2.

Findings

13. The Phase 1 Inquiry identified 46 recommendations which are based entirely on evidence heard in relation to issues investigated during this phase and the findings and conclusions reached in the report. The recommendations have regard to making a significant contribution to the safety of people who live in high rise residential buildings.

CDDFRS / National Fire Chiefs Council (NFCC) Actions

14. In England and Wales, high rise buildings have conventionally been defined, for the purposes of fire safety, as buildings of 18 metres in height or above. Although CDDFRS does not have any high-rise residential buildings within its Service area, CDDFRS' Operational Assurance Group (OAG) has considered the recommendations with regard to improvement of local plans, policies, procedures and training.
15. The NFCC Central Programme Office is co-ordinating a national response to the recommendations made by the Grenfell Tower Inquiry Phase 1 Report. This work will support the local work of the OAG to assure the Service of an effective response.
16. An initial analysis of the 46 recommendations using a Strategic Improvement Model has been undertaken by the NFCC. This analysis has proposed strategic level solutions for each of the recommendations and these proposed solutions are detailed against each of the Grenfell Tower Inquiry recommendations in Appendix A. The OAG will consider all national solutions to improve the Service's local response.

Recommendations

17. Members are requested to:
 - a. **note** the contents of this report;
 - b. **receive** further reports as appropriate.

Appendix A

No.	Grenfell Tower Inquiry Recommendation	NFCC Strategic Level Solution
Fire and Rescue Services (FRS): knowledge and understanding of materials used in high-rise buildings		
1	That the owner and manager of every high-rise residential (HRRB) building be required by law to provide their local FRS with information about the design of its external walls together with details of the materials of which they are constructed and to inform the FRS of any material changes made to them.	National Review of risk information gathering, accessibility and enforcement
2	That all FRS ensure that their personnel at all levels understand the risk of fire taking hold in the external walls of high-rise buildings and know how to recognise it when it occurs.	Fire Standard underpinned by guidance relating to fire protection
Section 7(2)d of the Fire and Rescue Services Act 2004		
3	That the LFB review, and revise as appropriate, Appendix 1 to PN633 to ensure that it fully reflects the principles in GRA 3.2.	Implementation of NOG and JESIP
4	That the LFB ensure that all officers of the rank of Crew Manager and above are trained in carrying out the requirements of PN633 relating to the inspection of high-rise buildings.	Fire Standard underpinned by guidance relating to fire protection
5	That the owner and manager of every HRRB be required by law: to provide their local FRS with up-to-date plans in both paper and electronic form of every floor of the building identifying the location of key fire safety systems.	Guidance from Government on National Policy
6	That the owner and manager of every HRRB be required by law to ensure that the building contains a premises information box, the contents of which must include a copy of the up-to-date floor plans and information about the nature of any lift intended for use by the FRS.	Guidance from Government on National Policy
7	Insofar as it is not already the case, that all FRS be equipped to receive and store electronic plans and to make them available to incident commanders and control room managers.	National Review of risk information gathering, accessibility and enforcement
Lifts		
8	That the owner and manager of every HRRB be required by law to carry out regular inspections of any lifts that are designed to be used by firefighters in an emergency and to report the results of such inspections to their local FRS at monthly intervals.	Guidance from Government on National Policy
9	That the owner and manager of every HRRB be required by law to carry out regular tests of the mechanism which allows firefighters to take control of the lifts and to inform their local FRS at monthly intervals that they have done so.	Guidance from Government on National Policy

