Meeting of the Authority

Monday, 13 February 2017

10.00 am

Please note the changed start time of this meeting
(brought forward from 10.30 am)
AGENDA

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Monday, 13 February 2017, 10.00 am
Ask for: Stuart Ballard/Marie Curry
Kent Fire and Rescue Service Headquarters, Telephone: (01622) 692121 ext 8206/8291
The Godlands, Maidstone, ME15 6XB

UNRESTRICTED ITEMS
(During these items the meeting is likely to be open to the public)

A Routine Business
A1. Chairman’s Announcements (if any)
A2. Membership Changes and Apologies for Absence
A3. Declarations of Interest in Items on this Agenda
A4. Minutes of the Meeting of the Authority held on 14 December 2016 (for approval)
   (Pages 5-8)

B For Decision
B1. Draft Revenue and Capital Budgets 2017/18 and Draft Medium Term Financial Plan
    2017-21 (Pages 9-53) (Note: The Budget Book which comprises Appendix 1 to
    this report is enclosed as a separate document)
B2. Corporate Plan 2017/18 (Pages 55-82)
B3. Members’ Allowances Scheme 2017/18 (Pages 83-87)
B4. Corporate Customer and Equality Plan (Pages 89-111)

C For Information (No items)

D Urgent Business (Other items which the Chairman decides are urgent)

E Exempt Items (At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public).

Stuart Ballard
Clerk to the Authority

2 February 2017

Please note that any background papers referred to in the accompanying reports may be inspected by arrangement with the Lead/Contact Officer named on each report.
KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

MINUTES of a Meeting of the Kent and Medway Fire and Rescue Authority held at Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone on Wednesday, 14 December 2016.

PRESENT:- Mr N J D Chard (Chairman), Mrs A Allen MBE, Mr M J Angell, Mr H G R Birkby, Mr D L Brazier, Mr D J Carr, Mr G Cowan, Mr D S Daley, Mr J A Davies, Dr M R Eddy, Mr P Godwin, Mr M C Heale, Mrs S V Hohier, Mr P J Homewood, Mr S Iles, Mr R A Latchford OBE, Mr T A Maddison, Mr C E T Simkins, Mrs P A V Stockell, Mr B J Sweetland and Mr N A Terry.

APOLOGIES:- Mr I S Chittenden, Mr R J Parry and Mr S A Tranter.

OFFICERS:- The Chief Executive, Miss A Millington; the Director, Finance and Corporate Services, Mr C Kerr; the Director, Operations, Mr S Bone-Knell; the Assistant Director, Channel Tunnel and Resilience, Mr P Flaherty; the Assistant Director, Community Safety, Mr M Adams; the Assistant Director, Finance, Mrs A Kilpatrick; the Assistant Director, Human Resources, Mrs K Irvine; the Assistant Director, Policy and Performance, Mr J Finch; the Assistant Director, Response, Mr C Colgan; the Monitoring Officer, Mr G D Wild; and the Clerk to the Authority, Mr S C Ballard.

UNRESTRICTED ITEMS

28. Chairman's Announcements
   (Item A1)
   (1) The Chairman reported the death on 16 October of Dr Stuart Cox. Dr Cox had served on Kent County Council from 1967 until 1997 and had chaired its Fire and Public Protection Committee (the forerunner of the Authority) for part of that time. Members and officers stood in silence as a mark of respect to Dr Cox.
   (2) The Chairman reminded Members that the General Purposes Committee in November had been advised that the Authority had successfully achieved the Workplace Wellbeing Charter, a national award that recognised employers’ commitment to the health and wellbeing of their staff. The Chairman reported that, since then, the Authority had been informed that it had been rated ‘excellent’ in all nine categories of the Charter; the only public sector employer at the Kent awards ceremony for the Charter to have achieved this.
   (3) The Chairman reported that this was the last meeting to be attended by Martin Adams, the Assistant Director, Community Safety, who would retiring shortly after 30 years service to the Authority.
   (4) RESOLVED that the Authority express:-
       (a) its thanks and congratulations to the staff involved in the Authority’s success in being rated ‘excellent’ in all nine categories of the Workplace Wellbeing Charter;
       (b) its thanks to Mr Adams for his long and illustrious service to the Authority and its best wishes to him for the future.

29. Minutes - 18 October 2016
   (Item A4)

RESOLVED that the Minutes of the Authority meeting held on 18 October 2016 be approved and signed by the Chairman as a correct record.
30. **General Purposes Committee – 8 November 2016**
   *(Item A5)*
   
   RESOLVED that the Minutes of the General Purposes Committee meeting held on 8 November 2016 be noted.

31. **Planning and Performance Committee - 29 November 2016**
   *(Item A6)*
   
   RESOLVED that the Minutes of the Planning and Performance Committee meeting held on 29 November 2016 be noted.

32. **Proposed Calendar of Member Meetings for 2017/18**
   *(Item B1 - Report by Chief Executive)*
   
   (1) The Authority considered the proposed calendar of Member meetings for 2017/18 and a proposal that the arrangements for Member training should be reviewed.

   (2) The Chairman encouraged Members to attend operational exercises (by arrangement with the Deputy Clerk) wherever possible, and invited suggestions outside the meeting for particular elements of operational training that Members would find it useful to observe. A number of Members commented how instructive they had found their attendance at previous operational exercises.

   (3) RESOLVED that:-

   (a) the proposed Calendar of Member Meetings for 2017/18, as set out in Appendix 1 to the report, be approved;

   (b) the arrangements for Member training be reviewed as proposed in the report.

33. **Pay Policy Statement 2017/18**
   *(Item B2 - Report by Chief Executive)*
   
   (1) Members considered the draft Pay Policy Statement for 2017/18, which the Authority was required by the Localism Act 2011 to publish before the start of the new financial year.

   (2) Following questions from Members, it was RESOLVED that the Authority’s draft Pay Policy Statement for 2017/18, as attached at Appendix 1 to the report, be approved.

34. **Acquisition and Disposal of Land and Property**
   *(Item B3 - Report by Director, Finance and Corporate Services)*
   
   (1) The Authority considered proposals for the disposal of two surplus sites and for the potential purchase of land adjoining Ashford Fire Station.

   (2) The Chairman accepted a suggestion from Mr Davies that any approval of the purchase of the land adjoining Ashford Fire Station should be subject to the appropriate planning consents being available.

   (3) Following questions from Members, it was RESOLVED that:-

   (a) the old Chatham Fire Station at New Cut, Chatham, be disposed of, either on the open market or by agreement with Medway Council;

   (b) the former Technical Fire Safety office at 2 St Michaels Road, Sittingbourne, be disposed of;

   (c) the potential purchase of land adjacent to Ashford Fire Station be approved, subject to the appropriate planning consents being available.
35. Performance Update  
 *(Item B4 - Report by Chief Executive)*

(1) Members considered a report which provided an update on progress against the Corporate Plan and the Authority’s performance targets. The report also set out the latest position on financial performance, budget monitoring and other finance-related information for the April to October 2016 period, and proposed arrangements for the appointment of the Authority’s external auditors from 2018/19 onwards.

