ROYAL BERKSHIRE FIRE AUTHORITY

Headquarters · 103 Dee Road · Tilehurst · Reading · Berkshire · RG30 4FS
Telephone Reading (0118) 945 2888 Facsimile (0118) 959 0510

Your reference:

My reference: RBFA/DRW
(please quote on all correspondence)

When calling ask for: David R Weller
Direct Line: (0118) 932 2288

Date: 27 January 1999

Dear Member

AGENDA FOR MEETING OF ROYAL BERKSHIRE FIRE AUTHORITY

I have pleasure in attaching your Agenda for the meeting of the Royal Berkshire Fire Authority to be held on Wednesday 3 February 1999 at the Frank Hutchings Memorial Hall, Bradley Moore Square, Harts Hill Road, Thatcham commencing at 6.30pm.

The Memorial Hall is situated in Bradley Moore Square which is accessed via the A4/Floral Way and Harts Hill Road, Thatcham. A map showing the venue is reproduced overleaf.

For Members travelling from the east of the County it is advisable to use the M4 Motorway, leave at Junction 12 and join the A4 signposted Newbury. Follow the A4 through Woolhampton and after approximately 3 miles you will approach the first of three roundabouts. Continue on the A4 for the first two roundabouts and at the third turn right into Floral Way. At the next roundabout turn left into Harts Hill Road and then almost immediately right into Bradley Moore Square (The Mill House Restaurant will be on your right) The Memorial Hall is located at the far end where adequate parking facilities are available.

As you enter the Memorial Hall the Meeting Room is located on the right hand side of the entrance lobby and Hall 2 a little further along the entrance corridor on the right. Hall 1 is situated on the left hand side of the entrance lobby just past the public telephone. Cloakroom facilities are to be found through the door at the end of the entrance lobby.

As mentioned in my letter dated 19 November 1998 if any Member will be travelling to Thatcham by train please let me know if you will require transport from and to Thatcham Station.

Yours sincerely

David R Weller
Committee Administrator

To: All Members of the Royal Berkshire Fire Authority

ROYAL BERKSHIRE FIRE AUTHORITY

Headquarters · 103 Dee Road · Tilehurst · Reading · Berkshire · RG30 4FS
Telephone Reading (0118) 945 2888 Facsimile (0118) 959 0510

MEETING:	**Royal Berkshire Fire Authority**
DATE AND TIME:	**Wednesday 3 February 1999 at 6.30pm**
VENUE:	**Frank Hutchings Memorial Hall, Bradley Moore Square, Harts Hill Road, Thatcham Berkshire**

NOTICE OF MEETING

You are requested to attend the above meeting at the time and date indicated, when it is proposed to deal with the business set out in the attached Agenda.

D C H Williams
Clerk to the Authority

To: MEMBERS OF THE ROYAL BERKSHIRE FIRE AUTHORITY
J C G Brooks (Chairman), D Ball, P A Barnett, Mrs C Bateson, J J Connolly, R J Day, T P Dredge, J M B Egan, C J Goodall, B W Gardner, Mrs M Gliksten, A Gregory, A B V P Hickley, D W Liddiard, T Mills, J Morris, Mrs K Newbound, B J S Patman, Dr L Silverman, A W Spratling, T N Stephens, R Turner R G Vernon-Jackson, D A Veakins, R J Webb

Briefing Meetings:

Conservative Group:	6.00 pm - Meeting Room
Labour Group:	6.00 pm - Hall 1 (Screened Off Area)
Liberal Democrat Group:	6.00 pm - Hall 2

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For Further Information regarding this meeting, please contact:
David R Weller (0118) 932 2288

ROYAL BERKSHIRE FIRE AUTHORITY

WEDNESDAY 3 FEBRUARY 1999

AGENDA

PART I AGENDA **PAGE NO.**

CONSTITUTIONAL ITEMS

ITEMS FOR RESOLUTION

ITEMS FOR INFORMATION

PART II AGENDA - CONFIDENTIAL

AGENDA ITEM 1 MINUTES: - 8 DECEMBER 1998

MINUTES OF A MEETING OF THE ROYAL BERKSHIRE FIRE AUTHORITY HELD AT SLOUGH BOROUGH COUNCIL, TOWN HALL, BATH ROAD, SLOUGH ON TUESDAY 8 DECEMBER 1998 COMMENCING AT 6.30PM AND CONCLUDED AT 7.54PM

Present: **J C G Brooks (Chairman), B J S Patman (Vice-Chasirman), Mrs C Bateson, J J Connolly, T P Dredge, J M B Egan, Mrs M R Gliksten, B W Gardner, A Gregory, A P V P Hickley, T Mills, Mrs K Newbound, T N Stephens, D A Veakins, R J Webb**

Apologies: **P A Barnett, R J Day, D W Liddiard, A W Spratling**

5.01/98 COUNCILLOR WILLIAM (BILL) J E ONIONS AND FIREFIGHTER NICK HINKSON

The Chairman referred to the very tragic and untimely deaths of Councillor William (Bill) Onions and Firefighter Nick Hinkson. Members stood in silent tribute to the memory of Councillor Onions and Firefighter Hinkson.

5.02/98 MEMBERSHIP OF THE FIRE AUTHORITY

It was reported (Agenda item 2 - not reproduced) that Councillors R Turner (Wokingham) and D A Veakins (Bracknell) had been appointed as Members of the Fire Authority in place of Councillors P J Edwards and the late W J E Onions respectively. The Chairman of behalf of Members welcomed Councillor Veakins to the meeting.

NOTED

5.03/98 MINUTES: WEDNESDAY 16 SEPTEMBER 1998

The Minutes of the Fire Authority meeting held on Wednesday 16 September 1998 were taken as read and signed by the Chairman as a correct record.

5.04/98 MINUTES OF PERSONNEL COMMITTEE AND URGENCY COMMITTEE

The Authority was advised (Agenda item 4 - not reproduced) of meetings of the Personnel Committee and Urgency Committee that had taken place since the last

meeting of the Fire Authority.

NOTED

5.05/98 APPOINTMENT OF MEMBER TO PERSONNEL COMMITTEE

The Authority was requested (Agenda item 5 - not reproduced) to appoint a Labour Member as a replacement for the late Councillor W J E Onions on the Personnel Committee.

RESOLVED: That Councillor D A Veakins be appointed as a member of the Personnel Committee.

5.06/98 PETITIONS AND QUESTIONS FROM THE PUBLIC

The Authority noted that no petitions or questions had been received from the public under Standing Orders 8 and 9.

5.07/98 CHAIRMAN'S COMMUNICATIONS

The Chairman had nothing to report.

5.08/98 QUESTIONS FROM MEMBERS

The Authority noted that no questions had been received from Members under Standing Order 10.

5.09/98 NOTICES OF MOTION

The Authority noted that no Notices of Motion had been received from Members under Standing Order 12.

5.10/98 SSA FOR FIRE SERVICE SPECIAL SERVICES

The Authority was advised (Agenda item 10 - not reproduced) of the response received to the representations made by the Authority to gain additional SSA for emergency special services and were requested to consider what further representations should be made based on the resolutions approved by Reading and Slough Borough Councils.

In accordance with the decision of the Authority the Clerk had written to Members of Parliament for the Berkshire constituencies and Unitary Councils seeking support for the Authority's argument that the SSA should have regard to those emergency special services which the Brigade provided but did so without being able to recoup its costs.

In speaking to his report the Clerk drew Members attention to paragraphs 2,3 and 4 which summarised the responses received from MPs and Ministers and to paragraph 5 which detailed the support received and resolutions approved by the Unitary Authorities. Reading Borough Council's resolution was seeking legislative change to make combined Fire Authorities akin to the Police and Metropolitan Fire/Civil Defence Authorities.

In the short-term however it was clear that there would be no changes to the SSA formula and no increase in grant. Therefore any spending by the Authority above SSA would become a charge on the constituent Unitary Councils, to be met from balances and/or savings in other services for which they were directly responsible. Mr George Howarth MP, Parliamentary Under Secretary of State at the Home Office in his reply referred to a plan to review the whole SSA regime after the 1999/2000 grant settlement but as part of a three year research programme.

It was suggested that the recently announced proposal for the National Health Service to recover the costs of emergency treatment via an agency could ultimately be an opportunity for Emergency Services to do similar.

In agreeing that the initiative by the Parliamentary Under Secretary of State should be welcomed in very broad terms Members requested the Clerk to prepare the Fire Authority's response based on the decisions of the Unitary Authorities and present a report to a future meeting of the Authority when greater information was known about the National Health Service proposal.

RESOLVED: That:

1 The initiative by the Parliamentary Under Secretary of State be welcomed in very broad terms and that the Clerk be requested to prepare the Fire Authority's response based on the decisions of the Unitary Authorities.

2 A report be presented to a future meeting of the Fire Authority when greater information is known about the National Health Service proposal..

