

Minutes of the Meeting of
the TYNE AND WEAR FIRE AND
RESCUE AUTHORITY held in the
Fire and Rescue Service
Headquarters, Barmston Mere on
MONDAY 25 MARCH 2013 at
10.30 am.

Present:

Councillor T. Wright in the Chair

Councillors Ahad, Bell, M. Forbes, N. Forbes, Gambling, Haley, McAtominey, Mole, Mortimer, Mulvenna, Padgett, Price and Stephenson.

Part I

Apologies for Absence

An apology for absence was submitted to the meeting on behalf of Councillor Renton.

Declarations of Interest

There were no declarations of interest.

Minutes

72. RESOLVED that:-

- (i) the minutes of the meeting of the Authority, Part I held on 18 February, 2013 be confirmed and signed as a correct record; and
- (ii) the minutes of the meeting of the Human Resources Committee, Part I held on 11 February, 2013 be noted for information.

Treasury Management Policy and Strategy 2013/2014, including Prudential 'Treasury Management' Indicators for 2013/2014 to 2015/2016

The Finance Officer submitted a report to set out the Treasury Management Policy and Strategy (including both borrowing and investment strategies)

proposed for 2013/2014 and the Prudential 'Treasury Management' Indicators for 2013/2014 to 2015/2016 for approval.

The report contained the following appendices:-

Prudential 'Treasury Management' Indicators 2013/2014 to 2015/2016 (Appendix 1)
Treasury Management Policy Statement (Appendix 2)
Treasury Management Strategy Statement for 2013/2014 (Appendix 3)
Interest Rate Forecasts (Appendix 4)
Economic Background (Appendix 5)
Lending List Criteria (Appendix 6)
Approved Lending List (Appendix 7)

The Finance Officer explained that there were no major changes being proposed to the overall Treasury Management Strategy in 2013/2014 which maintained the prudent approach adopted by the Authority in previous years. The Treasury Management Policy and Strategy report had already been considered by the Governance Committee and positive comments in relation to these had been received.

Although one of the rating agency's had downgraded the UK from its AAA rating there had been little impact on the UK position which was still regarded as strong and safe haven for foreign investors. The other two rating agency's had retained their AAA rating for the UK and the Treasury Management Policy and Strategy Statement had been reviewed and amended to reflect this development.

Councillor Haley questioned whether this had implications on the costs of borrowing and was advised that normally this would have severe implications however given the fact that the market had factored in a downgrading in its forecasts the borrowing rate had actually fallen. If the ratings were to fall again, any impact would have to be considered on the existing TM policy and strategy and Members would be advised of the implications accordingly. At the present time however, the impact was minimal and Members were assured that the UK was still in a strong position within the global financial market.

The Authority was reminded that debt rescheduling was undertaken by the lead authority and significant savings in respect of interest charges had been realised. As in previous years, market conditions were kept under constant review so that the Authority could take a view on the optimum time to carry out further borrowing or debt rescheduling as necessary.

Members were asked to note that the current average rate of borrowing at 3.51% was low in comparison with other local authorities whilst the current rate earned on investments of 0.8% was higher than the overall benchmark rate currently at 0.43%.

It was also mentioned that returns available on investments had fallen across the UK financial market in recent months as most major banks had bolstered their cash reserves on their balance sheets in response to government directives. This unfortunately meant demand for local authority funds had diminished with the result that rates had also seen reductions with a move to nearer the Bank of England base rate. The position for 2013/14 could be sustained but this could impact on interest earned in future years if this trend continued.

Members were also asked to consider the Prudential Indicators 2013/2014 to 2015/2016 and approve an authorised limit for external debt of £55.383m in 2013/2014 and an operational boundary for external debt of £50.383m in 2013/2014. The report also included proposals for future years up to 2015/2016.

73. RESOLVED that:-

- (i) it be noted that the Treasury Management Policy and Strategy Statement for 2013/2014 and associated Prudential Indicators had already been scrutinised by the Governance Committee in line with best practice; and
- (ii) the 2013/2014 Annual Treasury Management Policy and Statement Strategy (including specifically the Annual Borrowing and Investment Strategies) and the Prudential 'Treasury Management' Indicators for 2013/2014 to 2015/2016 be approved.

Members' Allowances Scheme

The Chief Fire Officer, Clerk to the Authority and Finance Officer submitted a joint report to consider the provisions of the Members' Allowances Scheme for the financial year 2013-2014 and thereafter.

The Deputy Clerk to the Authority referred Members to the Appendix which summarised the current scheme and explained that no changes to the governance arrangements had been made therefore it would not indicate that a further review was required at this time. Members were therefore asked to formally confirm that the scheme should continue on the same terms for the next financial year, until further review.

74. RESOLVED that the provisions of the Members' Allowances Scheme, as summarised in the Appendix, continue to apply during the financial year 2013-2014 and thereafter, until further review and consideration by the Independent Remuneration Panel and the Authority.

Pay Policy

The Chief Fire Officer, Clerk to the Authority, the Finance Officer and the Personnel Advisor submitted a joint report to recommend for approval the revised Pay Policy

Statement for subsequent publication by 31 March 2013 in accordance with the Localism Act 2011.

The Deputy Chief Fire Officer (DCFO) referred Members to the proposed draft Pay Policy appended to the report and explained that it was drawn from current guidance and references or incorporated the Authority's related policies where they existed. It also reflected the Authority's practice and position in aiming to be an employer of choice within the context of managing scarce public resources.