(2) Members expressed concern that the overall long-term decline in All Fires (LPI 100) appeared to be coming to an end and the Chairman asked for a detailed report to be made to the next meeting of the Planning and Performance Committee on the reasons for this with options for what the Authority might do in order to reduce the number of fires.

(3) Members discussed a number of issues relating to road safety, including the increasing number of road traffic collisions (RTC) involving elderly drivers, difficulties caused to drivers by dazzle from the headlights of oncoming traffic, RTCs caused by motorists driving at too high a speed for the prevailing conditions, and the reasons why, on average, it took longer for the Authority’s crews to reach RTCs than fire incidents.

(4) The Chairman asked that a report be made to a future meeting on the work of the Kent Safer Roads Strategic Board; its activities relating to key groups such as older drivers; and the Authority’s involvement with the work of the Board.

(5) The Chief Executive reported that, following the success so far of the Authority’s partnership work with the South East Coast Ambulance Service (SECAmb), which included attendance by the Authority’s officers at Red Ones (medical emergencies), SECAmb had now requested that crews from some of the Authority’s on-call stations should also be available for attendance at Red Ones in their areas.

(6) **RESOLVED that:-**

(a) the Authority accept the invitation from Public Sector Audit Appointments Limited to become an opted-in authority for the purposes of the appointment of the Authority’s external auditors under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015;

(b) the remaining contents of the report, together with the oral update by the Chief Executive on SECAmb’s request that, as an extension of existing partnership work, crews from some of the Authority’s on-call stations should be available for attendance at Red Ones in their areas, be noted.

36. Fire and Rescue Service Reform Agenda  
 *(Item C1)*

(1) The Chief Executive gave a presentation on the national agenda for reform of the fire and rescue service.

(2) The Chairman commented that the Authority was well-placed to influence the national agenda because, largely thanks to the sterling work of the Chief Executive and Corporate Management Board on the national scene as well as locally, it was regarded as one of the leading fire and rescue authorities in the country.

(3) Following questions from Members, it was **RESOLVED that** the Chief Executive’s presentation be noted with thanks.
At the close of the formal business of the meeting, the Chairman thanked the staff of the Authority for all their efforts during the year, and wished all Members and, on their behalf, all staff of the Authority, an enjoyable Christmas and a happy new year.
By: Chief Executive

To: Kent and Medway Fire and Rescue Authority - 13 February 2017

Subject: DRAFT REVENUE AND CAPITAL BUDGETS 2017/18 AND DRAFT MEDIUM TERM FINANCIAL PLAN 2017-21

Classification: Unrestricted

FOR DECISION

SUMMARY

The Draft Revenue and Capital Budgets and Council Tax levels for the 2017/18 financial year are presented in this report for Members' approval. The report builds on information presented to the General Purposes Committee on 8 November 2016, on the proposals contained in the Safety and Wellbeing Plan 2016-18 and details the assumptions used in developing the Medium Term Financial Plan for 2017-21.

This report also includes for Members’ approval the Treasury Management and Investment Strategy for 2017/18 and appropriate Prudential Indicators.

The key proposals that are presented to Members for consideration and approval are:-

- A Council Tax increase of 1.88%, which equates to an increase on the Band D Council Tax of £1.35 per annum, or just over 2.5 pence per week, raising the Band D Council Tax to £73.35 in 2017/18;

- A net budget requirement for 2017/18 of £68,638k;

RECOMMENDATIONS

Members are requested to:

1. Note the 2016/17 current outturn forecasts, being for the revenue budget an underspend of £613k and for the capital budget a net underspend of £89k (paragraphs 3 and 6 refer).

2. Note the use of £699k of the forecast revenue underspend (paragraphs 4 and 5 refer).

continued over
3. Approve the revenue budget proposals and the resulting net budget requirement for 2017/18 of £68,638k (paragraphs 13 and 14 and Appendix 1 refer).

4. Note that the Government has confirmed the Authority’s finance settlement for 2017/18 and provided indicative figures for the subsequent two years (paragraphs 15 and 16 refer).

5. Approve a total requirement from Council Tax of £44,616k to be raised through the precept to meet the 2017/18 budget requirement, which requires a Council Tax increase of 1.88%, resulting in the following annual charges for each Council Tax band (paragraphs 22 to 27 refer):

<table>
<thead>
<tr>
<th>Council Tax Band</th>
<th>Annual Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>£48.90</td>
</tr>
<tr>
<td>B</td>
<td>£57.05</td>
</tr>
<tr>
<td>C</td>
<td>£65.20</td>
</tr>
<tr>
<td>D</td>
<td>£73.35</td>
</tr>
<tr>
<td>E</td>
<td>£89.65</td>
</tr>
<tr>
<td>F</td>
<td>£105.95</td>
</tr>
<tr>
<td>G</td>
<td>£122.25</td>
</tr>
<tr>
<td>H</td>
<td>£146.70</td>
</tr>
</tbody>
</table>

6. Authorise the Chief Executive, in consultation with the Chairman of the Authority, to make any late adjustments which may be required to the net revenue budget (paragraph 28 refers).

7. Approve the Capital Budget of £10,242k for 2017/18 and related expenditure commitments following on in later years, together with the plans to use revenue contributions, capital grant and capital receipts to fund the expenditure (paragraph 29 and Appendix 1 refer).

8. Approve the revised Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 31 and Appendix 2 refer).

9. Approve the continued maintenance of General Reserves at a level approximately equivalent to 6% of the net revenue budget or £4,000k, whichever is the higher, over the medium term (paragraph 35 and Appendix 3 refer).

10. Approve the assumptions being used to develop the Medium Term Financial Plan for 2017-21 (paragraphs 36 and 37 and Appendix 1 refer).
BACKGROUND

1. This report sets out the proposed spending plans for 2017/18 and details the resources that are available to fund these plans. Members may recall that last year for the first time, the Government, as part of the funding settlement, provided local authorities, including fire and rescue authorities (FRAs), with an opportunity to confirm their acceptance of a four-year funding offer, providing that Efficiency Plans were published by the authority concerned no later than October 2016. This Authority agreed to accept this offer and therefore the provisional funding settlement figures for 2017/18 and the indicative figures for the remaining two years of the offer are in line with those detailed in the four-year settlement issued in December 2015. Consequently the Medium Term Financial Plan (MTFP) reflects these resources with estimates for the fourth year 2020/21.

2. The Budget Book and MTFP at Appendix 1 to this report (enclosed for Members as a separate document) provides further details on funding and expenditure assumptions. There are also further appendices attached to this report which provide more information to support recommendations relating to the Authority’s borrowing and investments (Appendix 2) and levels of reserves (Appendix 3).