5.11/98 1998/99 BUDGET MONITORING

The Authority received a report (Agenda item 11 - not reproduced) on the revenue and capital expenditure against budgets to the end of October 1998 and were requested to approval a proposal that the anticipated underspend of £250,000 if not required to meet any unbudgeted pension scheme deficit be reserved to finance the Operational Risk Intelligence System (ORIS).

In noting the Revenue expenditure to 31 October 1998 against budget and the Capital expenditure presented in Appendices A and B respectively (not reproduced) Members were advised that there had been no capital expenditure on Fire Authority schemes to date. A summary of the major factors creating the £985,000 revenue underspend was presented in paragraph 2 of the report (not reproduced).

It was reported that ORIS was now unlikely to go ahead during this financial year due to neccessary changes in specification. As it was not possible to carry forward Basic Credit Approval (BCA) into next year Members supported a suggestion that the ORIS project could be financed next year by carrying forward the projected revenue underspend of £250,000 which would enable the BCA released this year to finance the purchase of two fire appliances that would have been leased. In the long-term this decision would produce revenue savings.

RESOLVED: That subject to the anticipated underspend of £250,000 not being required to meet any unbudgeted pension scheme deficit it be reserved to finance the Operational Risk Intelligence System (ORIS) during the 1999/2000 financial year.

5.12/98 MEDIA PROTOCOL

The Authority's approval was sought (Agenda item 12 - not reproduced) to the Media Protocol, presented in Appendix A (not reproduced), which sought to maintain that the Authority and its Officers had a consistent approach to communications with the media to ensure that the Authority's priorities, vision and style were fully understood.

RESOLVED: That the Royal Berkshire Fire Authority's Media Protocol, as set out in Appendix A (not reproduced), be approved and adopted.

5.13/98 IMPROVING LOCAL SERVICES THROUGH BEST VALUE

The Authority was advised (Agenda item 13 - not reproduced) of the implications of the Best Value aspects of the Government's White Paper "Modern Local Government - In Touch with the People" and approval was sought to the Outline Project Plan and Methodology presented in Appendix A (not reproduced). The report and Appendix had been produced in response to a decision by the Fire Authority's Urgency Committee at its meeting in April 1998.

In supporting the Outline Project Plan and Methodology Members were advised that all Unitary Councils had been consulted and a report proposing firm Strategic Objectives would be presented to the Fire Authority at its meeting in February 1999.

RESOLVED: That the Outline Project Plan and Methodology presented in Appendix A (not reproduced).be approved and adopted.

5.14/98 SERVICE GUARANTEES AND CUSTOMER CARE CARDS

The Authority received a report(Agenda item 14 - not reproduced) on the results of monitoring the Brigade's service guarantees and approval was sought to a suggestion that future monitoring reports be presented bi-annually at the June and December meetings of the Fire Authority.

The returned customer cards had been analysed and the results for the two quarters ending 30 June and 30 September 1998 were presented in Appendix A (not reproduced).

In supporting the suggestion that future monitoring reports should be presented to the June and December meetings it was proposed, seconded and agreed that the figures presented should include equal opportunities and central services issues if appropriate.

RESOLVED: That subject to an analyses of the figures received in respect of Equal Opportunities and Central Services issues if appropriate being included in future monitoring reports the Chief Fire Officer be requested to present these reports bi-annually at the June and December meetings of the Fire Authority.

4.15/98 BUSINESS PRIORITIES 1998/99

The Authority received a report (Agenda item 15 - not reproduced) on the progress being made against the Brigade's objectives and approval was sought to a proposal that progress reports on achieving the strategic objectives be presented to each programmed meeting of the Fire Authority.

The Chief Fire Officer had refined the Strategic Objectives into a number of Officer Targets against which progress could be monitored and these were presented in Appendix 1 (not reproduced). The Chief Fire Officer agreed to a suggestion that in all future reports the name of the Officer responsible for achieving the required target would be clearly identified against each Strategic Objective.

RESOLVED: That the Chief Fire Officer be requested to present progress reports on achieving the Strategic Objectives to each programmed meeting of the Fire Authority.

5.16/98 BUDGET 1999/2000

The Authority was advised (Agenda item 16 - not reproduced) of the progress in achieving a budget for the year 1999/2000. In noting the progress to date, the Chairman reminded Members that a Special Meeting of the Fire Authority had been

arranged for Thursday 17 December 1998 to consider the implications of the settlement and hopefully approve the introduction of a satisfactory budget for the Brigade.

NOTED

5.17/98 FIREFIGHTERS' PENSION SCHEME

The Authority received a report (Agenda item 17 - not reproduced) on the results of a study to identify the future possible costs to the Fire Authority of the Firefighters' pension scheme. At current costs the pension scheme was estimated to cost the Authority £2.258m in 1998/99 rising to £3.168m in 2001/2002 and peaking at £4.269m by 2008/09.

NOTED

5.18/98 COLLABORATION INITIATIVES WITH OTHER FIRE BRIGADES AND EMERGENCY SERVICES: PROGRESS REPORT

The Authority was informed (Agenda item 18 - not reproduced) of progress in exploring initiatives for collaboration. The report had been prepared in accordance with the agreed strategic objective for 1998/99.

Progress reports would be presented to future meetings of the Fire Authority. In addition the Chief Fire Officer had requested that an examination of the potential for inter-service collaboration be placed on the Agenda for discussion at the next Senior Officers' Co-ordinating Group of the Thames Valley emergency services scheduled to take place on 10 December 1998. Once the Chief Fire Officer had analysed the options on collaboration open to the Brigade, specific recommendations for inclusion in the Five Year Strategic Plan would be presented to a future meeting of the Fire Authority.

NOTED

5.19/98 EXPANSION AND DEVELOPMENT OF COMMUNITY SAFETY PRINCIPLE: PROGRESS REPORT

The Authority was advised (Agenda item 19 - not reproduced) of the progress made in expanding and developing the principles of Community Safety. The report had been prepared in accordance with the agreed strategic objective for 1998/99.

In noting the contents of the report Members were advised that progress reports would be made to appropriate future meetings of the Fire Authority. In response to a question enquiring why so many schools in Reading were involved the Chief Fire Officer replied that as Yellow Pages, the sponsors of the scheme, were based in Reading it was only natural that the majority of the schools involved would be from the Reading area. If however other organisations were interested in sponsoring similar schemes then there was no reason why this initiative could not be expanded to other schools throughout the constituent authority areas.

NOTED

5.20/98 DELIVERY OF BRIGADE SERVICES: PROGRESS REPORT

The Authority received a report (Agenda item 20 - not reproduced) on the progress made in delivering the Brigade's services to the public in the first six months following the adoption of the new structure approved by the Authority at its meeting in June 1998 together with the progress made in delivering internal support services during the same period.

In noting the contents of the report Members were advised that although the Brigade had continued to deliver front line services to the public at the levels previously achieved, the scope for improvement was limited due to the continued drain of personnel to other Brigades. Internally, the need to maintain operational crews had, to date, prevented some essential posts being filled, particularly within the Support Services Directorate. It was, however, anticipated that these could be actioned once the current intake of recruit firefighters had returned from their basic training in April 1999.

To counter these deficiencies, the Chief Fire Officer had produced a Draft Five Year Strategic Plan, the purpose of which would be to review all aspects of service delivery, both internally ands externally, within available existing resources, to maximise the effective delivery of those services. A report on the Plan would be presented to a future meting of the Fire Authority.

NOTED

5.21/98 DISPOSAL OF STEEL BREATHING APPARATUS CYLINDERS

The Authority was advised (Agenda item 21 - not reproduced) of the disposal of approximately 430 steel breathing apparatus cylinders to the Fire Service in Romania. The Clerk had advised that the Fire Authority would not be liable in the event of future failure of defect of the cylinders.

Mindful of the resource implications of disposing of these cylinders, the Chief Fire Officer, acting under delegated powers, approved their donation to the Fire Service in Romania.

No cost would fall on the Authority as the Strathclyde Fire Brigade had made it known that they would be prepared to arrange and fund the collection and disposal of the surplus steel cylinders to Romania for use by the Fire Services in that Country..

NOTED

5.22/98 IMPLICATIONS OF HEALTH AND SAFETY IMPROVEMENT NOTICE: PROGRESS REPORT

The Authority was advised (Agenda item 22 - not reproduced) of the continued progress made by the Chief Fire Officer in implementing the plan agreed with the Health and Safety Executive to discharge the Improvement Notice served on the Authority in January 1997.

In noting the contents of the report Members were advised that the remaining issue for the Health and Safety Project Team would be the production of a revised Health and Safety Policy. A draft policy document would be presented to the Fire Authority at its meeting in February 1999.

The Chief Fire Officer pointed out the potential for ongoing resource needs if the Brigade was to maintain the necessary level of overall Health and Safety awareness.

