

**TYNE & WEAR FIRE AND RESCUE AUTHORITY**

**GOVERNANCE COMMITTEE**

**MEETING: 30<sup>TH</sup> JUNE 2008**

---

**STATEMENT OF ACCOUNTS 2007/2008 (SUBJECT TO AUDIT)**

**JOINT REPORT OF THE CHIEF FIRE OFFICER AND FINANCE OFFICER**

**1. INTRODUCTION**

- 1.1 The report seeks approval to the Authority's Statement of Accounts for 2007/2008 (Subject to Audit).

**2. STATEMENT OF ACCOUNTS 2007/2008**

**Accounts and Audit Regulations 2003**

- 2.1 The Statement of Accounts for 2007/2008 (Subject to Audit) has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2007'. The Code of Practice constitutes 'proper accounting practice' under the terms of the Accounts and Audit Regulations 2003, and the Local Government and Housing Act 1989.
- 2.2 The Accounts and Audit Regulations 2003 provide that all adjustments to the Statement of Accounts can only be made with the permission of the external auditor. This has, in practice, been the case in the past. When the external audit has been completed, and the external auditor feels that highlighting any adjustments would strengthen internal control, these will be reported to this Committee.
- 2.3 The Accounts and Audit Regulations 2003 also require approval of the Statement of Accounts by this Committee and that the Chairman signs the Statement of Accounts on behalf of the Committee.
- 2.4 In addition, the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (England) (Amendment) Regulations 2006, which came into force on 1<sup>st</sup> April 2006, has two further requirements to be met by those charged with governance. These are in respect of strengthening the system of internal control by introducing a requirement to review the effectiveness of internal audit and also to review the effectiveness of the system of internal control. Separate reports are included on today's agenda in respect of both of these areas.
- 2.5 The Statement of Accounts is attached for approval by the Governance Committee but, as indicated, is still subject to audit.

- 2.6 Appendix 1 shows, for information, the key dates for the Statement of Accounts for 2007/2008 (Subject to Audit) in accordance with the Regulations.
- 2.7 The final Statement of Accounts will be published following the conclusion of the audit and will include a signed audit certificate. The audited accounts must be approved before 30<sup>th</sup> September each year.

### **Statement of Recommended Practice (SORP) 2007 - Changes**

- 2.8 The Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice 2007 has introduced some major changes to accounting requirements for the 2007/2008 Statement of Accounts, as the local authority accounting requirements continue to converge with the accounting requirements of UK GAAP. These include:

a) Changes that will affect the Authority's Statement of Accounts:

- The replacement of the Fixed Asset Restatement Account (FARA) and Capital Financing Account (CFA) by a Revaluation Reserve and Capital Adjustment Account. This change was trailed in the SORP 2006 and also requires a prior-year adjustment with the creation of a Revaluation Reserve with an opening balance set to zero. This means that the FARA and CFA balances are transferred to the newly created Capital Adjustment Account as a prior-year adjustment. These changes are reflected in Note 1 to the Statement of Accounts;
- The SORP has clarified which bodies are governed by it;
- The application of Accounting Standards has been updated for changes in Accounting Standards, Financial Reporting Standards (FRS's) and Urgent Issues Task Force (UITF) Abstracts up to 30<sup>th</sup> September 2006.

b) Changes that will not affect the Authority's Statement of Accounts, but are included for information:

- Local Authorities are to adopt Financial Reporting Standards FRS25, FRS26 and FRS29, which replace the previous accounting standards FRS4 and FRS5, dealing with the major changes in the accounting treatment of financial instruments covering areas such as soft loans, borrowing, financial guarantees and investments. Whilst this is one of the main changes arising from the SORP 2007, this does not directly affect the Statement of Accounts (Subject to Audit) for 2007/2008 for this Authority, as outlined at Accounting Policy 25, on page 30;
- New guidance has been issued for accounting for Local Area Agreement grant;