FORECAST OUTTURNT FOR THE REVENUE BUDGET FOR THE 2016/17 FINANCIAL YEAR

3. The forecast position on the revenue budget for 2016/17 is taken into consideration in setting the 2017/18 budget. The revenue budget for 2016/17 was £69,292k and the outturn forecast for the year is estimated at £67,980k, resulting in a forecast underspend of £1,312k. Whilst the forecast includes a small net underspend of £160k on employee-related costs, the remaining underspend totalling £972k is on non-pay headings. The most significant variances include a £500k underspend on the collaboration budget, and a £282k underspend on vehicle running costs (both of these budgets have been reduced for 2017/18). There was also £255k of additional income forecast which included additional grant funding for small business rate relief (£79k), transparency reporting (£8k) and Firelink (£39k), plus mast rental income which added another £95k. (The actual extra income for mast rental arrears was £255k but £160k of this has already been utilised to fund the demolition costs for the old Medway Fire Station).

4. Proposed use of the underspend – In light of the size of the forecast underspend, it is proposed that £699k of it should be used for two specific purposes, as follows, which will reduce the forecast underspend to £613k:-

   (a) Every three years the Local Government Pension Scheme (LGPS) Actuary carries out a full valuation of the LGPS assets and liabilities to determine whether there is a need to change employer contribution rates to help meet any potential deficit in the pension fund. As a result of this review the Actuary
has advised the Authority that it can either increase contribution rates to 14.5% per annum or leave it at the current rate of 12.5% and pay, in this financial year, a one-off lump sum of £449k. Given that the current underspend is forecast at just over £1.3m it would seem prudent to pay the £449k now from the underspend and therefore remove the commitment in future years. Consequently there is no additional budget pressure in the medium term plan in relation to employer contributions to the LGPS.

(b) Members will be aware of the ongoing collaborative work that the Authority has been progressing with the South East Coast Ambulance NHS Foundation Trust (SECAmb), which has significantly helped many members of the public across the county. In order to improve the benefit to the patient and streamline the support between agencies at incidents and co-responder calls, the Authority is upgrading the existing defibrillators that are carried by every response vehicle and fire engine to be compatible with those used by SECAmb. These offer great improvements over those currently used, as the units themselves have telemetry and a WiFi facility which links into the ambulances so that information about patients can be sent to receiving hospitals prior to the ambulance’s arrival. The existing defibrillators will be removed from vehicles and relocated into appropriate cabinets which will be installed (externally) at each fire station across the county, so that the public will be able to access a defibrillator should the immediate need arise. Discussions with SECAmb are ongoing but it is estimated that this work will cost in the region of £250k. Given that resources are available as a result of the existing underspend, the Authority has been able to replace the existing defibrillators much earlier than previously expected and increase the availability of these potentially life-saving devices within the community.

5. Thus, in accordance with delegated powers, Members are asked to note the proposed use of £449k and £250k (£699k) of the forecast underspend. Proposals with regard to the use of the remaining underspend for 2016/17 will be reported to a future meeting of the General Purposes Committee.

Forecast Outturn for the Capital Budget for the 2016/17 Financial Year

6. The capital budget has been revised to £6,445k after transferring £137k from the premises’ capital budget to the premises’ revenue budget to fund day to day repairs, and so the capital underspend is now forecast to be £89k. This underspend is as a result of additional expenditure (£557k) in relation to the new build at Medway (now called Chatham). £478k of expenditure in relation to the new build at Ramsgate will now be slipped to 2017/18, as will £180k of planned expenditure on projector replacements at stations. Finally there is a small projected overspend of £12k on bay door replacements.
Spending Review and Financial Settlement

7. **Nationally** - On 23 November 2016, the Chancellor presented his first Autumn Statement, a formal update on the state of the economy and a response to the new economic and fiscal forecast from the Office for Budget Responsibility.

8. The Chancellor reported that the Government has cut borrowing by nearly two-thirds since 2010, but will no longer aim for a budget surplus (where more tax is raised than is spent) by 2019. He proposed new fiscal targets with the underlying borrowing deficit and indicated that debt would have fallen by 2020 and that there would be a balanced budget as soon as possible. He will also endeavour to provide the flexibility to support the economy and create space for more investment in roads, rail, research and housing. To ensure this objective is reached, the Government has published a new Charter for Budget Responsibility which commits to reducing the structural deficit to below 2% of GDP and to have debt falling as a percentage of GDP by the end of the current Parliament.

9. Government Departments are being asked to continue to deliver the overall spending plans set at the Spending Review 2015. The Efficiency Review announced in the 2016 Budget will be updated in autumn 2017. Austerity measures will continue and the Chancellor has said that the Government will continue to constrain public spending in the next Parliament to reach a balanced budget and live within its means. Any commitments the Government will make on protecting public spending priorities in the next Parliament will need to be determined in light of evolving prospects for the fiscal position. The Government will do this at the next Spending Review.

10. The Government has issued firm settlement figures for 2017/18, 2018/19 and 2019/20 for those local authorities which accepted the Government’s offer of a four-year settlement in exchange for publishing an Efficiency Statement. The Authority’s settlement for 2017/18 was therefore in line with the previous estimate but was subject to a minor adjustment which added a further £10k to the final figure. The Council Tax referendum limit for FRAs for 2017/18 has remained unchanged at 2%.

11. **Local Context** - The Authority has been planning for the reduction in central government funding and for continued constraints on the levels of Council Tax increases. Taking a medium to long term view on finances ensures that the Authority’s plans contained within the MTFP are sustainable and deliverable over that period. Employee and pension-related costs account for 79% of the Authority’s revenue budget, and savings continue to be made from the changes being implemented to ways of working to ensure that services are delivered in the most efficient and effective manner. Opportunities to make savings are taken as they arise and sometimes that may be earlier than planned. This approach can give rise to
underspends in-year, but this provides the facility to fund one-off large projects internally, whilst in future years providing base budget savings.

12. The Authority also needs to make additional savings to fund new cost pressures. These may arise through legislative changes such as in the case of the proposed Enterprise Bill and the proposals for apprentices within it, but also for service pressures. All savings arising from proposals contained in the 2016-18 Safety and Wellbeing Plan are reflected in this budget. The budget proposals for 2017/18 contained within this report are prudent estimates to ensure that the Authority’s plans and commitments are deliverable and affordable.

13. Development of the 2017/18 Revenue Budget – As in previous years the Authority’s budget is developed on an incremental basis. The previous year’s budget is adjusted for the impact of pay and price increases; the additional growth needed for unavoidable statutory commitments and new demands; and the outcome of savings activities. Expenditure that is to be funded from grants or reserves is included but the amount does vary from year to year, so whilst it does not affect the amount of the net revenue budget to be met from Council Tax, it does impact on gross spending. Details of the changes made to the base revenue budget and the additional expenditure funded from grants and reserves are set out in the Budget Book (Appendix 1). As a result of these changes a net revenue budget of £68,638k is presented for Members’ approval.

14. The proposed revenue budget is shown in Table 1 below. This sets out the key changes between 2016/17 and 2017/18. Full details of the budget-build assumptions are contained in the Budget Book (Appendix 1).