Section 11.7 of the Policy was highlighted and Members were advised that this was a new paragraph relating to public sector pay freezes. The DCFO reminded the Authority that the national situation throughout 2011/2012 and 2012/2013 had been a one of pay freeze or very austere increases due to the economic climate. Therefore senior officers and corporate staff had not received a pay increase for the last three years however operational staff, after a pay freeze of two years received a 1% salary increase from 1 July 2012. The DCF went on to advise of the recent announcement of a 1% pay cap on public sector salaries.

The Vice Chairman referred to section 11 of the policy which gave details of the maximum pay multiple definition and commented that the ratio was very favourable. The current pay multiples for the Chief Fire Officer and lowest paid employee at 11.25:1 was well within the Government expectation of below 20:1 in local government.

Councillor N Forbes went on to say that moreover this was favourable in terms of the public sector average of 15:1 and the private sector average of 262:1. It was felt that this reflection of public sector pay highlighted a narrower gap in earnings and demonstrated a positive and more engaged culture.

Councillor N Forbes commented that he welcomed this transparency and was proud of the policy and the ratio it represented, as this showed good value to the tax payers of Tyne and Wear.

75. RESOLVED that:-

- (i) the draft Pay Policy Statement be approved for publication by 31 March 2013; and
- (ii) further reports be received as necessary.

Business Continuity Management – Achievement of Certification to BS25999-2:2007

The Chief Fire Officer, the Clerk to the Authority, the Finance Officer and the Personnel Advisor to the Authority submitted a joint report to outline TWFA's success in achieving accreditation to BS25999-2:2007 following a formal assessment by the British Standards Institute (BSI), the first Fire Authority to achieve accreditation across the whole of the organisation's activities.

Assistant Chief Fire Officer (ACFO) Brindle reminded Members that in 2010, it was agreed to align the Business Continuity Management (BCM) approach to BS25999

and to work towards accreditation under the scheme. This involved a review of processes, a Stage 1 desktop assessment and a full Stage 2 assessment. Confirmation was received in January 2013 that accreditation had been achieved until August 2015.

Members were advised of the continuing "surveillance audit" process to maintain and promote improvement of the BCM. Continuing assessment visits would take place every 6 months and be of 2 days duration. The new ISO standard would eventually supersede BS25999 although continuing assessment visits would facilitate a transition without the need for further audits. The transition was scheduled for around August 2014.

Members commented that it was a significant achievement for the Service having been the first Fire Authority to achieve accreditation across all activities.

Councillor Mole proposed that this achievement be communicated to elected members across Tyne and Wear and asked that a letter be sent to Chief Executive's and Leaders of constituent councils.

76. RESOLVED that:-

- (i) the progress made in achieving BS25999 be noted; and
- (ii) the necessary work to maintain this standard be noted and endorsed.

Environment Strategy 2010-15: Proposals for the Future

The Chief Fire Officer, the Clerk to the Authority, the Finance Officer and the Personnel Advisor to the Authority submitted a joint report to assess the impact of the Environmental Strategy over its first three years, and to seek approval to roll forward capital investment in environmental initiatives for a further two years, 2013-2015.

ACFO Brindle reminded Members that it was in March 2010 that they agreed the Environment Strategy and that that focused on actions the Authority could take to minimise the negative impact of its activities on the environment following advice from the Carbon Trust.

The primary focus of the programme was reducing carbon emissions and the Authority had achieved a reduction in buildings emissions from 3,545 tonnes in the baseline year, to 2880 tonnes in 2011/12, a reduction of 18.7%, representing good progress against the target of a 22% reduction by 2015.

Members were reminded that another key deliverable was cost reduction. This was by way of reining in on expected increases in expenditure despite a projected 8.4% increase in fuel costs. ACFO Brindle reported that performance had exceeded expectations with utilities bills actually decreasing despite significant rises in gas and electricity tariffs.

A number of further potential capital investments had been identified which could not be funded through the capital made available to date. These included extension of LED lighting across all buildings (£80,000) rationalisation of non-operational fleet to

provide more fuel and cost efficient vehicles (£227,000) and also extension of the boiler replacement programme (£200,000). It was proposed that this investment could be supported through alignment of reserves as was done in 2010. Members' approval was therefore sought to refresh the earmarked Carbon Management Plan Reserve by setting aside £507,000 to cover the period 2013-15.

Members felt it a practical approach to continue to invest capital in order to save on revenue costs.

Councillor Haley commented that the savings made to date were impressive and asked that thanks be expressed to staff.

ACFO Brindle agreed to communicate this message and explained that these changes were not always easy to make however staff positively embraced the change.

77. RESOLVED that:-

- (i) the progress made in delivering the Environment Strategy be noted;
- (ii) further capital investment in carbon reduction initiatives as set out at section 8 of the report be approved; and
- (iii) further reports be received as required.

Correspondence List

The Chief Fire Officer submitted a list of correspondence that had been received since the last meeting of the Authority, and were not subject to a separate report.

78. RESOLVED that the correspondence list be received for information

(Signed) T. WRIGHT
Chairman

Note:

The above minutes compromise those relating to items of business during which the meeting was open to the public.

Additional minutes in respect of other items are included in Part II.