- Additional disclosures are required in respect of charitable trusts consolidated into Group Accounts;
  - Firefighters Pension Scheme accounting and funding arrangements, adopted in England from 1<sup>st</sup> April 2006, will apply to all Fire and Rescue Service Authorities in Wales from 2007/2008;
  - The Business Improvement Districts Scheme guidance has been amended to include operating in Scotland and Wales;
  - The Landfill Allowance Trading Scheme has been amended to include the accounting requirements for schemes operating in Northern Ireland.
- 2.9 A further requirement for the Statement of Accounts 2007/2008 is to replace the Statement of Internal Control (SIC), which was previously prepared and included within the Statement of Accounts in accordance with Regulation 4(2) of the Accounts and Audit Regulations 2003 with an Annual Governance Statement. This new statement has been prepared in accordance with CIPFA / SOLACE's new Framework and associated guidance on corporate governance 'Delivering Good Governance in Local Government' and now includes the summary of the Authority's annual review of the effectiveness of its systems of internal control required by the regulations instead.
- 2.10 The Statement of Accounts (Subject to Audit) for 2007/2008 fully complies with the SORP 2007, except where departures from the SORP are noted, including reasons for the departure, where appropriate.

### **3. STATEMENT OF ACCOUNTS 2007/2008 – MAIN FINANCIAL ISSUES**

- 3.1 The main financial issues arising from the Statement of Accounts (Subject to Audit) for 2007/2008 are attached at Appendix 2 for information. The points listed represent the main financial matters that Members attention needs to be drawn to that are included in the financial statements for 2007/2008.

### **4. RECOMMENDATIONS**

- 4.1 The Governance Committee is recommended to approve the Statement of Accounts for the financial year ended 31<sup>st</sup> March 2008 (Subject to Audit).

**Appendix 1**

**Timetable for the Audit of the Statement of Accounts for 2007/2008**

Notice of Audit of Accounts – advert placed in newspaper ('The Journal') on 21<sup>st</sup> June 2008

Statement of Accounts (Subject to Audit) – approved 30<sup>th</sup> June 2008

Public Inspection Period (20 working days) – 7<sup>th</sup> July to 1<sup>st</sup> August 2008

Audit Commencement Date – 4<sup>th</sup> August 2008

Audited Statement of Accounts – Approved before 30<sup>th</sup> September 2008

**Statement of Accounts 2007/2008 (Subject to Audit) – Main Financial Issues****Revenue Expenditure and Income Summary**

The estimated net revenue expenditure for 2007/2008 to be met from Government Grants and local taxpayers was approved at £56.549 million. This meant that the precept, represented at the Band D level of Council Tax, after allowing for Revenue Support Grant and National Non Domestic Rates receipts, was set at £69.93 for 2007/2008. This represented an increase of 2.4% over the 2006/2007 Band D level of £68.29 (the lowest % increase of any Metropolitan Fire and Rescue Authority).

Quarterly reports are made to the Authority which detail the outcome of the review of budgets and spending forecasts for both capital and revenue expenditure.

The above table shows a reduction in General Fund Balances of £0.557 million, which is greater than the £0.070 million reduction projected at the revised estimate stage. The General Fund Balances of the Authority, as at 31<sup>st</sup> March 2008, after taking account of the above, have reduced from £2.742 million to £2.185 million.

The principal reasons for the net reduction in balances of £0.487 million, from the revised estimate, are outlined below:

- a) appropriations to various earmarked reserves, totalling £2.817 million, as agreed by Members at a full Authority meeting on 16th June 2008;
- b) underspendings on a number of budget headings, including:
  - i) premises – an underspend of £0.210 million has arisen, primarily in relation to lower than anticipated utilities and rates costs;
  - ii) insurances – an underspend of £0.240 million has arisen on insurance budgets, reflecting the lower contribution necessary to the provision in 2007/2008;
  - iii) supplies – an underspend of £0.365 million has arisen on delegated budgets where expenditure (including training and equipment) has slipped to reflect the ongoing establishment review and to ensure that best value is obtained for the expenditure;
  - iv) capital financing – an underspend of £1.115 million has arisen as a result of slippage on a number of schemes within the Capital Programme, where the expenditure was planned to be financed through a revenue contribution;
  - v) contingencies – an underspend of £0.310 million has arisen in respect of the ongoing implementation of the establishment structure and due to the use of alternative funding for a recruits course during the year;
  - vi) interest received – additional interest of £0.085 million was received above estimate;

- vii) Other – minor cost adjustments resulting in a net underspend of £0.005 million.