Communication between the control room and the incident commander		
10	That the LFB review its policies on communications between the control room and the incident commander.	Clarified fire control room operations
11	That all officers who may be expected to act as incident commanders (i.e. all those above the rank of Crew Manager) receive training directed to the specific requirements of communication with the control room.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
12	That all Control Room Operators (CROs) of Assistant Operations Manager rank and above receive training directed to the specific requirements of communication with the incident commander.	Fire Standard underpinned by guidance relating to Control Room operations, requirements and competency
13	That a dedicated communication link be provided between the senior officer in the control room and the incident commander.	Clarified fire control operations
Emergency calls		
14	That the LFB's policies be amended to draw a clearer distinction between callers seeking advice and callers who believe they are trapped and need rescuing.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
15	That the LFB provide regular and more effective refresher training to CROs at all levels, including supervisors.	Fire Standard underpinned by guidance relating to Control Room operations, requirements and policy
16	That all FRS develop policies for handling a large number of Fire Survival Guidance (FSG) calls simultaneously.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
17	That electronic systems be developed to record FSG information in the control room and display it simultaneously at the bridgehead and in any command units.	Review of incident ground communications and technology
18	That policies be developed for managing a transition from "stay put" to "get out".	Guidance from Government on National Policy (evacuation).
19	That control room staff receive training directed specifically to handling such a change of advice and conveying it effectively to callers.	Fire Standard underpinned by guidance relating to Incident Command and JESIP

20	That steps be taken to investigate methods by which assisting control rooms can obtain access to the information available to the host control room.	Review of incident ground communications and technology
21	That the London Ambulance Service (LAS) and the Metropolitan Police Service (MPS) review their protocols and policies to ensure that their operators can identify FSG calls (as defined by the LFB) and pass them to the LFB as soon as possible.	Guidance from Government on National Policy (evacuation).
Command and Control		
22	That the LFB develop policies and training to ensure better control of deployments and the use of resources.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
23	That the LFB develop policies and training to ensure that better information is obtained from crews returning from deployments and that the information is recorded in a form that enables it to be made available immediately to the incident commander (and thereafter to the command units and the control room).	Fire Standard underpinned by guidance relating to Incident Command and JESIP
24	That the LFB develop a communication system to enable direct communication between the control room and the incident commander and improve the means of communication between the incident commander and the bridgehead.	Review of incident ground communications and technology
25	That the LFB investigate the use of modern communication techniques to provide a direct line of communication between the control room and the bridgehead, allowing information to be transmitted directly between the control room and the bridgehead and providing an integrated system of recording FSG information and the results of deployments.	Review of incident ground communications and technology
Equipment		
26	That the LFB urgently take steps to obtain equipment that enables firefighters wearing helmets and breathing apparatus to communicate with the bridgehead effectively, including when operating in high-rise buildings.	Review of incident ground communications and technology
27	That urgent steps be taken to ensure that the command support system is fully operative on all command units and that crews are trained in its use.	Review of incident ground communications and technology
Evacuation		
28	That the government develop national guidelines for carrying out partial or total evacuation.	Guidance from Government on National Policy (evacuation).
29	Evacuations of HRRB, such guidelines to include the means of protecting fire exit routes and procedures for evacuating persons who are unable to use the stairs in an emergency, or who may	Fire standard underpinned by guidance relating to

	require assistance (such as disabled people, older people and young children).	Incident Command and JESIP.
30	That FRS develop policies for partial and total evacuation of HRRB and training to support them.	Guidance from Government on National Policy (evacuation).
31	That the owner and manager of every HRRB be required by law to draw up and keep under regular review evacuation plans, copies of which are to be provided in electronic and paper form to their local FRS and placed in an information box on the premises.	Guidance from Government on National Policy.
32	That all HRRB (both those already in existence and those built in the future) be equipped with facilities for use by FRS enabling them to send an evacuation signal to the whole or a selected part of the building by means of sounders or similar devices.	Guidance from Government on National Policy (evacuation).
33	That the owner and manager of every HRRB be required by law to prepare personal emergency evacuation plans (PEEPs) for all residents whose ability to self-evacuate may be compromised (such as persons with reduced mobility or cognition).	Guidance from Government on National Policy (evacuation).
34	That the owner and manager of every HRRB be required by law to include up-to-date information about persons with reduced mobility and their associated PEEPs in the premises information box.	Maximising opportunities to collaborate on procurement.
Internal signage		
35	That in all high-rise buildings floor numbers be clearly marked on each landing within the stairways and in a prominent place in all lobbies in such a way as to be visible both in normal conditions and in low lighting or smoky conditions.	Guidance from Government on National Policy (evacuation).
36	That the owner and manager of every residential building containing separate dwellings (whether or not it is a high-rise building) be required by law to provide fire safety instructions (including instructions for evacuation) in a form that the occupants of the building can reasonably be expected to understand, taking into account the nature of the building and their knowledge of the occupants.	Guidance from Government on National Policy (evacuation).
Fire doors		
37	That the owner and manager of every residential building containing separate dwellings (whether or not they are high-rise buildings) carry out an urgent inspection of all fire doors to ensure that they comply with applicable legislative standards.	National review of risk information gathering, accessibility and enforcement.
38	That the owner and manager of every residential building containing separate dwellings (whether or not they are high-rise buildings) be required by law to carry out checks at not less than three-monthly intervals to ensure that all fire doors are fitted with effective self-closing devices in working order.	National review of risk information gathering, accessibility and enforcement.