<table>
<thead>
<tr>
<th>Table 1 - Revenue Budget 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£’000</strong></td>
</tr>
<tr>
<td>Base budget brought forward</td>
</tr>
<tr>
<td>Pay, pensions, prices and other pressures</td>
</tr>
<tr>
<td>Income</td>
</tr>
<tr>
<td>Savings</td>
</tr>
<tr>
<td>General reserves</td>
</tr>
<tr>
<td><strong>Net budget</strong></td>
</tr>
<tr>
<td>Net change</td>
</tr>
<tr>
<td>Net change %</td>
</tr>
<tr>
<td><strong>Budget funded by:</strong></td>
</tr>
<tr>
<td>Business rates and revenue grant</td>
</tr>
<tr>
<td>Additional transitional grant included in grant settlement</td>
</tr>
<tr>
<td>Council Tax</td>
</tr>
<tr>
<td>Net surplus on collection funds</td>
</tr>
<tr>
<td><strong>Total funding</strong></td>
</tr>
<tr>
<td>Council Tax base</td>
</tr>
<tr>
<td>Band D Council Tax</td>
</tr>
<tr>
<td>Net change from previous year</td>
</tr>
<tr>
<td>Net change %</td>
</tr>
</tbody>
</table>
15. For 2017/18 the total amount of funding coming to the Authority from the provisional settlement reduced by 11.6% when compared to 2016/17, which was in line with the amount estimated last year for planning purposes. However, this included an estimate of the Authority’s share of the amount to be collected locally from Business Rates, but the final figure for 2017/18 is now £250k more than the Government’s estimate, so the overall final reduction in funding when compared to 2016/17 is now 10.7%.

16. The Budget Book (Appendix 1) discusses in detail the main elements of the revenue support grant settlement provided by the Government. Details of the 2017/18 settlement compared to 2016/17 are set out in Table 2. This shows the breakdown between Revenue Support Grant, the share of retained Business Rates and the Top-up Grant amount.

<table>
<thead>
<tr>
<th>Table 2 – Business Rates and Revenue Grant</th>
<th>2016/17 £’000</th>
<th>2017/18 £’000</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Support Grant (RSG)</td>
<td>11,940</td>
<td>8,864</td>
<td>-25.8</td>
</tr>
<tr>
<td>Retained Business Rate Share</td>
<td>6,427</td>
<td>6,257</td>
<td>-2.6</td>
</tr>
<tr>
<td>Top-up Grant</td>
<td>7,414</td>
<td>7,910</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Total Business Rates and Revenue Grant</strong></td>
<td><strong>25,781</strong></td>
<td><strong>23,031</strong></td>
<td><strong>-10.7</strong></td>
</tr>
</tbody>
</table>

*Indicative only, this would not be paid to any Authority in a pooling arrangement.

17. **Pooling Arrangement** - The Authority has continued its membership of the Kent Business Rates Pool into 2017/18. The Pool has been treated as a single authority for tariff and top-up purposes, and collectively the Kent pool will maximise the amount of income that can be retained locally. This is because the amount of levy due to the Government will be lower under the pooling arrangement because the Authority and Kent County Council reduce the tariff upon which the levy for the Pool is calculated. As authorities in the Pool no longer qualify for safety net payments from the Government, the Memorandum of Understanding for the Kent Pool states that each member authority will, as a minimum, receive the level of funding that they would have received if the Pool did not exist, subject to adequate resources existing within the Pool.

18. The Authority is a member of the Kent Business Rates Pool on the basis that it will neither gain from the Pool nor will it contribute to any loss made by the Pool. The Government’s safety net threshold is set to guarantee authorities 92.5% of their original Baseline Funding Level so, in 2017/18, the Authority would need to have suffered a loss of business rate income of £1,043k before it would have received compensatory safety net payments from the Government. The Authority has £1,000k
earmarked in the Local Government Resource Review Reserve which would be available to fund any unexpected shortfall in business rate income in the future.

19. **Small Business Rates Section 31 Grant** - As part of the settlement the Government confirmed that local authorities would receive a single payment to compensate them for the continued impact of the cap on the small business rate multiplier in 2015/16, 2016/17, and now in 2017/18. At the time of writing the final figure has not been confirmed for 2017/18, so an estimate of £388k has been made based on the grant received in 2016/17.

20. **Consultation response** - The Government has consulted on the 2017/18 provisional finance settlement. This year, for the first time, on-line responses were requested to the consultation, with a deadline of 13 January 2017. The Director, Finance and Corporate Services, responded to the online questionnaire as it was mainly confined to technical aspects, most of which were not relevant to FRAs, such as the New Homes Bonus and Adult Social Care.

**Council Tax for 2017/18**

21. As mentioned in paragraph 18 above, the Authority has a reserve of £1m to cover the potential volatilities in Business Rate income, sufficient to fund the gap between shortfalls in business rates and the safety net amount.

22. **Council Tax Consultation** - As the current Safety and Wellbeing Plan runs until 2018, there was no requirement to consult on the existing document, so the General Purposes Committee agreed at its meeting in November 2016 (Minute 21), to only consult the public on two options in relation to Council Tax for the 2017/18 financial year. The two options offered were to either leave Council Tax at existing levels, so that there would be no increase in 2017/18, or increase it by just under 2%. The consultation was open between 3 December 2016 and 16 January 2017, and was promoted on the home page of the KFRS website; through social media; by direct email to those businesses and members of the public who had responded to previous consultations and business proposals; and by posters that were placed in approximately 110 libraries in Kent and Medway. A hard copy of the consultation document was also made available upon request.

23. **Council Tax Consultation Response** - Members may be pleased to note that social media advertising reached over 43,544 people. This, and the other promotions, resulted in 1,554 people visiting the KFRS website to view the consultation information. In total 429 people completed a response, with 78.7% supporting an increase of just under 2%, whilst 21.3% preferred no increase. Those surveyed had the chance to provide a comment to support their choice and full details are available to Members on request. Some of those who supported an increase suggested it should be above 2%. A number commented that they were keen to maintain emergency cover, especially given the increase in the number of new homes in the county, while others commented in support of the Authority’s community safety work.
If the Authority accepts the proposal to increase Council Tax by 1.88%, then this will contribute towards the sustainability of the budget over the medium term and will help the Authority to continue to deliver a quality service to the people of Kent and Medway by being there when needed.

24. **Proposed Council Tax for 2017/18** - The Authority seeks to manage its resources to deliver an efficient and effective service to the people of Kent and Medway. There have been changes to the ways of working on stations and a move to use more support staff instead of operational staff in areas such as Community Safety, but there has also been significant investment in new buildings and operational equipment to improve service delivery and safety and to deliver improved outcomes. To ensure that the budget proposals are sustainable over the medium term, and in light of the responses to the Council Tax consultation exercise, it is proposed that Council Tax should be increased by 1.88%, resulting in an annual increase in a Band D property of £1.35 (or just over 2.5 pence per week) making the Band D Council Tax charge £73.35 for 2017/18, and Members are asked to approve this proposal.