The following table summarises the financial position for the year:

	2007/2008 Original Estimate £000	2007/2008 Revised Estimate £000	2007/2008 Actual Outturn £000	2006/2007 Actual Outturn £000
Community Safety	7,185	11,146	13,030	9,927
Fire Fighting and Rescue Operations	45,863	45,158	41,809	41,355
Fire Service Emergency Planning	0	0	6	(42)
Corporate and Democratic Core	324	332	304	286
Non Distributed Costs	0	0	(7,290)	470
<b>Net Cost of Services</b>	<b>53,372</b>	<b>56,636</b>	<b>47,859</b>	<b>51,996</b>
Balances	(277)	0	0	0
Loss on Disposal of Fixed Assets	0	0	160	0
Cleaning DSO	0	0	(10)	25
Interest Payable	912	912	906	856
Contingencies	2,004	312	0	0
Interest on Balances	(1,000)	(1,678)	(1,764)	(1,392)
Pension Interest Cost and Expected Return on Pension Assets	140	140	28,950	26,890
<b>Net Operating Expenditure</b>	<b>55,151</b>	<b>56,322</b>	<b>76,101</b>	<b>78,375</b>
Capital Financing:				
- Reversal of Capital Charges	(1,007)	(1,149)	(1,149)	(1,044)
- Minimum Revenue Provision	775	775	772	732
- Revenue Contribution to Capital Outlay	1,630	2,180	1,064	42
- Reversal of impairments	0	(841)	(841)	0
- Reversal of Loss on Disposal of Fixed Assets	0	0	(160)	0
	<b>56,549</b>	<b>57,287</b>	<b>75,787</b>	<b>78,105</b>
Contribution to Capital Reserves	0	63	63	61
Contribution to FRS17 Pension Reserve	0	0	(20,830)	(25,930)
Contribution to / (from) Earmarked Reserves	0	(731)	2,086	6,411
	<b>56,549</b>	<b>56,619</b>	<b>57,106</b>	<b>58,647</b>
Revenue Support Grant, Non Domestic Rates and Precepts	(56,549)	(56,549)	(56,549)	(55,041)
<b>Reduction to Balances</b>	<b>0</b>	<b>70</b>	<b>557</b>	<b>3,606</b>
<b>General Fund Balance Brought Forward</b>			<b>(2,742)</b>	<b>(6,348)</b>
<b>General Fund Balance Carried Forward</b>			<b>(2,185)</b>	<b>(2,742)</b>



**Capital Expenditure and Income**

The Authority approved a Capital Programme for 2007/2008 of £3.833 million, which was subsequently revised to £2.306 million during the year. Actual expenditure for the year was £1.703 million. Supported Capital Expenditure (SCE(R)), enabled the Authority to borrow £0.639 million to finance capital expenditure, with the balance of £1.064 million being financed from Revenue Contributions.

The underspend of £0.603 million has arisen due to a number of reasons:

- expenditure of £0.682 million planned for 2007/2008 has slipped into 2008/2009, which is due mainly to delays in the procurement of operational equipment (including fireground radios) and on a number of Estates schemes, where the need for specialist advice in relation to some of the schemes has caused delays;
- cost variations, where the total scheme costs for a number of schemes is lower than estimated, by £0.030 million;
- purchase of personal computers (£0.011 million) and vehicles (£0.098 million) during the year. The vehicles were originally included within the Vehicle Replacement Programme (traditionally financed through operating lease) but were purchased outright, and financed through a revenue contribution, following an option appraisal.

The First Review of the Capital Programme 2008/2009, reported to Authority on 16th June 2008, approved £2.802 million of capital expenditure to be spent in 2008/2009.