NOTED

5.23/98 MEDICAL RETIREMENTS - HALF YEARLY REPORT

The Authority was advised (Agenda item 23 - not reproduced) of the number of medical retirements during the period April - September 1998.

NOTED

5.24/98 FIRE AND INCIDENTS OF INTEREST

The Authority received a summary (Agenda item 24 - not reproduced) of some of the 2,945 incidents the Brigade had attended during the period 1 September to 20 November 1998.

In noting the contents of the report Members wished to place on record their thanks to the Officers involved in organising the extremely useful and informative Members "Open Day" at Slough Fire Station and for the hospitality provided. In thanking members for their very kind comments the Chief Fire Officer reported that it was his intention for further "Open Days" to be arranged in the future.

NOTED

5.25/98 DATES AND VENUES FOR FUTURE MEETINGS OF THE FIRE AUTHORITY

It was noted that a Special Meeting of the Fire Authority was to be held on Thursday 17 December 1998 at Reading Borough Council, Civic Offices, Civic Centre, Reading commencing at 9.00am and the next ordinary meeting was to be held on Wednesday 3 February 1999 at the Frank Hutchings Memorial Hall, Bradley Moore Square, Harts Hill Road, Thatcham commencing at 6.30pm.

NOTED

5.26/98 EXCLUSION OF THE PUBLIC

RESOLVED: That under Section 100(A)(4) of the Local Government Act 1972 (as amended), 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 the paragraphs of Part I of Schedule 12A of the said Act indicated:

	Agenda item	**Paragraph**
27	Part II Minutes: Wednesday 16 September 1998	1 &11
28	Part II Minutes of Personnel Committee and Urgency Committee	1

Note: The following is a summary of the items considered in the Part II Agenda of the Fire Authority meeting held on Tuesday 8 December 1998.

5.27/98 PART II MINUTES: 16 SEPTEMBER 1998

The Part II Minutes of the meeting held on Wednesday 16 September 1998 were taken as read and signed by the Chairman as a correct record.

5.28/98 PART II MINUTES OF PERSONNEL COMMITTEE AND URGENCY COMMITTEE

The Authority was advised (Agenda item 4 - not reproduced) of meetings of the Personnel Committee and Urgency Committee that had taken place since the last meeting of the Fire Authority.

NOTED

AGENDA ITEM 1 MINUTES: 17 DECEMBER 1998

MINUTES OF A EXTRAORDINARY MEETING OF THE ROYAL BERKSHIRE FIRE AUTHORITY HELD AT READING BOROUGH COUNCIL, CIVIC OFFICES, CIVIC CENTRE, READING ON THURSDAY 17 DECEMBER 1998 COMMENCING AT 9.00AM AND CONCLUDED AT 10.17AM

Present: **J C G Brooks (Chairman), B J S Patman (Vice-Chairman), J J Connolly, R J Day, T P Dredge, J M B Egan, Mrs M R Gliksten, C J Goodall, B W Gardner, A B V P Hickley, D W Liddiard, T Mills, J Morris, Mrs K Newbound, Dt L Silverman, A W Spratling, R J Webb**

Apologies: **P A Barnett, Mrs C Bateson, T N Stephens, D A Veakins**

6.01/98 PETITIONS AND QUESTIONS FROM THE PUBLIC

The Authority noted that no petitions or questions had been received from the public under Standing Orders 8 and 9.

6.02/98 CHAIRMAN'S COMMUNICATIONS

The Chairman had nothing to report.

6.03/98 QUESTIONS FROM MEMBERS

The Authority noted that no questions had been received from Members under Standing Order 10.

6.04/98 NOTICES OF MOTION

The Authority noted that no Notices of Motion had been received from Members under Standing Order 12.

6.05/98 BUDGET 1999/2000

The Authority was requested (Agenda item 5 - not reproduced) to approve its Budget for 1999/2000 together with the Capital Programme for 1999/2000 so that notice could be given to the Constituent Authorities of the estimate of net expenditure for 1999/2000.

In speaking to his report the Treasurer drew Members' attention to the preliminary forecast of likely increases faced by the Authority in 2000/2001 and 2001/2002. Standard Spending Assessments were likely to increase by no more than 2.4% in each year and unless savings arise from the five year strategic review, year on year Fire Authority budget increases of 5.5% in 2000/01 and 6.6% in 2001/02 were likely.

On the invitation of the Chairman, the Chief Fire Officer took Members through the Capital Budget and briefly expanded on the details set out in Appendix F (not reproduced). Following this Members sought clarification and asked questions relating to the implications of this budget on the Five Year Strategic Plan, refurbishment of the Fire House and its use by other organisations. In his response to the questions the Chief Fire Officer confirmed that the first draft of the Five Year Strategic Plan would be presented to the Authority at its meeting in February 1999 and the Brigade Training Officer (BTO) would continue to make every effort to sell any spare training capacity to other Brigades and outside organisations. Members were reminded that the BTO had been tasked to increase income derived from training by £11,000 during the next financial year.

Reference was made to the leasing of vehicles and Members referred to a previous request that the Authority should receive a detailed report on the effect of leasing replacement vehicles for the Brigade over a ten year period. The Treasurer was therefore requested to present a report to the Authority meeting in February 1999 on the financial implications of leasing and borrowing within the Capital Budget and whether the Brigade would be achieving best value for money.

Subject to the above mentioned report being presented to the Authority at its meeting in February the Chairman proposed that the Capital Programme as set out in Appendix F (not reproduced) and its proposed method of funding, including the use of the £394,000 Basic Credit Approval notified by the Home Office, be approved. The proposal having been seconded was agreed.

With regard to the Revenue Budget the Treasurer reminded Members that the implications of the proposed revenue budget of £20m would require the Authority to spend the sum of £1.11m (5.9%) in excess of the Standard Spending Assessment of £1.10m (5/8%) over its 1998/99 budget. The reasons for the increase and the savings/income generation required to produce a budget requirement of £20m were set out in Appendix A (not reproduced).

The Chairman pointed out that the Brigade was just 2.5% over SSA when the national average was 5.6% in excess. This suggested that the Brigade was well managed. The Chief Fire Officer reported that the average cost per head of population per day for Berkshire for its fire service was 6.5p against a national average of 7.2p.

On the invitation of the Chairman the Chief Fire Officer took Members through the Revenue Bids and briefly expanded on the details set out in Appendix F (not reproduced). The majority of activities undertaken by the Brigade were in consequence of legislation or nationally accepted guidelines. Although it would be difficult to identify significant savings in the short term he was optimistic that the consequences of the Government's Comprehensive Spending Review may provide the potential for medium to long term savings which hopefully may be achieved without a dramatic effect on the current service provided. As already mentioned he would be producing a Five Year Strategic Plan for the Brigade and its preparation would include working in close co-operation with other Brigades, Emergency Services and the representative bodies to reduce costs.

On the invitation of the Chairman some Members briefly summarised their individual Authority's reaction to the proposed revenue budget of £20m and the anticipated budget increases for the years 2000/01 and 2001/02.

In response to a question the Brigade Management Accountant reported that the one-off expenditure of £78,000 as identified in Appendix D was made up as follows:

- HRI IT Development (Personnel System) £26,000
- SD3 Millennium Staffing £25,000
- CS1 Building Maintenance £27,500

The Chief Fire Officer agreed to a request from Members that for the future any proposed one-off expenditure should be clearly set out in the budget report.

The Chairman reported that he and the Chief Fire Officer had attended a meeting of the Leaders of the Constituent Councils to consult on the Fire Authority's budget prospects having regard to the SSA Settlement. He outlined the content of the discussions which had been constructive and showed a potential willingness on which to build for the future. The Leaders had indicated that they were able to support Option C giving an overall budget of £20m, which required savings of £128,000 to be found. Members welcomed the support of the Constituent Councils especially in view of the difficulties there were experiencing with their own budgets.

The Chief Fire Officer referred to the very difficult decisions that had to be made by the Budget Working Party. He confirmed that the proposed savings would not effect the front line service provided to the public or the safety of firefighters but pointed out that there would be an impact, particularly in terms of the continued inability to fully implement the new structure and by the loss of the Headquarters catering facilities and payment of certain allowances.

He believed that in the light of the financial constraints imposed on the service it would be necessary to review the methodology engaged in actually providing the current service and, as such a programme for review was to be built into the Five Year Strategic Plan.

The Chairman in thanking Members for their support and Officers for all their hard work in preparing the budget proposed that the 1999/2000 estimate of net expenditure of the Authority be £20m and the Constituent Authorities be notified accordingly. The proposal having been seconded was agreed.

RESOLVED: That:

1 The Capital Programme as set out in Appendix F (not reproduced) of the report to the Budget Working Party held on 8 December 1998 and its proposed method of financing, including the use of Basic Credit Approval of £394,000 notified by the Home Office, be approved.