25. The Budget Book (Appendix 1) explains how the Council Tax precept is calculated. The financial impact of the Council Tax changes, assumed collection rates and a 1.88% increase in Council Tax for 2017/18 is shown in **Table 3** below.

<table>
<thead>
<tr>
<th>Table 3 - Calculation of Council Tax 2017/18</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Budget Requirement 2017/18</td>
<td>68,638</td>
</tr>
<tr>
<td>Business Rates and Revenue Grant</td>
<td>23,031</td>
</tr>
<tr>
<td>Additional Transitional Grant</td>
<td>178</td>
</tr>
<tr>
<td>Net Surplus on Collection Funds</td>
<td>813</td>
</tr>
<tr>
<td><strong>Precept Requirement from Council Tax</strong></td>
<td>44,616</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td>68,638</td>
</tr>
<tr>
<td>Tax rate for Band D property 2017/18</td>
<td>£73.35</td>
</tr>
<tr>
<td>Tax rate for Band D property 2016/17</td>
<td>£72.00</td>
</tr>
<tr>
<td>Increase in Band D charges</td>
<td>1.88%</td>
</tr>
</tbody>
</table>

26. **Collection Fund Surplus** - An adjustment is made to the precept to reflect the Authority’s share of any surplus or deficit arising on Medway and District Councils’ collection funds (Council Tax and Business Rates) where more or less was collected compared to the amounts estimated in previous years. Overall there is a net surplus of £813k to be paid to the Authority in 2017/18.

27. The Council Tax for other property bands is calculated as a fixed proportion to Band D. The 2017/18 Council Tax proposed to be levied by the Authority for all other bands can be seen in **Table 4** below.
### Table 4 - The Authority’s Share of Council Tax per Property Band for 2017/18

<table>
<thead>
<tr>
<th>Band</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Rata</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>11/9</td>
<td>13/9</td>
<td>15/9</td>
<td>18/9</td>
</tr>
<tr>
<td>Band D</td>
<td>6/9</td>
<td>7/9</td>
<td>8/9</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Charge</td>
<td>£48.90</td>
<td>£57.05</td>
<td>£65.20</td>
<td>£73.35</td>
<td>£89.65</td>
<td>£105.95</td>
<td>£122.25</td>
<td>£146.70</td>
</tr>
</tbody>
</table>

28. Final figures from Districts are reflected in this report. However, if after this meeting any billing authority gives notice of any change to its Council Tax base, Retained Business Rate income or the declared surplus or deficit on its Council Tax or Business Rates collection accounts, then this is likely to change the Authority’s net revenue budget requirement. It is proposed that any such adjustments should be made to the Corporate Initiatives budget (used for collaboration costs, funding for efficiency improvements and other corporate developments) so as to avoid affecting any other budget headings or Council Tax levels. The Authority is recommended to authorise the Chief Executive, in consultation with the Chairman, to make any such changes which may be necessary. Details of any adjustments made will then be reported to the next meeting.

### 2017/18 Capital Budget

29. The Government has not announced any capital grant for 2017/18 or later years and so any investment in capital assets must be funded from local resources. For the purposes of identifying capital expenditure, items costing individually less than £10k, whilst they may be large when added together, are generally included in the revenue budget and for this reason the projector expenditure re-phased from 2016/17 is now included in the revenue, rather than the capital, budget. The draft Capital Budget for 2017/18 totals £10,242k and details of the Capital Budget for 2017/18 and the medium term are shown in the Budget Book (Appendix 1) for Members’ approval.

### Annual Treasury Management and Investment Strategy


31. To comply with these requirements, a combined Treasury Management and Investment Strategy is presented at Appendix 2 for Members’ approval. The Strategy outlines the approach to the Authority’s treasury management and investment activities, and defines the limits for borrowing and investment activities for the financial year 2017/18. The Strategy also includes the prudential indicators required by the Prudential Code and the Treasury Management Code. These
indicators, which Members are asked to approve, are also detailed in Appendix 2, and relate to prudence, affordability, capital expenditure, limits for external debt, interest rate exposures, and the maturity structure of borrowing and long-term investments. The Authority’s performance against these indicators is monitored and reported on throughout the year.

32. The final annual report for 2016/17 in respect of the performance of treasury management and investment activities will be presented to the General Purposes Committee at its meeting on 18 July 2017. Table 5 below details the position with regard to loans, cash and deposits as at 31 December 2016.

Table 5 - Treasury Position as at 31 December 2016 £’000

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term borrowing – Public Works Loan Board</td>
<td>3,035</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>53</td>
</tr>
<tr>
<td>Cash Deposits - Santander</td>
<td>2,500</td>
</tr>
<tr>
<td>Cash Deposits - Nat West</td>
<td>1,100</td>
</tr>
<tr>
<td>Cash Deposits - Lloyds TSB</td>
<td>3,000</td>
</tr>
<tr>
<td>Cash Deposits - Barclays</td>
<td>3,000</td>
</tr>
<tr>
<td>Cash Deposits – Debt Management Office</td>
<td>7,600</td>
</tr>
<tr>
<td>Cash Deposits – Treasury Bills</td>
<td>13,815</td>
</tr>
<tr>
<td>3-Month Fixed Term - Lloyds TSB</td>
<td>2,000</td>
</tr>
<tr>
<td>6 Month Fixed Term - Santander</td>
<td>2,500</td>
</tr>
<tr>
<td>6-Month Fixed Term - Nationwide</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total cash and deposits</strong></td>
<td><strong>40,568</strong></td>
</tr>
</tbody>
</table>

33. Long Term Borrowing - The Authority has used its temporary cash balances to fund capital expenditure since 2008/09. The ongoing proactive management of revenue and capital spend over recent years has resulted, in many cases, in the release of earlier than anticipated savings, which has created a healthy balance in the Infrastructure Reserve, currently forecast to be £18,893k at 31 March 2017. Additionally the Authority has generated capital receipts from the sale of day-crewed housing, closed fire stations and vehicles which have been replaced, and the unused balance is forecast to be £8,986k at 31 March 2017. The Authority’s cash balances are expected to be utilised to fund capital expenditure over the next four years, mainly for New Station builds. Based on current rates of borrowing, for each £1m borrowed over a 10-year period, the Authority would save in the region of £235k in interest costs over that period. The use of internal borrowing also contributes towards a reduction in counterparty risk. Members should be aware, however, that the Authority may consider borrowing to fund new capital spend in the future or if an alternative approach to funding is deemed appropriate.
34. **Investment Returns** - The Authority’s priority for cash management is to ensure the security of capital and liquidity of cash resources and to obtain an appropriate level of return which is consistent with the Authority’s appetite for risk. The annual forecast for investment income is £163k, which equates to an average return for the year to December 2016 of 0.40%. The average 7-day London Interbank Bid Rate (LIBID) is 0.23% for the same period. The 7-day LIBID rate is the standard benchmark rate but does only reflect rates paid on deposits for a week’s duration. Without any increase in the bank base rate, deposit rates have declined over the last year. It is expected that cash balances will continue to fall next year as the capital programme is delivered.