**Authority's Current Borrowing and Capital Borrowing Provision**

The Capital Programme report, incorporating Prudential Indicators and Treasury Management Strategy, submitted to the Authority meeting on 19th February 2007, detailed the 2007/2008 borrowing limits for the Authority. This relates to borrowing undertaken by the Lead Authority (Sunderland City Council) on the Authority's behalf.

The specific borrowing limits set related to two of the Prudential Indicators required to be set under the Prudential Code, which was introduced on 1<sup>st</sup> April 2004. The Authority was required to set borrowing limits for the following three financial years. The limits for 2007/2008 were as follows:

- Authorised Limit for External Debt for 2007/2008 of £26.256 million;
- Operational Boundary for External Debt for 2007/2008 of £22.876 million.

The Lead Authority (Sunderland City Council) administers all of the Authority's borrowing through its Consolidated Advances and Borrowing Pool (CABP). These two Prudential Indicators have been monitored on a daily basis and neither limit has been exceeded during 2007/2008. The highest level of external debt incurred by the Authority during 2007/2008 was £19.219 million on 1<sup>st</sup> April 2007.

**Trading Account (Cleaning DSO)**

The Authority operates a trading account for its Cleaning function, which came into operation in 1989. Following the abolition of Compulsory Competitive Tendering with effect from 2<sup>nd</sup> January 2000, there is no longer a statutory requirement to achieve a

rate of return. The Cleaning DSO needs to demonstrate Best Value and one method of showing this is through setting and achieving a requirement to break even.

In 2007/2008, the Cleaning DSO recorded a trading surplus of £14,022 (£10,224 inclusive of FRS 17 costs), which has been added to surpluses accumulated by the DSO in earlier years.

### **Private Finance Initiative**

The Authority entered into a contract on 28th March 2003 to provide 6 new Fire Stations, a Service Headquarters and a new Technical Services Centre. The final facility was handed over to the Authority on 27th March 2006.

The PFI contract allowed for changes to works and services to be made by the Authority or the contractor in respect of issues which could not have been anticipated or quantified at contract signature, or changes imposed by external factors for which the Authority has retained responsibility.

### **Accounting for Pensions**

#### **a) Financial Reporting Standard 17**

The Authority's accounts continue to be fully compliant with Financial Reporting Standard 17 (FRS17). Although FRS17 is regarded as a complex accounting standard it is based on a simple principle, namely that an organisation should account for retirement benefits when it is committed to giving them, even if the actual payment of those benefits will be many years into the future. FRS17 compliance, therefore, reflects the economic reality of the relationship between an employer and the pension fund.

Accounting Policy 13 and Notes 4 and 30 to the Core Financial Statements provide details of the necessary disclosures required.

The net overall impact of FRS17 accounting entries is neutral in the accounts and, in reality, as the Authority is making the necessary pension deficiency payments to address any assessed shortfall in the pension fund by the Actuary over time, the Balance Sheet net worth is, in effect, reporting future years deficits against the Pension Fund Reserve.

The financial health of the Authority is consequently being affected by the accounting requirements in respect of FRS17 but this needs to be taken into context, as the Pension Fund Reserve Deficit reflected in the Balance Sheet, as assessed by the Actuary, as at 31<sup>st</sup> March 2008 is being addressed by the Authority in line with government regulations (whereby a period of up to 25 years to correct the deficit position has been agreed), which the Authority can meet with planned and agreed future years contributions based on independent actuarial advice.

Analysis of the movement in the Firefighter's Pension Fund liability records a significant gain against 'Past Service Cost'. This gain relates to the introduction of two tier ill health arrangements in the Firefighter's Pension Scheme. These new arrangements reduce the scheme liability, so a gain is recorded in the analysis of



movement, and is also included within Non Distributed Costs in the Authority's Income and Expenditure Account for 2007/2008.

### **b) Arrangements for Funding and Accounting for Firefighter Pensions**

From 1<sup>st</sup> April 2006, new arrangements came into effect for funding firefighter pensions, with Fire and Rescue Authorities administering and paying firefighters pensions through a newly required local firefighters pension fund.

Under the new arrangements, employee and employer contributions meet the accruing pension liabilities of currently serving firefighters. This means that Fire and Rescue Authorities meet all the costs of employing a firefighter, including the cost of future pension liabilities, at the time of employing them.