2 The estimate of the net expenditure of the Authority be £20m and the Constituent Authorities be notified accordingly.

3 The Treasurer be requested to present a report to the Authority meeting in February 1999 on the financial implications of leasing and borrowing within the Capital Budget and whether this represented best value for money for the Brigade.

6.06/98 DATE OF NEXT ORDINARY MEETING

Members noted that the next ordinary meeting was scheduled to take place on Wednesday 3 February 1999 at the Frank Hutchings Memorial Hall, Bradley Moore Square, Harts Hill Road, Thatcham commencing at 6.30pm.

NOTED

AGENDA ITEM 2: **MEETINGS OF BUDGET WORKING PARTY**
To: **Royal Berkshire Fire Authority**
Date: **3 February 1999**
Officer Contributing: **Clerk & Monitoring Officer**

A PURPOSE OF REPORT

To advise Members of the Budget Working Party meetings that have taken place since the last meeting of the Fire Authority.

B PROPOSED ACTION

The Authority is invited to NOTE the report.

C FINANCIAL IMPLICATIONS

There are no financial implications.

D SUPPORTING INFORMATION

1 The following meetings of the Budget Working Party have taken place since the last Fire Authority meeting in September:

Wednesday 11 November and Tuesday 8 December 1998

2 Members may obtain a copy of the Minutes by contacting David Weller on (0118) 932 2288.

E BACKGROUND PAPERS

None

Contact Officer: David R Weller, Committee Administrator (0118) 932 2288

AGENDA ITEM 3:	**CHANGE OF DATE AND VENUE FOR FIRE AUTHORITY MEETING IN JUNE 1999 AND DATES/VENUES FOR FUTURE MEETINGS OF THE FIRE AUTHORITY**
To:	**Royal Berkshire Fire Authority**
Date:	**3 February 1999**
Officer Contributing:	**Clerk and Monitoring Officer** Committee Administrator

A PURPOSE OF REPORT

To agree on a change of date and venue for the Fire Authority meeting in June 1998 and together with dates/venues for future meetings of the Fire Authority

B PROPOSED ACTION

The Authority is invited to consider the report and RESOLVE: That

1 **The Fire Authority meeting scheduled to take place on Wednesday 9 June 1999 be postponed and rearranged for.....to be held at Reading Borough Council or, if not available, at Whitley Wood Fire Station commencing at 6.30pm.**

2 **Future meetings of the Fire Authority be held on the following dates and at the venues indicated subject to availability:**

Wednesday 15 September 1999 at Reading Borough Council commencing at 6.30pm
Wednesday 15 December 1999 Reading Borough Council commencing at 6.30pm
Wednesday 15 March 2000 at Reading Borough Council commencing at 6.30pm
Wednesday 14 June 2000 at Wokingham District Council.commencing at 6.30pm

3 **In the event that meeting facilities are not available at the venues referred to in Resolution 2 above then the Clerk and Monitoring Officer/Committee Administrator be authorised to find alternative accommodation.**

C FINANCIAL IMPLICATIONS

There are no financial implications

D SUPPORTING INFORMATION

1 The next meeting of the Fire Authority is scheduled to take place on Wednesday 9 June 1999. Unfortunately it now appears that the Chief Fire Officer will be in Poland on that date as part of his agreed involvement with the Brigade Command Course and the Deputy Chief Fire Officer will also be away. It is therefore necessary for the meeting to be postponed and for Members to agree on an alternative date and venue. It is suggested that the meeting could be held at Station 20 (Whitley Wood)

2 It will also be necessary for Members to agree on dates/venues for future meetings of the Fire Authority. To assist Members the following dates and venues are suggested for meetings in 1999/2000 all commencing at 6.30pm:

Wednesday 15 September 1999 at Reading Borough Council
Wednesday 15 December 1999 at Reading Borough Council
Wednesday 15 March 2000 at Reading Borough Council
Wednesday 14 June 2000 at Wokingham District Council

3 Members are therefore asked to consider the dates/venues suggested above and resolve accordingly. In the event that meeting facilities are not available at the venues referred to above then it is suggested that the Clerk and Monitoring officer and Committee Administrator be authorised to find alternative accommodation.

E BACKGROUND PAPERS

None

Contact Officer: David R Weller Committee Administrator (0118) 932 2288

AGENDA ITEM 8: **THE CONSTITUTIONAL POSITION OF THE AUTHORITY WITH PARTICULAR REFERENCE TO THE SSA REGIME**

To: **Royal Berkshire Fire Authority**
Date: **3 February 1999**
Officer Contributing: **Clerk & Monitoring Officer**
Treasurer

A PURPOSE OF REPORT

To review the Authority's constitutional status having regard to possible changes to the SSA regime.

B PROPOSED ACTION

Members are asked to consider the report and decide whether they wish to make representations to the Secretary of State and RESOLVE accordingly.

C FINANCIAL IMPLICATIONS

These are considered in the report.

D SUPPORTING INFORMATION

1 From 1947-1974, the Fire Service in Berkshire was run by a Combined Fire Authority as the County and Reading County Borough were both Fire Authorities for the purposes of the Fire Services Act 1947.

2 From 1974 - 1998 the County Council was the sole Fire Authority for Berkshire but since 1 April 1998 there is again a Combined Fire Authority made up of nominees of the six Unitary Councils.

3 The statutory duty of the Fire Authority has not changed throughout the entire period and remains that laid down by the Section 1 of the Fire Services Act 1947.

1 (i) It shall be the duty of every fire authority in Great Britain to make provision for fire fighting purposes, and in particular every fire authority shall secure

(a) the services for their area of such a fire brigade and such equipment as may be necessary to meet efficiently all normal requirements

(b) the official training of the members of the fire brigade

(c) efficient arrangements for dealing with calls for the assistance of the fire brigade in the case of fire and for summoning members of the fire brigade.

(d) efficient arrangements for obtaining, by inspection or otherwise, information required for fire fighting purposes with respect to the character of buildings and other property in the area of the fire authority, the available water supplies and the means of access thereto, and other material local circumstances.

(e) efficient arrangements for ensuring that reasonable steps are taken to prevent or mitigate damage to property resulting from measures taken in dealing with fires in the area of the fire authority.

(f) efficient arrangements for the giving, when requested, of advice in respect of buildings and other property in the area of the fire authority as to fire prevention, restricting the spread of fires, and means of escape in the case of fire.

4 The Combination Scheme which brought the Combined Fire Authority into existence is not a lengthy document. It transferred all fire authority property and personnel from the former County Council to the new Combined Fire Authority; it set down arrangements for the appointment of members of the Combined Fire Authority and it contains financial provisions setting down the financial relationships between the Combined Fire Authority and constituent authorities.

5 Three points can be made on the Scheme. In the first place, unlike police officers, firefighters are not office holders, they are employees and therefore neither the legislation nor the Scheme makes any reference to firefighters being under the direction and control of the Chief Fire Officer. There is no need as normal relationship of employer and employee applies and within the Brigade normal management procedures apply.

6 Secondly, it is the responsibility of the Unitary Councils to appoint their members to the Authority, in accordance with the laid down formula. Once appointed, members are entitled to serve out their term, though the length of the term is a matter for the appointing Council, some of whom appoint annually and some triennially. Once appointed to the Fire Authority, members have to exercise their own judgement on the extent to which the Authority is complying with its statutory duty. They cannot be 'sacked' by their appointing Council, if their judgement differs from that of the leadership of the appointing Council and there are Court cases in Wales , where such 'sackings' by the appointing Council have been held to be unlawful.

7 Thirdly the Combined Fire Authority are required to consult with the Constituents before setting their budgets but once the Authority has reached a decision on its budget the Constituent Councils have no choice but to include their portion of the Fire Authority's Budget in their Council's Council Tax levy. They cannot refuse to pay or appeal to the Secretary of State.

8 Combined Fire Authorities in County areas differ from their counterparts in metropolitan areas in two respects only. The latter precept directly on residents within the area (though the precept is included in the overall District Council Tax levy) and the latter can hold general balances. Combined Fire Authorities are not, as stated above, separate precepting authorities and are not required to hold reserves as a required part of their funding arrangements. The Home Office legal adviser takes the view that there is nothing in the provisions of the Combination Scheme Order to prevent CFAs subsequently accumulating any end of year balances where that is considered appropriate.

9 As members will be aware, representations have recently been made by several Unitary Councils that Combined Fire Authorities should become free standing Authorities, akin to Fire, Civil Defence and Waste Regulation Authorities in metropolitan areas. The Chief Executive of the Royal Borough of Windsor & Maidenhead has received a reply from a civil servant to his Authority's representations, making it clear that the Government are not proposing to make any changes to the present constitutional position.