39	That all those who have responsibility in whatever capacity for the condition of the entrance doors to individual flats in HRRB, whose external walls incorporate unsafe cladding, be required by law to ensure that such doors comply with current standards.	National review of risk information gathering, accessibility and enforcement.
Co-operation between emergency services		
40	That the Joint Doctrine be amended to make it clear that each emergency service must communicate the declaration of a Major Incident to all other Category 1 Responders as soon as possible.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
41	That the Joint Doctrine be amended to make it clear that on the declaration of a Major Incident clear lines of communication must be established as soon as possible between the control rooms of the individual emergency services.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
42	That the Joint Doctrine be amended to make it clear that on the declaration of a Major Incident clear lines of communication must be established as soon as possible between the control rooms of the individual emergency services.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
43	That the Joint Doctrine be amended to make it clear that a single point of contact should be designated within each control room to facilitate such communication.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
44	That the Joint Doctrine be amended to make it clear that a "METHANE" message should be sent as soon as possible by the emergency service declaring a Major Incident.	Fire Standard underpinned by guidance relating to Incident Command and JESIP
45	That steps be taken to investigate the compatibility of the LFB systems with those of the MPS and the LAS with a view to enabling all three emergency services' systems to read each other's messages.	Review of incident ground communication and technology
46	That steps be taken to ensure that the airborne datalink system on every NPAS helicopter observing an incident which involves one of the other emergency services defaults to the National Emergency Service user encryption.	Guidance from Government on National Policy

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Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



COMBINED FIRE AUTHORITY

25 FEBRUARY 2020

CO-OPTED GOVERNOR OF BELMONT COMMUNITY SCHOOL

REPORT OF CHIEF FIRE OFFICER

PURPOSE OF THE REPORT

1. This report seeks permission from the Authority for the Chief Fire Officer (CFO) to become a Co-opted Governor of Belmont Community School.

BACKGROUND

2. Belmont Community School is a local school for students aged 11-16. The school has established general links with County Durham and Darlington Fire and Rescue Service (CDDFRS) through the normal school engagement programme and specifically through the cadet scheme operated at Durham Community Fire Station, when the school helped recruit a second cohort of cadets at the station. The school have also supported the Service with a number of specific initiatives such as the official opening of Headquarters in 2013.
3. The CFO has been asked to be a Co-opted Governor on the school's Governing Body. The governing body is the strategic leader of the school and has a vital role to play in making sure every child receives the best possible education. A Co-opted governor is a person appointed by the governing body and who, in the opinion of the governing body, has the skills required to contribute to the effective governance and success of the school.
4. If the Fire Authority were minded to support the request from the CFO, the time commitment would be minimal. The Governing Body normally meets once per term (three times per year). Meetings generally commence at 16.00 and the CFO would make allowances for any additional time required during normal working hours by working additional compensatory hours to ensure that the authority were not disadvantaged in any way.

RECOMMENDATION

5. Members are asked to:
 - (a) **Consider** the request from the CFO to become a Co-opted Governor of Belmont Community School.

Stuart Errington, Chief Fire Officer, 0191 375 5555

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of the Local Government Act 1972.

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