Ill-health provisions are paid by the Authority from its pension fund. Employer payments towards the future cost of ill-health retirements come from a combination of a flat rate employer contribution applicable to all authorities and from an individual charge payable by the relevant authority where an ill-health retirement occurs.

Employee and employer contributions are paid into the pension fund each year, with the fund being topped up by annual Government grant if the contributions are insufficient to meet the cost of pension payments. Any surplus is recouped by the Government.

The pension fund is ring-fenced to ensure accounting clarity. As such, a Pensions Fund Account and Net Assets Statement are reported as supplementary financial statements within the Authority's Statement of Accounts.

## **Major Acquisitions, Capital Works and Disposals during 2007/2008**

### **a) Acquisitions and Capital Works**

The Authority has not made any major acquisitions of either land or property during 2007/2008.

The Authority is involved in a number of major projects, known as capital works. The main schemes are listed below, for information, which also includes the amounts of expenditure incurred during 2007/2008, the total estimated gross cost of each scheme, and the status of the project at the end of the year.

<b>Scheme / Project</b>	<b>Expenditure During 2007/2008 £'000</b>	<b>Total Estimated Scheme Costs £'000</b>	<b>Completed / In Progress as at 31st March 2008</b>
Purchase of High Volume Pumping Unit	290	290	Completed
Station Refurbishment Programme	286	434	In Progress
Brigade Training Centre – Security Improvements and Incident Management Training Facilities	9	914	In Progress

**b) Disposals**

As part of the Authority's PFI contract, a number of stations were relocated, necessitating exchanges of land between the Fire Authority and the constituent authorities. Accordingly, West Road Fire Station has been written out of the Authority's Balance Sheet in 2007/2008. The transaction involved a land exchange with no cash consideration.

**Changes to the Statement of Recommended Practice (SORP) 2007**

The Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice 2007 (SORP) introduced some major changes for 2007/2008. The substantive changes are set out below, for information, although a number of these do not directly affect the Authority's Statement of Accounts (Subject to Audit) for 2007/2008:

- Adoption of Financial Reporting Standards, FRS25, FRS26 and FRS29, which replace the previous accounting standards FRS4 and FRS5, dealing with significant changes in the accounting treatment of financial instruments covering the areas of soft loans, borrowings, financial guarantees and investments. Whilst this is one of the main changes arising from the SORP 2007, this does not directly affect the Statement of Accounts (Subject to Audit) 2007/2008 for this Authority as outlined at Accounting Policy 25, on page 30;
- The replacement of the Fixed Asset Restatement Account (FARA) and Capital Financing Account (CFA) by a Revaluation Reserve and Capital Adjustment Account. This change was trailed in the SORP 2006 and requires a prior year adjustment with the creation of a Revaluation Reserve with an opening balance set to zero. This means that the FARA and CFA balances are transferred to the newly created Capital adjustment Account as a prior year adjustment, as illustrated at Note 1, on page 46;
- New guidance has been included for accounting for Local Area Agreement grant;
- Additional disclosures are required in respect of charitable trusts consolidated into Group Accounts;
- The SORP has clarified which bodies are governed by it;
- The Application of Accounting Standards has been updated for changes in Accounting Standards, Financial Reporting Standards (FRS's) and Urgent Issue Task Force (UITF) Abstracts made up to 30th September 2006;
- Firefighter Pension Scheme accounting and funding arrangements, adopted in England from 1st April 2006, will apply to all Fire and Rescue Service Authorities in Wales from 2007/2008;
- The Business Improvement Districts Schemes (BIDs) guidance has been amended to include schemes operating in Scotland and Wales;

- The Landfill Allowance Trading Schemes (LATS) has been amended to include the accounting requirements for schemes operating in Northern Ireland.

The Statement of Accounts (Subject to Audit) and Accounting Policies of the Authority for 2007/2008 fully comply with the Statement of Recommended Practice 2007 with any departures from the SORP being fully documented, including reasons for the departure, where appropriate.