10 From the Government's point of view it is easy to understand why change is opposed. For 1998/99 Fire Authorities on average are currently spending some 9.6% in excess of SSA (even in Berkshire the excess is 2.5%) and this excess is having to be met by local authorities as part of their overall budgeting. For 1999/2000 Berkshire's spend above SSA is 5.9% and the overall figure for all Fire Authorities is likely to rise well above 9.6%. If Combined Fire Authorities were to become stand alone Authorities, the Government would come under even greater pressure to revise its SSA regime and inject additional resources. Failure to do so would result in substantial cuts having to be made in fire service provision, no doubt leading to widespread industrial unrest.

11 The Government has stated that the SSA regime is to be reviewed but it is clear that the Government is making haste slowly. There will in any event be no changes for the next two years. By then the Government will have further developed its regionalisation programme and it does not require too much prescience to see the Government proposing a new SSA regime or its replacement tied in to a regional structure for emergency services.

12 In the meantime brigades are considering ways of collaboration, so as to achieve economies of scale. If successful this will weaken the case for regionalisation.

13 Your officers reading of the position therefore, is that further representations to secure enhanced legal status are very unlikely to be successful. At some stage and probably later rather than sooner, the Government will consult on revisions to the SSA regime. It is conceivable that changes to the SSA regime will be connected to a regionalisation programme for emergency services.

E BACKGROUND PAPERS

1 Agenda and Minutes - Royal Berkshire Fire Authority: 8 December 1998

2 Home Office letter dated 8 December 1998 to Royal Borough of Windsor & Maidenhead
3 Local Government Association Fire Committee 19 November 1998 Item 8 - Spending Above SSA
4 Home Office letter dated 5 December 1997 on Power to Hold Reserves

Contact Officer: Clive Williams, Clerk & Monitoring Officer (0118) 932 2284

AGENDA ITEM 9: **ROYAL BERKSHIRE FIRE CADET SCHEME**

To: **Royal Berkshire Fire Authority**
Date: **3 February 1999**
Officers Contributing: **Chief Fire Officer**

A PURPOSE OF REPORT

To advise Members of the intention to seek to implement a Scheme, on a pilot basis as part of the Young Firefighters' Association

B PROPOSED ACTION

The Authority is invited to consider the report and RESOLVE That the scheme be approved in principle.

C FINANCIAL IMPLICATIONS OF PROPOSED ACTION

There are no financial implications to the Brigade in either the setting up or running of units. Setting up and running costs will be sought through sponsorship; alternatively running costs will be met through each unit's own fund raising activities.

D SUPPORTING INFORMATION

1 The Royal Berkshire Fire Cadets is a scheme intended for young people to enable them to work, develop and "have fun", whilst contributing to society in conjunction with the Fire Service. Through this scheme the Brigade will be able to contribute further as a caring organisation working within the community. The intention is to improve communications and relationships with the community and to provide positive role models for local youth.

2 There are a number of schemes nationally, and the number is growing every year. Although there are many similarities in these schemes there are no national guidelines, syllabus or awards.

3 One of the earliest pilot schemes was started with Tyne and Wear Metropolitan Fire Brigade in 1992. In 1997 an independent report was undertaken by Business In The Community, a copy of which can be made available if required. The research was carried out over a 13 week period using questionnaires and interviews of current and previous members of the Young Firefighters' Association (YFA). Also interviewed were adults closely connected with the youths, ie parents, teachers and firefighters. The purpose of the report was to provide factual evidence to prove that the work carried out by the YFA had a strong positive impact on the young people who attended. The main findings indicated significant evidence to support the role of YFA. It also proved that membership of the YFA does have strong positive impact on its cadet members.

4 The majority of schemes are run on a voluntary basis with the main costs identified as the provision of uniform and occasional specific equipment used by the members. Uniform is often second-hand or bought from surplus stores etc bringing the costs down to between £200 and £400 per member. However, there are other costs that need to be acknowledged such as insurance; some costs however are not easily quantifiable at this stage. Many schemes seek sponsorships to set up or support their activities and encourage the units to undertake fund raising to meet their own running costs. Although this is an appropriate way to finance the scheme, it should be recognised that the Brigade will need to seek significant sponsorship to set up each unit.

5 Nationally, the membership size of units varies from 16 to 40, with age ranges of between 11 to 18. Initially, it is intended to aim for a unit size of 16 with a minimum supervisory ratio of 1:8 and preferably 1:6.

6 Training and activities are important elements of the scheme. Programmes will evolve based on experience and the needs of current Cadets. Cadet Officers will be expected to organise a varied programme that includes Brigade based activities and community (citizenship) projects. New applicants will be helped to pass the basic training before being accepted as a Cadet. Trainee Cadets will not have all the uniform provided until they become a qualified Cadet. Training should be progressive where possible and provide achievement milestones. After basic training a further four levels are suggested with successful completion being recognised with an appropriate insignia. The examination for Leading Cadet and training levels should be part of an individual training record and personal portfolio of achievement. Also included within the portfolio should be details of any community projects undertaken. Cadets should also be encouraged to take part in the Duke of Edinburgh Award Scheme and the Fire Safety Youth Quiz. Units should be encouraged to support Brigade activities including occasions like Medal presentations, BEST, Open Days, etc.

7 Subject to Members' approval, Officers of the Brigade will seek to obtain sponsorship to develop a pilot unit attached to a fire station where the scheme might prove most beneficial to youth in the community.

E BACKGROUND PAPERS

None

Contact Officers: Mike Clement-Green, Deputy Chief Fire Officer and Director of Service Delivery (0118 932 2226)
Greg Boys, Community Safety Manager (0118 932 2272)

AGENDA ITEM 10: **BORROWING LIMITS FOR 1999/2000**

To: **Royal Berkshire Fire Authority**
Date: **3 February 1999**
Officer Contributing: **Treasurer**

A PURPOSE OF REPORT

To determine the Fire Authority's overall borrowing limit, and limit on the proportion of total interest payable which is payable at a variable rate.

B PROPOSED ACTION

The Authority is asked to RESOLVE: That the following determinations be made for 1999/2000.

(a) An overall borrowing limit of £1,297,000
(b) A short term borrowing limit of £894,000
(c) A maximum limit of 65% of total interest paid, being on variable rate loans

C FINANCIAL IMPLICATIONS OF THE PROPOSED ACTION

The limits suggested give flexibility in managing the finances of the Fire Authority. The Authority can amend the limits at any time during the year.

D SUPPORTING INFORMATION

1 The Authority has a statutory duty to determine the borrowing limits identified in paragraph B.

2 Borrowing for capital purposes is limited to the Authority's basic credit approvals plus any supplementary credit approvals which may be granted by the Home Office during the year. The total of credit approvals received for 1998/99 and 1999/2000 stands at £797,000.

3 The Berkshire Fire Services (Combination Scheme) Order 1997 provides that contributions from the constituent authorities shall be of such amount as are at all times sufficient to enable the financial obligations of the Authority to be met. The 12 equal instalments of contribution to be made by constituent authorities on the first day of each month should achieve this objective. However, monthly cash flow projections are subject to variation and there could be emergency expenditure to be met and it would be desirable to provide authority for say up to £500,000 overdraft/short term borrowing in case of need.

4 The overall borrowing limit therefore comprises:

	£000	
Borrowing for capital purposes	797	
Temporary Revenue borowing limit	500	
Overall borrowing limit	1297	Resolution a

5 The short term borrowing limit for 1999/2000 comprises:

	£000	
Capital spend pending raising loan finances from the Public Works Loan Board (PWLB)	394	
Temporary Revenue borowing (if necessary)	500	
	894	Resolution b

6 The maximum variable rate interest payable:

The intention is to raise, by 31 March 1999, fixed interest finance from the PWLB to meet capital expenditure covered by 1998/99 credit approvals of	403	
Balance to be met by variable rate investment (max)	894	(65%) Resolution c
	1297	

E BACKGROUND PAPERS

1 Local Government and Housing Act 1989
2 The Berkshire Fire Services (Combination Scheme) Order 1997
3 Notifications of Basic and Supplementary Credit Approvals

Contact Officer: Donald Illingworth, Treasurer: (0118) 932 2284

AGENDA ITEM 11: **1999/2000 CONTRIBUTIONS TO THE COMBINED FIRE SERVICE FUND**

To: **Royal Berkshire Fire Authority**
Date: **3 February 1999**
Officer Contributing: **Treasurer**

A PURPOSE OF REPORT

To fix the contributions to be made by each constituent authority to the Combined Fire Service Fund for 1999/2000.

B PROPOSED ACTION

The Authority is requested to RESOLVE: That the contribution to be made by each constituent authority and the instalment payments are as set out in Appendix A.

C FINANCIAL IMPLICATIONS OF THE PROPOSED ACTION

The Revenue Budget approved at the meeting of the Fire Authority held on 17 December 1998 totalled £20.0M. The proportion of the budget to be met by each constituent authority is calculated on the Council Tax Base for Revenue Support Grant. The 12 instalments will be payable on the first working day of each month which accords with the assumptions made in the approved Budget.