**Risk Assessment of Reserves and Balances**

35. As a precepting authority, the Authority is required under Section 32 of the Local Government Finance Act 1992 to have regard to the level of reserves required to meet estimated future expenditure when calculating its budget requirement. The current policy agreed by Members is to maintain General Reserves at a level approximately equivalent to 6% of the net revenue budget or £4,000k, whichever is the higher. The need to maintain general reserves at an appropriate level continues to be supported by a comprehensive financial risk assessment, as detailed in [Appendix 3](#), which highlights the extent to which the Authority may be exposed to uninsured and unbudgeted issues. The reduction in the net revenue budget for 2017/18 means that General Reserves can be reduced by £90k to £4,060k in 2017/18.

**Medium Term Financial Plan (MTFP) 2017/18 to 2020/21**

36. This MTFP covers the four-year period from 2017/18 to 2020/21 although Government funding is only confirmed for the first three years. The next Spending Review will impact on the 2020/21 settlement but there is little doubt that the Government will be continuing with further austerity measures. When approving the budget and recommendations for Council Tax for 2017/18, it is appropriate for Members to note the longer term financial position and the ongoing reductions in Revenue Support Grant. Whilst Council Tax and business rate income are expected to increase, the growth is less certain and this presents a risk to the Authority’s finances. In 2016 the Government consulted on options for funding FRAs from business rates or grant and the outcome of this exercise may impact on the source and certainty of future resources.

37. The Authority has implemented changes to improve the efficiency of crewing arrangements on stations to deliver savings and these changes will be delivered in full over the next two years. The reductions on stations have been made through natural turnover (retirements and leavers) rather than by compulsory redundancies. Recruitment to on-call stations remains difficult and arrangements to provide cover are being reviewed on a case by case basis to meet local need. Savings have been
made by replacing uniformed staff in non-operational roles with service support staff, and through reductions in service support staff in some areas. A review of base budgets this year has identified further resources that will contribute to the savings required in 2017/18. The new station build programme continues with plans to enhance further fire station facilities through refurbishment or renewal. Whilst there have been some reductions in infrastructure funding in 2017/18, the current infrastructure expenditure plan is fully funded from identified resources. The Authority could in the future use borrowing as an alternative resource if considered prudent from a treasury perspective. The Budget Book (Appendix 1) includes a summarised MTFP, together with the relevant forward planning assumptions, for Members to consider.

38. **The Medium Term** – The Policing and Crime Bill announced on 10 February 2016 has now been through its third reading in the House of Lords and the amendments proposed will go back to the Commons prior to the Bill being enacted. The Bill will impact on all English FRAs as it requires collaboration with other emergency services, includes options for new governance arrangements with a greater role for the Police and Crime Commissioners, and includes a proposal to reintroduce an independent inspection regime for FRAs.

39. The Authority actively collaborates with Kent Police, SECAmb, other FRAs, other local authorities and many other public and third sector partners. The financial challenges of recent years have provided a catalyst for reviewing the way that services have been delivered historically but there has also been innovation and investment in equipment and assets to improve operational firefighting and response. Prevention is still a priority and the new Road Safety Experience at Rochester, and the increase in Community Safety Home Safety Officers available to undertake Safe and Well visits, are both initiatives to improve public safety.

40. In summary, the Authority continues to plan for further reductions in grant funding, and for Council Tax increases over the medium term to be within the referendum limit. The resources for the proposed Capital Budget have already been identified and no prudential borrowing is needed at present, thus avoiding any increase to the budgets for interest or debt repayment costs.

**A Statement of Assurance by the Treasurer**

41. Under Section 25 of the Local Government Act 2003 the Director, Finance and Corporate Services, as the Treasurer to the Authority (and therefore its statutory Finance Officer), is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves.

42. In expressing his opinion, he has considered the financial management arrangements that are in place, the level of reserves, the budget assumptions, the financial risks facing the Authority and its overall financial standing. This year, the
building of the new fire station at Ramsgate will start and investment in further stations will follow. The capital expenditure plans will be funded from identified resources.

43. The robust systems of financial control within the organisation, the financial system in operation and the quality of internal and external audit reports, together mean that the Director, Finance and Corporate Services, is still confident that the Authority is prepared to meet the challenges facing it. Reserves are of particular importance in times of uncertainty and each year the level of reserves is supported by a robust financial risk assessment. In conclusion, it is the opinion of the Director, Finance and Corporate Services, that the budget is robust and achievable and that the reserves are adequate.

IMPACT ASSESSMENT

44. The draft budget proposals and associated recommendations contained within this report should achieve the Authority’s stated aim and objectives by providing adequate financial support for delivery of its plans and to provide financial resilience. Environmental benefits, health and safety issues, and equality and diversity considerations are considered in developing new projects, whether for new investment or in support of budget savings.

45. The Council Tax proposals have been subject to public consultation, the outcomes of which have been taken into account during the production of the budget proposals presented for Members’ approval.

RECOMMENDATIONS

46. Members are requested to:

46.1 Note the 2016/17 current outturn forecasts, being for the revenue budget an underspend of £613k and for the capital budget a net underspend of £89k (paragraphs 3 and 6 refer).

46.2 Note the use of £699k of the forecast revenue underspend (paragraphs 4 and 5 refer).

46.3 Approve the revenue budget proposals and the resulting net budget requirement for 2017/18 of £68,638k (paragraphs 13 and 14 and Appendix 1 refer).

46.4 Note that the Government has confirmed the Authority’s finance settlement for 2017/18 and provided indicative figures for the subsequent two years (paragraphs 14 and 15).
46.5 Approve a total requirement from Council Tax of £44,616k to be raised through the precept to meet the 2017/18 budget requirement, which requires a Council Tax increase of 1.88%, resulting in the following annual charges for each Council Tax band (paragraphs 22 to 27 refer):

<table>
<thead>
<tr>
<th>Council Tax Band</th>
<th>Annual Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>£48.90</td>
</tr>
<tr>
<td>B</td>
<td>£57.05</td>
</tr>
<tr>
<td>C</td>
<td>£65.20</td>
</tr>
<tr>
<td>D</td>
<td>£73.35</td>
</tr>
<tr>
<td>E</td>
<td>£89.65</td>
</tr>
<tr>
<td>F</td>
<td>£105.95</td>
</tr>
<tr>
<td>G</td>
<td>£122.25</td>
</tr>
<tr>
<td>H</td>
<td>£146.70</td>
</tr>
</tbody>
</table>

46.6 Authorise the Chief Executive, in consultation with the Chairman of the Authority, to make any late adjustments which may be required to the net revenue budget (paragraph 28 refers).