### **Euro**

The adaptation of operational and information systems to accommodate the euro is likely to become a priority for local authorities at some stage in the future. The Authority continues to assess the euro's impact on its business affairs. The Authority's Financial Management System is euro compliant.

### **Comprehensive Performance Assessment**

The result of the Authority's Comprehensive Performance Assessment (CPA) for 2007 was released in the autumn of 2007. With regard to the Authority's Direction of Travel, the Audit Commission rated the Authority as Improving Well, the same rating as achieved in 2006. This is a notable achievement given that the requirements of the CPA process continued to be much more demanding than the previous regime, and 30% of Fire and Rescue Authorities saw their score fall one level or more over the same period.

The Authority received an overall score of '3' (with a score of '4' being the highest possible) for its Use of Resources assessment and, within that subset of scores, the Financial Reporting category was identified as a particular strength, with a score of '4'. The Authority received an overall score of '2' for its Operational Assessment of Service Delivery.

The Authority continues to work to build upon these successes and is actively pursuing a programme of continuous improvement.

### **Efficiency**

The Authority's approach to securing efficiency and value for money is encapsulated in the Authority's Value for Money Framework. The duty to continually examine, evaluate and realise efficiency gains is embedded within the Authority's approach to Corporate and Service strategies and plans, across Authority processes and within its Partnership Arrangements.

The Authority continues to seek and achieve efficiency savings in its budget and spending plans and has an excellent past record of achievement of efficiencies and improving services by using resources effectively.

The Authority has embraced and responded very positively to the requirements presented through the government's national efficiency review, launched by Sir Peter Gershon. To the end of 2007/2008, the Authority's latest estimate for cumulative ongoing efficiency savings that have been identified is £5.1 million (9.9%), considerably in excess of the Government target of 5.67%.

### ***Creating the Safest Community***

The Authority, however, will face new challenges in achieving further efficiencies as the government, in its Comprehensive Spending Review 2007 (CSR07), has set an overall target for local government, in total, of a further 3% cashable efficiencies for each of the next three years, covering 2008/2009 to 2010/2011. An efficiency target of £110 million (equivalent to 1.6% per annum) over the three years of the CSR07 review has been set for the fire and rescue service.

### **Whole of Government Accounts**

WGA is based on United Kingdom Generally Accepted Accounting Principles, (UK GAAP) and, from 2006/2007, provides a fully audited true and fair view of the Government's financial performance. This is intended to provide increased transparency and accountability to Parliament as well as better quality financial information to underpin funding and investment decisions at local and national level. The Authority has systems in place to meet the appropriate reporting requirements set by government.

### **Single Status**

Following the Single Status Agreement 1997, the Authority is working towards implementing its revised Pay and Grading structure for all green book employees, with an implementation date of 31<sup>st</sup> March 2009.

### **Equal Pay Claims**

Following the receipt of legal advice from leading Counsel, the Authority successfully settled two equal pay claims in 2006/2007 on a "without prejudice" basis, where claimants were seeking financial redress in respect of periods when unequal pay is alleged to have been applied by the Authority.

Whilst there were no outstanding claims in respect of unequal pay as at 31<sup>st</sup> March 2007, the Authority made a provision within the accounts for 2006/2007 to enable any proposed settlements to be funded with regard to other employees in similar positions. These potential equal pay claims have been settled during 2007/2008.

There are no outstanding claims in respect of unequal pay as at 31<sup>st</sup> March 2008, and the Authority does not anticipate that any further claims are likely at this point in time.

### **Annual Report and Summary Statement of Accounts**

After a public consultation, the Authority produced its first Annual Report last year to highlight the Authority's successes over the previous 12 months (including its performance against national indicators and the opinions of its external inspectors) as well as outlining details of the improvements introduced to meet the Authority's vision of "Creating the Safest Community".

The Annual Report also included a summary of the Statement of Accounts for 2006/2007, which the Audit Commission noted "includes a clear and consistent summary of the statement of accounts within the context of a review of performance." The quality of the Annual report contributed significantly to the CPA score of '4' achieved for Financial Reporting.