D SUPPORTING INFORMATION

1 Appendix 'B' reproduces Part IV of the Berkshire Fire Services (Combination Scheme) Order 1997 on the operation of the Combined Fire Service Fund.

2 The Budget approved at the last meeting provided for interest on balances on contributions received on the first working day of each month.

3 An analysis of the likely cash flow resulting from the Fire Authority's activities indicates that the contributions set out are estimated to be at all times sufficient to enable the financial obligations of the authority to be met.

4 The two areas where the Brigade could be thrown off course are national pay rises and pension payments compared with provision made. Both are largely outside Fire Authority control.

5 Whilst the Fire Authority has the capacity to revise its estimate of expenditure at any time during the year and ask for revised contributions clearly this facility is designed to cover exceptional circumstances where a significant item(s) of expenditure occurs during the financial year which could not have been foreseen at Budget time and which cannot be accommodated by virements.

6 The Financial Regulations cover the essential need for on-going Budget Monitoring and reporting.

E BACKGROUND PAPERS

1 Agenda and Minutes: Royal Berkshire Fire Authority, 17 December 1998
2 Department of the Environment Transport and the Regions letter dated 5 January 1999: Council Tax Base for Revenue Support Grant Purposes
3 Financial Regulations of the Fire Authority

Contact Officer: Donald Illingworth, Treasurer (0118) 932 2284

APPENDIX A

ROYAL BERKSHIRE FIRE AUTHORITY
1999/2000 CONTRIBUTIONS TO THE COMBINED FIRE SERVICE FUND

	Total	Bracknell Forest	Reading	Slough	West Berkshire	Windsor & Maidenhead	Wokingham
Council Tax Base for RSG	303,280	41,012	47,848	37,291	55,679	61,309	60,141
Budget	£20,000,000	£2,704,563	£3,155,368	£2,459,180	£3,671,788	£4,043,063	£3,966,038
Instalments							
1 April '99 (Thu)	£1,666,663	£225,383	£262,951	£204,928	£305,975	£336,921	£330,505
Then 11 instalments of:							
4 May '99 (Tue)	£1,666,667	£225,380	£262,947	£204,932	£305,983	£336,922	£330,503
1 Jun '99 (Tue)							
1 Jul '99 (Thu)							
2 Aug '99 (Mon)							
1 Sep '99 (Wed)							
1 Oct '99 (Fri)							
1 Nov '99 (Mon)							
1 Dec '99 (Wed)							
4 Jan '00 (Tue)							
1 Feb '00 (Tue)							
1 Mar '00 (Wed)							

21.—(1) Each constituent authority shall, in respect of each financial year, pay into the combined fire service fund, in accordance with the provisions of this paragraph, a contribution equal to its appropriate proportion of the net expenses of the Authority in respect of that year.

(2) The Authority shall, before 31st December in any year, submit to each constituent authority an estimate of its net expenses for the next financial year, and shall subsequently, before 15th February, give notice to each constituent authority of the amount of the contribution to be paid by that authority under this paragraph in the next financial year.

(3) Subject to sub-paragraphs (4) and (5), each constituent authority shall, at such intervals as are agreed between it and the Authority, make an interim payment into the combined fire service fund of such an amount as is so agreed on account of the said contribution.

(4) Subject to sub-paragraph (5), if a constituent authority and the Authority fail to agree, or subsequently disagree, as to the intervals at which payments should be made under sub-paragraph (3) or as to the amounts of such payments, each payment shall, until the end of the financial year or subsequent agreement between the two authorities, whichever is sooner—

(a) be made on the first working day of each month, and

(b) be of such an amount as would, if added to payments of an equal amount made on the first working day of each remaining month of the financial year, equal the outstanding balance of the contribution to be paid by the constituent authority under this paragraph.

(5) Notwithstanding the provisions of sub-paragraphs (3) and (4) any payments made under those sub-paragraphs shall be made at such times, and shall be of such amounts, as are at all times sufficient to enable the financial obligations of the Authority to be met.

(6) The Authority may, after consultation with each constituent authority, revise the estimate referred to in sub-paragraph (2) at any time before the end of the financial year to which that estimate relates and shall, as soon as is practicable, give notice in writing to each constituent authority of the revised amount of the contribution to be paid by that authority under this paragraph.

(7) Where a constituent authority receives notice under sub-paragraph (6) the interim payments payable thereafter under sub-paragraph (3) or (4) shall, subject to sub-paragraph (5), be so increased or reduced as to adjust to the difference.

(8) If the Authority makes arrangements with any constituent authority under paragraph 10 for the making of payments on behalf of the Authority by that constituent authority, the interim payments to be made by that constituent authority under this paragraph shall, subject to sub-paragraph (5), take into account payments made by that constituent authority on behalf of the Authority.

(9) For the purposes of this paragraph the net expenses of the Authority, in respect of any financial year, shall be the amount of its expenditure in respect of that year less all income which is credited to the combined fire service fund in respect of that year, other than contributions paid or payable under sub-paragraph (1), but may, for the purposes of preparing the estimate referred to in sub-paragraph (2) and if the Authority so resolve, include such amount or amounts as the Authority consider appropriate with a view to minimising any upward revision of an estimate under sub-paragraph (6).

(10) In this paragraph—

"appropriate proportion" means the proportion of the total amount of the constituent authorities' council tax base which is represented by the council tax base of the constituent authority in question;

"council tax base" means the council tax base for the year calculated by the Secretary of State for the Environment for Revenue Support Grant purposes in accordance with the local government finance report for that year made under section 78A of the Local Government Finance Act 1988**(a)**;

"financial year" means the period of twelve months beginning on 1st April; and

"working day" means a day other than a Saturday or a Sunday, Good Friday, Christmas Day or a day which is, or is to be observed as, a bank holiday, or a holiday under the Banking and Financial Dealings Act 1971**(b)** in England and Wales.

22. The Authority shall have the power to pay out of the combined fire service fund compensation to persons employed by Berkshire County Council who in consequence of this scheme, or anything done thereunder, suffer direct pecuniary loss by reason of the determination of their appointments or the diminution of their emoluments.

AGENDA ITEM 12: **TREASURY MANAGEMENT POLICY AND STRATEGY 1999/2000**

To: **Royal Berkshire Fire Authority**
Date: **3 February 1999**
Officer Contributing: **Treasurer**

A PURPOSE OF REPORT

To seek approval of a Treasury Policy statement and Strategy statement for 1999/2000 for the Authority.

B PROPOSED ACTION

The Authority is requested to RESOLVE: That the proposed Treasury Policy Statement and Strategy Statement for 1999/2000 be approved.

C FINANCIAL IMPLICATIONS OF THE PROPOSED ACTION

The policy is to ensure the quality and status of Treasury Management of the Authority's cash flow, and its investments, the management of associated risks, and the pursuit of the optimum performance on returns consistent with those risks.

D SUPPORTING INFORMATION

1 The main requirements of the Code are that the Authority formulates and approves:

i A Treasury Policy Statement - which sets out an agreed structure for the operation of the treasury function on an on-going basis.

ii An Annual Treasury Strategy Statement - which sets out the expected Treasury operation within the forthcoming financial year.

iii An annual Treasury report - which sets out the actual Treasury operations for the previous financial year.

The Treasury Policy Statement and Treasury Strategy Statement are appended.

2 Minor amendments have been incorporated in the Treasury Policy Statement.

- At paragraph 7.1 the investment of limited reserves and provisions has been included
- Paragraphs 8.6 and 8.7 are addditional to the Policy approved for 1998/99
- Appendix A has been amended to provide for the investment of up to £1.2 million received on the first working day of each month for payment of salaries on the last working day of each month, in whole or in part to Clearing Banks with an A1+ or P1 short term rating backed up by AAA or AA long term credit rating

E BACKGROUND PAPERS

1 Treasury Management in Local Authorities
- A Code of Practice
- A Guide for Chief Officers

2 PWLB Circular No

3 Credit worthiness Analysis

Contact Officer: Donald Illingworth, Treasurer: (0118) 932 2284
Andrew Vallance, Brigade Management Accountant: (0118) 932 2251

ROYAL BERKSHIRE FIRE AUTHORITY
TREASURY POLICY STATEMENT

1 INTRODUCTION

1.1 This Authority has adopted the revised CIPFA Code of Practice on Treasury Management in Local Authorities. This Code sets out a framework of operating procedures for both elected members and officers to reduce Treasury risk and improve dialogue about the Authority's Treasury position. Treasury Management is defined as

> 'The management of the local authority's cash flows, its borrowings and its investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.'

1.2 The objectives of the Code are:

- to support the quality and status of Treasury Management in local authorities
- to provide guidance on the proper practices to be employed for Treasury Management.