46.7 Approve the Capital Budget of £10,242k for 2017/18 and related expenditure commitments following on in later years, together with the plans to use revenue contributions, capital grant and capital receipts to fund the expenditure (paragraph 29 and Appendix 1 refer).

46.8 Approve the revised Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 31 and Appendix 2 refer).

46.9 Approve the continued maintenance of General Reserves at a level approximately equivalent to 6% of the net revenue budget or £4,000k, whichever is the higher, over the medium term (paragraph 35 and Appendix 3 refer).

46.10 Approve the assumptions being used to develop the Medium Term Financial Plan for 2017-21 (paragraphs 36 and 37 and Appendix 1 refer).

Please note that the Budget Book and Medium Term Financial Plan 2017/18 to 2020/21 (Appendix 1 to this report) is enclosed as a separate document.
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ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2017/18

Introduction

1. In line with national guidance, the Authority is required to produce an Annual Strategy relating to all aspects of treasury management and investment activity. A large amount of public money is managed by the Authority at any one time, so it is important that the appropriate processes are in place to ensure compliance with the published guidance. Set out below are the key elements of the Strategy covering the borrowing requirements and investment arrangements.

Policy Statement

2. The Authority defines its treasury management activities as: The management of the Authority’s investments and cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with these activities; and the pursuit of optimum performance consistent with those risks.

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

4. The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurements, within the context of effective risk management.

National Guidance and Governance

5. This Strategy complies with the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the TM Code”), and Guidance on Local Government Investments issued by the Secretary of State for Communities and Local Government under section 15(1)(a) of the Local Government Act 2003 (“the Guidance”). Specific decisions on the timing and amount of any borrowing will be made by the Authority’s Director, Finance and Corporate Services, and Assistant Director, Finance, in line with the agreed Strategy. Details of performance against the Strategy are reported to the General Purposes Committee on a regular basis.
External Support

6. **Treasury Management Advisor** - The Authority uses Capita Asset Services as its external Treasury Management Advisor. The Authority recognises that the responsibility for treasury management decisions remains with itself at all times and will ensure that undue reliance is not placed upon the external advisor.

7. **Administration** - Day to day treasury management activity, such as placing deposits in institutions, is carried out on behalf of the Authority by the Kent County Council Treasury and Investment Section under a Service Level Agreement.

THE CAPITAL PRUDENTIAL INDICATORS 2016/17-2020/21 AND THE MINIMUM REVENUE PROVISION (MRP) STATEMENT

8. The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the Capital Plan is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans. A summary containing all of the indicators is given at Annex A.

9. **Capital expenditure** - This can be funded from a variety of sources such as directly from the revenue budget, capital receipts and capital grants, or from borrowing. The Authority’s Capital Plan, and the revenue and capital resources being used to finance it, are shown in Table 1 below. Where there is a difference between planned expenditure and cash resources, this will result in an increase in the net financing need, and hence the potential need to consider external borrowing. The Authority will only ever borrow to fund capital expenditure. Given that interest rates still remain at an all time low, it may be prudent at some stage to consider a degree of borrowing to support elements of the capital programme.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Capital Expenditure</td>
<td>6,356</td>
<td>10,242</td>
<td>5,161</td>
<td>16,870</td>
<td>9,543</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Revenue / Infrastructure funding</td>
<td>6,356</td>
<td>10,206</td>
<td>5,161</td>
<td>9,870</td>
<td>4,543</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>0</td>
<td>36</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Net Financing Need (Borrowing) for the Year**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

10. **Capital Financing Requirement (CFR)** - The CFR represents the amount of historic capital expenditure which has not been paid for from revenue, capital receipts or capital grants. It is a measure of the Authority's underlying need to borrow. The CFR projections are shown in Table 2 below.
Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>2016/17 Forecast £’000</th>
<th>2017/18 Estimate £’000</th>
<th>2018/19 Estimate £’000</th>
<th>2019/20 Estimate £’000</th>
<th>2020/21 Estimate £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening CFR</td>
<td>7,643</td>
<td>6,674</td>
<td>5,705</td>
<td>4,736</td>
<td>3,767</td>
</tr>
<tr>
<td>Movement in CFR</td>
<td>-969</td>
<td>-969</td>
<td>-969</td>
<td>-969</td>
<td>-969</td>
</tr>
<tr>
<td>Closing CFR</td>
<td>6,674</td>
<td>5,705</td>
<td>4,736</td>
<td>3,767</td>
<td>2,798</td>
</tr>
</tbody>
</table>

Movement in CFR represented by:

- Net Financing Need (Borrowing): 0, 0, 0, 0, 0
- Less: Provision for Principal: -969, -969, -969, -969, -969

Movement in CFR: -969, -969, -969, -969, -969

11. **Core funds and expected investment balances** - The application of resources (capital receipts, reserves etc.) to finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments. Detailed below in Table 3 are estimates of the year-end balances for each cash-backed resource, working balances and the net amount of capital expenditure funded from internal resources (historical underborrowing). The sum of these balances is the amount estimated as available for investment. Working balances comprise the estimated net difference between amounts owed to or by the Authority (debtors and creditors and other amounts paid or received but not yet charged to the accounts, ie stock inventory). The amount underborrowed in this Table relates to historical capital expenditure that was identified as that which needed to be funded from borrowing in earlier years but where a decision was made to use internal cash balances instead of external debt (this is shown calculated in Table 2 above) less the actual amount of external debt at the end of each year. Table 8 further below shows how the underborrowing is then calculated.

Table 3

<table>
<thead>
<tr>
<th>Reserves and Balances</th>
<th>2016/17 Forecast £’000</th>
<th>2017/18 Estimate £’000</th>
<th>2018/19 Estimate £’000</th>
<th>2019/20 Estimate £’000</th>
<th>2020/21 Estimate £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General reserve</td>
<td>4,150</td>
<td>4,060</td>
<td>4,060</td>
<td>4,110</td>
<td>4,160</td>
</tr>
<tr>
<td>Earmarked reserves</td>
<td>25,893</td>
<td>18,904</td>
<td>15,480</td>
<td>8,758</td>
<td>8,017</td>
</tr>
<tr>
<td>Insurance Provision</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>Capital grants unapplied</td>
<td>36</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>8,986</td>
<td>9,286</td>
<td>9,786</td>
<td>5,086</td>
<td>86</td>
</tr>
<tr>
<td><strong>Total Core Funds</strong></td>
<td><strong>39,205</strong></td>
<td><strong>32,390</strong></td>
<td><strong>29,466</strong></td>
<td><strong>18,094</strong></td>
<td><strong>12,403</strong></td>
</tr>
<tr>
<td>Working Capital surplus</td>
<td>3,310</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Underborrowing</td>
<td>-3,639</td>
<td>-2,975</td>
<td>-2,311</td>
<td>-1,642</td>
<td>-1,373</td>
</tr>
<tr>
<td><strong>Expected Investments</strong></td>
<td><strong>38,876</strong></td>
<td><strong>32,915</strong></td>
<td><strong>30,655</strong></td>
<td><strong>19,952</strong></td>
<td><strong>14,530</strong></td>
</tr>
</tbody>
</table>

12. **Minimum Revenue Provision (MRP) Policy Statement** - When capital expenditure is financed from borrowing, the Authority is required to make a prudent provision for the repayment of debt. The payment is made through a revenue charge called the Minimum Revenue Provision (MRP) against the Authority’s expenditure. For all prudential
borrowing the Authority is required to adopt a clear policy for how MRP is to be calculated, and the policy statement is to be approved by the Authority in line with the requirements of the Code, which contains the following two options:-

(a) **Asset Life Method** - MRP will be based on the estimated life of the assets, in accordance with current regulations (this option is to be applied for any expenditure capitalised under a Capitalisation Directive); or

(b) **Depreciation Method** - MRP will follow standard depreciation accounting procedures.