**Authority Performance**

The Authority's key strategic priority is to prevent loss of life and injury from fires and other emergencies. In order to achieve this goal, wide ranging community safety services, legislative fire safety services and operational response services are provided to the public of Tyne and Wear. The primary focus is to prevent fires and other emergencies from occurring whilst also ensuring that if they do occur, every attempt is made to limit their impact.

The primary mechanism for achieving this is the Authority's Integrated Risk Management Plan (IRMP), which is focused on improving overall community safety through the more effective and efficient use of resources achieved through reinvesting efficiency savings into service provision. In line with previous years, significant achievements have been delivered during 2007/2008 through the IRMP Action Planning framework, including:

- Crewing levels on all two-pump stations are now established at 4x4 in line with the IRMP 5-year strategy;
- Carrying out a strategic review of fire and emergency cover, focussing on a feasibility study at Fulwell Fire Station;
- Broadening the skills base within Protection and Technical by employing five female members of staff as Fire Safety Inspectors;
- Appointing three community advocates, to work with local communities and partners to break down cultural and language barriers and increase fire safety awareness among hard to reach groups.

In addition, the Authority continues to work with local schools, businesses, residents and community groups with the overall aim of reducing the risk of injuries and death from fire. The main thrust of community safety, however, is home fire risk assessments, which involve community firefighters and community safety staff visiting homes to deliver fire safety advice and, where necessary, fit smoke detectors. In a small number of cases staff will also provide a deep fat fryer (free of charge) where the occupiers are still using a chip pan, and are deemed to be at risk of a kitchen fire.

During 2007/2008, the Authority has:

- Carried out approximately 33,500 home fire risk assessments.
- Fitted 29,185 smoke alarms.
- Distributed approximately 4,260 deep fat fryers.

One of the most significant improvements has been in relation to the number of accidental dwelling fires occurring within the Tyne and Wear area. The figure of 1,109 fires recorded in 2007/2008 represents a reduction of 30% on the 2006/2007 figure of 1,593 fires. This is a notable achievement for the service.

With regard to the area of operational response the Authority continues to have one of the fastest responding fire and rescue services nationally. Last year the Authority's average attendance time for the first fire appliance to arrive at a building fire was 4 minutes 37 seconds, with a second appliance average arrival time of 5 minutes 51 seconds.



During 2007/2008, the Authority attended 12,385 fire calls, a decrease of 13.6% on the number attended in 2006/2007. This figure included a reduction of 1,653 in the number of deliberate fires. There has also been a 23% reduction in the number of injuries arising from accident dwelling fires from 61 in 2006/2007 to 47 in 2007/2008.

Within Tyne and Wear, 87% of households are located in what can be described as 'suburbs and housing estates'. For accidental fires in homes in these areas the Authority's response confined the fire to the room of origin in 94.2% of occasions.

In conclusion, this focussed, preventative, and responsive work is enabling the Authority to achieve its vision "Creating the Safest Community."

### **Planned Future Developments**

#### **a) Estates Development Plan**

The Authority is undertaking a major review of its property portfolio, in conjunction with the Lead Authority in response to a range of emerging issues, including:

- a buildings condition survey has been undertaken and consideration is being given to the extent of any future capital investment for buildings to ensure that all buildings are to a standard which secures a modern and effective service operating across all of the facilities;
- the need to consider the development of further suitable community fire station facilities at each of the non-PFI fire stations. This is as a result of the considerable success of the PFI facilities, where the purpose-built, community-focused facilities are enabling the Authority to participate and engage more fully with the community, as well as offering opportunities to deliver enhanced programmes of fire safety advice and training;
- following the short-term relocation of the 'Safety Works' Interactive Community Safety Centre, a further feasibility study will be undertaken to consider the future requirements for the facility, including its location and the programmes of activity that are required;
- the need to ensure that the use of property assets is fully aligned to changes introduced in moving to co-terminosity (aligning with Local Authority boundaries);
- the need to take account of the need to secure environmental sustainability;
- the need to ensure that facilities continue to comply with the developing issues of equality, diversity and health and safety;
- the need to ensure that the provision of training facilities and resources meet the changing risk profile of our society.