2 APPROVED ACTIVITIES OF THE TREASURY MANAGEMENT OPERATION

2.1 The approved activities of the Treasury Management operation cover

- borrowing
- lending
- debt repayment and re-scheduling
- consideration, approval of use of new financial instruments and treasury management techniques
- managing the underlying risk associated with the Authority's capital financing activities
- managing cash flow
- the use of external fund managers

3 FORMULATION OF TREASURY MANAGEMENT STRATEGY

3.1 Whilst this Policy document outlines the procedures and considerations for the Treasury function as a whole, requiring revision occasionally, the Treasury Management Strategy sets out the specific expected Treasury activities for the forthcoming financial year. This strategy will be submitted to the Authority for approval before the commencement of each financial year.

3.2 The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions. These are considered in the light of the anticipated movement in both fixed and shorter term variable investments (for instance, the Authority may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise).

3.3 The Treasury Management Strategy is concerned with the following elements:

- The prospects for interest rates
- The limits placed by the Authority on Treasury activities (per this policy).
- The expected borrowing strategy.
- The expected temporary investment strategy (including the appointment of fund managers).
- The expectation for debt re-scheduling

3.4 The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using all available information, such as published interest rate forecasts where applicable) and highlight sensitivities to different scenarios.

4 APPROVED METHODS AND SOURCES OF RAISING CAPITAL FINANCE

4.1 Finance will only be raised in accordance with the Local Government and Housing Act 1989 and within these limits the Authority has a number of approved methods and sources of raising capital finance. These are:

	Fixed	Variable
On Balance Sheet		
PWLB	•	•
Market (Long Term)	•	•
Market (Temporary)	•	•
Local (Temporary)	•	•
Overdraft		•
Negotiable Bonds	•	•
Internal (Capital receipts and revenue balances)	•	•
EIB	•	•
Off Balance Sheet		
Leasing (not operating leases)	•	•
Other methods of financing		
Government and EC Grants		
Lottery Monies		
PFI		
Sponsorship		

4.2 All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Treasurer has delegated powers through this Policy and Strategy to take the most appropriate form of borrowing from the appropriate sources

5 APPROVED INSTRUMENTS AND ORGANISATIONS FOR INVESTMENT

5.1 In accordance with the Local Authorities (Finance) (Approved Investments) Regulations 1990 and subsequent amendments, the instruments approved for investment and used by local authorities are:

-
- Gilts
- Treasury Bills
- Deposits with banks, building societies or local authorities (and certain other

bodies)

- Certificates of deposits with banks or building societies

5.2 The Treasurer will formulate a suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits. This criteria forms part of this Policy and is attached at Appendix 'A'.

5.3 Should any revisions occur to the criteria or to individual counterparties they will be submitted to the Authority for approval.

6 POLICY ON INTEREST RATE EXPOSURE

6.1 As required by Section 45 of the Local Government and Housing Act 1989, the Authority must approve before the beginning of each financial year the following Treasury limits:

- the overall borrowing limit £xxxxxx
- the amount of the overall borrowing limit which may be outstanding by way of short term borrowing £xxxxxx
- the maximum proportion of interest on borrowing which is subject to variable rate interest xx%

6.2 The Treasurer is responsible for incorporating these limits into the Annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits the Treasurer shall submit the changes for approval by the Authority.

7 POLICY ON EXTERNAL MANAGERS

7.1 The Authority's policy is not to appoint external investment fund managers. The reasons for this are:

- The Authority has no ~~reserves or~~ capital receipts unapplied
- The only investments to be made will be from time to time in respect of advantageous cash flow position
- The likely sums available would not justify external management

8 POLICY ON DELEGATION, REVIEW REQUIREMENTS AND REPORTING ARRANGEMENTS

8.1 The Authority

8.1.1 It is the Authority's responsibility to approve a Treasury Policy Statement (this document), on a periodic basis (ie in the event of a major change in policy or every three years). The approval of the limits in Section 6 above, are also the responsibility of the Authority.

8.1.2 Will review and consider as a minimum

- an annual Treasury Management Strategy before the commencement of the new financial year (which sets out the likely options for the forthcoming year)
- an annual report on the Treasury Management activity before 30 September after the end of the year to which it relates.

8.2 The Treasurer will

- implement and monitor the Treasury Management Policy, revising and re-submitting the Policy for consideration to the Authority, periodically if changes are required.
- draft and submit a Treasury Management Strategy to the Authority, in advance of each financial year
- draft and submit an annual report on Treasury Management activity to the Authority by 30 September of the following year
- implement and monitor the Strategy, reporting to the Authority any material divergence and recommending revisions as and when required.

8.3 The Treasurer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.

Appendix B sets out in more detail approved activities of the Treasury Management Operations.

8.4 The Treasurer may delegate his powers to borrow and invest to appropriate staff of the Central Services Directorate. All dealing transactions must be conducted by either the Treasurer, or the Brigade Management Accountant or staff authorised by the Treasurer to act. All transactions must be authorised by at least two of the above named officers.

8.5 The Treasurer and the Monitoring Officer will ensure that the Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.

8.6 Prior to entering into any capital financing, lending or investment transactions, it is the responsibility of the Treasurer to be satisfied, by reference to the Monitoring Officer, the Authority's legal adviser and external advisers as appropriate, that the proposed transaction does not breach any statute, external regulations or the Authority's Financial Regulations.

8.7 It is also the responsibility of the Treasurer to ensure that the Authority complies with the requirements of the London Code of Conduct for principals and broking firms within the wholesale market.

APPENDIX A

APPROVED ORGANISATIONS FOR INVESTMENT

The list of institutions to whom lending is approved is as follows:

1. English and Scottish Clearing Banks and their wholly owned subsiduaries
2. The top 20 Building Societies with approval to extend into top 30 if necessary to place funds
3. Other local authorities
4. Any further Building Societies converting to PLC status

The maximum lending period is likely to be of the order of 30 days.

The main sum to be invested will be of the order of £1.2M received on the first working day of each month for payment of salaries on the last working day of each month. It is proposed to lend this in whole or in part to Clearing Banks with an A1+ or P1 short term rating backed up by AAA or AA term credit rating

Lending to other institutions in the list will be in parcels of up to £600,000 and will usually be to at least two borrowers each month to spread the risk.

The Treasurer and in his absence on leave the Brigade Management Accountant are the only people who can approve investments in excess of these criteria or to make use of the Building Societies extension above the top 20 societies.

APPENDIX B

DEFINITION OF THE APPROVED ACTIVITIES OF THE TREASURY MANAGEMENT OPERATION

1 Treasury Organisation

1.1 The Treasurer shall ensure that

- a A clear statement of the role of staff in the Treasury function is produced
- b Staff are adequately trained
- c Staff cover is available and known to the Authority's bank and brokers
- d There is due regard to separation of duties
- e Adequate reviews of the Treasury organisation are undertaken

2 Treasury Systems

2.1 The Treasurer shall ensure that

- a Dealing staff operate under principles set out in 'The London Code of Conduct' published by the Bank of England
- b At least two brokers are used in dealing
- c Adequate documentation of transactions is maintained
- d Proper authorisation procedures have been followed prior to transmission of payments
- e He receives weekly reports on Treasury transactions
- f Adequate reviews of the Treasury systems are undertaken

3 Treasury Techniques

3.1 The Treasurer shall be responsible for:

- a The temporary investment of surplus funds
- b Financing of cash deficits by approved borrowing instruments
- c Applying a policy on interest rate exposure
- d Dealing procedures
- e Using external advice and information
- f The most effective cash transmission techniques

ROYAL BERKSHIRE FIRE AUTHORITY
TREASURY STRATEGY STATEMENT
1999/2000

1 INTRODUCTION

1.1 The Treasury Management Strategy details the expected activities of the Treasury function in the financial year 1999/2000. Its production and submission to the Authority is a requirement of the approved Treasury Management Policy. Its format and structure is in the format required by the approved Policy. The suggested strategy for 1999/2000 in respect of the following aspects of the Treasury Management funding is based upon the Treasurer's views on interest rates, supplemented with leading market forecasts. The strategy covers:

- the current Treasury position
- prospects for interest rates
- treasury limits in force which will limit the activity of the Authority
- Capital borrowing required and the portfolio strategy
- investment strategy
- any extraordinary treasury issues

2 TREASURY LIMITS FOR 1999/2000

In accordance with Section 45 of the Local Government and Housing Act 1989 the Treasury limits set by the Fire Authority as part of its Treasury policy are:

	£000
• The Aggregate Credit Limit	
- Authority Credit Limit	797
- Temporary Revenue Borrowing Limit	500
- Total	£1297
• the overall borrowing limit	1297
• the amount of the overall borrowing limit which may be outstanding by way of short term borrowing	894
• the maximum proportion of interest on borrowing which is subject to variable rate investment	65%

3 PROSPECTS FOR INTEREST RATES

3.1 The Council appointed Sector Treasury Services as a treasury adviser to the Council and part of their service is to assist the Council formulate a view on interest rates. Appendix A draws together a number of current City forecasts for variable and longer fixed interest rates provided by City institutions. The market view on the prospects for UK interest rates have become increasingly dominated by international factors.

3.2 The financial crises in Russia, Japan and Asia are expected to deepen and this will contribute to a reduced growth forecast for the world economy next year. The expectation of depressed growth next year is giving increasing pressure for the G7 countries to reduce shorter term interest rates to stimulate the world economy. The scenario has led to low inflation expectations which have seen longer term fixed borrowing interest rates fall to historical lows.

3.3 Within this global turmoil the UK Economy is expected to see slowing domestic growth, rising unemployment and low inflationary expectations. An outright recession under this scenario is likely to be avoided. The UK is also likely to be increasingly affected by European Economic and monetary Union (EMU). Whilst the UK is outside the member countries initially, convergence of UK interest rates with the EURO rates will continue. This effect should see short term rates fall and longer term rates stabilising or rising marginally.

3.4 The effect on interest rates for the UK, is expected to be as follows:

Shorter term interest rates - The 'average' City view anticipates that the risk of subdued growth in 1999 will see the monetary policy committee cut base rates from the current 6% to 5¾% by the start of 1999/2000 financial year. It is anticipated that rates will be cut further during the year. Average basic rates over 1999/2000 are likely to be 5½%.

Longer term interest rates - The longer term fixed interest rates are expected to be at their lowest during the current financial year with a modest rise in longer term fixed interest rates during 1999/2000. Fixed interest rates are expected to remain cheaper than short dated and variable rates although the margin should have closed by the year end.

4 CAPITAL BORROWINGS AND THE BORROWING PORTFOLIO STRATEGY

4.1 Based upon the prospects for interest rates outlined above, there are a number of strategy options available. The anticipation is that short term rates will continue to be more expensive than longer term fixed rate borrowing throughout 1999/2000, albeit with base rates likely to fall steadily if not dramatically, this will therefore see the yield curve continue to remain inverted. This expectation provides a variety of options:

- that the expectation for falling base rates in the future is so strong that the drawing of cheaper longer term funding in the near term could eventually entail longer term costs and the Council's view is that maintaining a short term position will lead to a cheaper, low risk long term portfolio;

- that the risks intrinsic in the shorter term variable rates are such, when compared to historically low long term funding, that the Council will maintain a stable, longer term portfolio by drawing longer term fixed rate funding.

4.2 Against the background of EMU and the risks involved with its success, caution will be adopted with the 1999/2000 treasury operations. The Treasurer will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances, reporting any decisions to the Authority at the next available

4.3 **Sensitivity of the forecast** - The main sensitivities of the forecast are likely to be the two scenarios below. These could be prompted by a breakdown of EMU; a rise in general European fixed interest rates (which may seem higher than anticipated UK fixed interest rates); a smooth transition of EMU with lower interest rates and a quicker than anticipated fall or an unexpected turnaround in the world economy. The Treasurer, in conjunction with the Treasury Advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of view:

- *an unexpected sharp rise in long and short term rates* - In the event of a sharp rise in interest rates the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are relatively cheap.
- *an unexpected sharp fall in long and short term rates* - In the event of falling interest rates the borrowings will be postponed (waiting for borrowings to get cheaper), and any re-scheduling from fixed rate funding into variable or short rate funding will be exercised.

5 TEMPORARY INVESTMENTS STRATEGY

5.1 The Berkshire Fire Services (Combination Scheme) Order 1997 provides that contributions from the constituent authorities shall be of such amount as are at all times sufficient to enable the financial obligations of the Authority to be met. The contributions of the constituent authorities will be payable by 12 equal monthly instalments on the first working day of each month. This will lead to a positive cash flow situation.

5.2 Advantage will be taken of this and any monies surplus to immediate requirement will be invested in the short term money market.

5.3 The money market yield curve is currently anticipating sustained falls in the basic rate. The maximum period for investing Authority funds is not likely to exceed four weeks and therefore the manoeuvrability of achieving benefits from choosing longer/shorter periods for investing is constrained.

5.4 Investments will be made in accordance with the Approved Investment Regulations (1990) and with the institutions identified in the Authority's investment list approved as part of the Treasury Policy Statement.

6 ANY OTHER ISSUES

6.1 In future years the Authority's debt portfolio will be kept under review. Advantage would be taken of any opportunities for improving the debt maturity profile or making revenue savings through either lower interest rates or discounts from the PWLB.

Outlook for Interest Rates

APPENDIX A

The data below shows a variety of forecasts published by a number of institutions. The first two represent the views of individual City banks, the second two represent summarised figures from most City banks and some academic institutions. The forecast within the strategy has been drawn from these diverse sources and officers own views.

Individual Banks Forecasts

Warburg Dillon Read Economic Forecast - Interest Rates – January 1999

(%)	Current	June 99	Dec 99	June 00
Base Rate	6.00	5.50	5.50	5.50
10 Year Gilt	4.25	4.50	5.00	5.25

National Westminster Bank - Economic and Financial Outlook – January 1999

(%)	4/1/99	31/3/99	30/6/99	31/12/99	31/12/00
Base Rate	6.00	5.75	5.50	5.50	6.00
5 Year Gilt	4.65	4.80	4.90	5.00	5.25
20 Year Gilt	4.40	4.50	4.60	4.75	5.10

Summary Bank Forecasts

HM Treasury - Summary of 35 Independent Forecasters Views of the 3 months interest rates at the End of Each Calendar Year 1998 - 2002 (December 1998)

(%)	1998	1999	2000	2001	2002
Base Rate	6.81%	5.57%	5.41%	5.40%	5.61%
Highest	7.38%	7.78%	6.40%	6.80%	7.30%
Lowest	6.40%	4.50%	4.50%	3.30%	4.67%

Consensus Forecasts - Summary View of 25 City Houses on the Likely Change in Short term and 10 Year Fixed Interest Rates (December 1998)

(%)	Dec 1998	Mar 1998	Dec 1999
3 Month Interbank - Average	6.400%	6.100%	6.200%
High	6.400%	6.500%	6.800%
Low	6.400%	5.500%	5.400%
10 year Gilt yield - Average	4.600%	4.700%	4.800%
High	4.600%	5.200%	5.700%
Low	4.600%	4.300%	4.000%

AGENDA ITEM 13: **PROVISION OF SUPPORT SERVICES**

To: **Royal Berkshire Fire Authority**
Date: **3 February 1999**
Officer Contributing: **Chief Fire Officer**
Authority Treasurer

A PURPOSE OF REPORT

To seek the Authority's direction on the support services to the Royal Berkshire Fire and Rescue Service.

B PROPOSED ACTION

The Authority is invited to consider the report and RESOLVE accordingly.

C FINANCIAL IMPLICATIONS

There are no financial implications at this stage.

D SUPPORTING INFORMATION

1 At its meetings of 17 September, 9 October and 4 November 1997 the Fire Joint Committee received reports on the provision of support services previously provided by the County Council's central departments. The Combination Scheme Order provides that the Fire Authority 'may make arrangements with any constituent authority for the use by the Authority of the services of officers and employees of the constituent authorities and for the making of contracts and payments on behalf of the Authority by the constituent authority'. This allows the constituent councils to provide some or all of the support services and re-charge the Authority. This precludes the necessity for the Authority to seek tenders and quotations.

2 At that stage the constituent councils were reluctant to take on the Fire Service's support services due to the additional workloads and disruption arising out of the Local Government Reorganisation. However, ultimately the provision of the most important services were agreed to be provided either by Reading Borough Council or by extending the existing County Council contracts. The services are currently provided as follows:

Financial Services	- CSL Managed Services
Internal Audit	- Deloitte Touche
Building Services	- Reading Borough Council
Estates Management	- Reading Borough Council
Legal Services	- Reading Borough Council

The arrangements were for two years, and terminate on 31 March 2000 to enable the disruption caused by Local Government Reorganisation to settle. The constituent councils would then be in a better position to assess whether they could provide any or all of these services.

3 The value of the Building Services and Financial Services contracts would make it necessary to comply with European Tendering procedures when awarding these contracts. Such a process is time consuming and work would need to start as a matter of urgency if this option were pursued. Whilst it would not preclude any of the constituent councils from seeking to tender for the work, if any of the constituent councils now felt able to provide suitable cost effective services to meet the Authority's needs then it would avoid unnecessary and resource intensive work.

4 Members may therefore consider it prudent to ask the constituent councils whether they felt that by the end of March 2000, they would be in a position to provide any of these services before the Brigade commits too much of its resources on this project.

E BACKGROUND PAPERS

1 Agenda and Minutes of meeting of the Fire Joint Committee - 17 September 1997
2 Agenda and Minutes of meeting of the Fire Joint Committee - 9 October 1997
3 Agenda and Minutes of meeting of the Fire Joint Committee - 4 November 1997
4 Agenda and Minutes of meeting of the Royal Berkshire Fire Authority - 25 November 1997

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