The Authority has retained a Development Reserve to assist in funding the outcome of this major review of the property portfolio over the medium term to long term.

### ***Creating the Safest Community***



**b) NEFRA PFI Scheme**

The North East Fire and Rescue Authorities (NEFRA) successfully submitted a collaborative application in January 2004 for Notional Credit Approvals in the 4<sup>th</sup> Round of PFI Initiatives. Within the application, the element directly affecting the Tyne and Wear Fire and Rescue Authority is the replacement of Tynemouth Fire Station with a new community fire station.

The project is currently in procurement, and Collaborative Services Support was appointed selected bidder at the Authority meeting on 16th June 2008. Financial close is anticipated in early 2009, when construction of the new community fire station will commence, with completion anticipated by early 2010.

**c) Regional Control Centre (FireControl)**

The FireControl business case outlines a need for regional control centres to enhance resilience, support improved performance for fire and rescue services and to deliver value for money. The new Regional Control Centres will be governed and operated by local authority controlled companies, wholly owned by the local Fire and Rescue Authorities in the region.

The Regional Control Centre (RCC) for the North East region, to be situated near the city of Durham, is planned to enter its first full year of operation in 2009/2010, although many of the costs are being met from 2007/2008 onwards, met by transitional funding arrangements through the government. Details regarding the financial support to be provided by government from 2009/2010 onwards have yet to be determined, as have decisions on the national and regional apportionment of costs. The Authority established a Regional Control Centre Reserve of £350,000 in 2007/2008 to provide a means of offsetting any costs associated with the RCC Project on the basis that the CLG position does not provide an absolute assurance to the Authority that all additional costs will be funded by CLG.

**d) Firelink**

The government-supported Firelink project represents a significant investment in radio communications for the fire and rescue service, with the aim of improving resilience and interoperability within the service and with other blue light services.

The project is currently in the first phase of implementation, and the government has provided funding for transitional arrangements for this. Further detailed information is still awaited in terms of the ongoing funding beyond 2008/2009.

**e) Firebuy**

In November 2005, the government published the National Procurement Strategy for the Fire and Rescue Service as part of its modernisation agenda. In March 2006, Firebuy Ltd was established as a non-departmental public body to buy equipment nationally for the fire service.

Initial funding has been provided by the government to meet set-up costs, and to safeguard Firebuy Ltd's financial position until the long-term funding arrangements are agreed. A consultation paper in October 2006, issued through the Department for Communities and Local Government, outlined various options for the future

funding of Firebuy Ltd, including top slicing of Revenue Support Grant and charging subscriptions to Fire and Rescue Authorities. However, at this stage, no decisions have been reached and further detailed information on the future funding arrangements is awaited.

#### **f) Centre of Excellence**

In October 2007, CLG issued a consultation paper on creating a Centre of Excellence to act as an intermediary between the fire and rescue service and the government. The objectives of the proposed Centre of Excellence are to facilitate greater consistency across the fire and rescue service, help drive up standards through sharing best practice, deliver economies of scale, and reduce duplication of effort.

Options with regard to governance and funding arrangements are subject to consultation and are not known at this stage. The likely financial impact has been assessed and reflected in the Authority's Medium Term Financial Strategy, however.

#### **Financial Outlook for the Authority**

The outcome of the Comprehensive Spending Review 2007 saw a tightening of the national funding position in the three years of the review (2008/2009 to 2010/2011), with this Authority receiving grant increases of 2.40%, 1.26% and 1.10% respectively. There is an expectation from government that Fire and Rescue Authorities will continue to identify and realise efficiency savings over the three-year period covering the CSR07.

Against that context, the Authority has published a Medium Term Financial Strategy – 2008/2009 to 2012/2013 to:

- provide an analysis of the financial position likely to face the Authority over the medium term and establish approaches to address the Strategic Priorities of the Authority through its Strategic Plan (and other key strategic documents, such as the Integrated Risk Management Plan) and achieve value for money;
- inform a budget planning framework for each year for the preparation of Revenue and Capital Budgets.