13. The Authority uses the Asset Life Method for calculating MRP. For prudential borrowing there is no requirement for amounts to be set aside from revenue for debt repayment until the asset is completed and brought into use.

14. **Ratio of Financing Costs to Net Revenue Stream** - This indicator shows the impact of the Capital Plans on the Authority’s overall finances by identifying the trend in net borrowing costs (borrowing costs net of investment income), as shown in Table 4 below.

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Estimate £'000</th>
<th>2017/18 Estimate £'000</th>
<th>2018/19 Estimate £'000</th>
<th>2019/20 Estimate £'000</th>
<th>2020/21 Estimate £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue Budget</td>
<td>69,292</td>
<td>68,638</td>
<td>67,575</td>
<td>68,495</td>
<td>69,383</td>
</tr>
<tr>
<td>Net Borrowing Costs</td>
<td>939</td>
<td>939</td>
<td>925</td>
<td>921</td>
<td>886</td>
</tr>
<tr>
<td><strong>Total Ratio</strong></td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

15. **Incremental Impact of Capital Investment Decisions on Council Tax** - This indicator identifies the revenue costs associated with proposed changes to the four-year capital programme recommended in this budget report compared to the Council’s existing approved commitments and current plans. The additional cost pressure identified is divided by the Council Tax base for the year in question in order to calculate its impact on Council Tax. As no new borrowing is planned and no new revenue cost pressures or savings have been identified as a consequence of new projects included in the medium term capital plan there are no revenue implications for Band D Council Tax.

16. **Limits on External Debt** - The Treasury Indicators set limits for interest rate exposures in relation to borrowing, deposits and the maturity structure of long term borrowing. The objective of these indicators is to restrain the activity of the treasury function within certain limits, thereby managing the risk of re-financing and adverse movements in interest rates.
17. **Interest Rate Exposures for Borrowing** - The limits for interest rate exposures expressed as a percentage of the Authority’s outstanding borrowing are shown in Table 5 below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Interest Rates</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Variable Interest Rates</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

18. **Interest Rate Exposures for Deposits** - The limits for interest rate exposures expressed as a percentage of the Authority’s principal sum invested are shown in Table 6 below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Interest Rates</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Variable Interest Rates</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

19. **Maturity Structure of Borrowing** - The current maturity profile of the Authority’s existing loans, as at 31 March 2017, is set out in Table 7 below.

<table>
<thead>
<tr>
<th>Table 7</th>
<th>Amount £’000</th>
<th>Percentage Maturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>305</td>
<td>10%</td>
</tr>
<tr>
<td>2018/19</td>
<td>305</td>
<td>10%</td>
</tr>
<tr>
<td>2019/20</td>
<td>300</td>
<td>10%</td>
</tr>
<tr>
<td>2020/21</td>
<td>700</td>
<td>23%</td>
</tr>
<tr>
<td>2021/22</td>
<td>424</td>
<td>14%</td>
</tr>
<tr>
<td>2022/23</td>
<td>300</td>
<td>10%</td>
</tr>
<tr>
<td>2023/24</td>
<td>301</td>
<td>10%</td>
</tr>
<tr>
<td>2024/25</td>
<td>400</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total borrowing to be repaid</strong></td>
<td><strong>3,035</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**BORROWING**

20. **Borrowing Arrangements** - The Authority has been actively trying to reduce its cash balances by deferring long term borrowing. The Authority will continue with this prudent strategy which has resulted in savings in borrowing interest costs, and thus has minimised the risk of counterparty loss. The Authority is currently underborrowed by £3,639k and has saved some £110k per annum by not borrowing this money, based on current interest rates.
21. **Timing of Borrowing** - Officers engaged in treasury management monitor interest rates on a daily basis, and receive advice from the Authority’s Treasury Management Advisor on changes to market conditions, in order that borrowing and investing activity can be undertaken at the most advantageous time.

22. **Periods of Borrowing** - In general, the period of borrowing is linked to the life of the assets acquired, although regard is also given to the maturity profile of debt in order to mitigate the risks that might arise on any re-financing. However, on occasions, borrowing decisions may be taken to borrow over shorter or longer periods where this is considered to be the cheapest option in the long term.

23. **Sources of Borrowing** - The Authority could borrow from the Public Works Loan Board (PWLB) or the money market depending on which terms are the most favourable overall. The Local Capital Finance Company, a Local Government Association backed firm, has been formed to issue bonds, with the money raised from investors being lent onwards to local authorities to invest in capital projects or refinance existing loans. Provided that the rates were lower than the rates offered by the PWLB, the Authority could consider making use of this source of borrowing if appropriate.

24. **External Debt** - The Authority’s current debt portfolio position for the next five years is detailed in Table 8 below. It shows the actual external debt against the underlying capital borrowing need (the CFR) highlighting any over or under borrowing.

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Forecast £’000</th>
<th>2017/18 Estimate £’000</th>
<th>2018/19 Estimate £’000</th>
<th>2019/20 Estimate £’000</th>
<th>2020/21 Estimate £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Borrowing as at 1 April</strong></td>
<td>3,335</td>
<td>3,035</td>
<td>2,730</td>
<td>2,425</td>
<td>2,125</td>
</tr>
<tr>
<td><strong>New Borrowing less Provision for Debt Repayment Loans Repaid</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Borrowing as at 31 March</strong></td>
<td>3,035</td>
<td>2,730</td>
<td>2,425</td>
<td>2,125</td>
<td>1,425</td>
</tr>
<tr>
<td><strong>Less CFR</strong></td>
<td>-6,674</td>
<td>-5,705</td>
<td>-4,736</td>
<td>-3,767</td>
<td>-2,798</td>
</tr>
<tr>
<td><strong>Underborrowing</strong></td>
<td>-3,639</td>
<td>-2,975</td>
<td>-2,311</td>
<td>-1,642</td>
<td>-1,373</td>
</tr>
</tbody>
</table>

25. The Authority’s debt should not, except in the short term, exceed the total of the capital financing requirement (CFR) for the current year and the next two financial years. This allows the Authority the flexibility to borrow for future years whilst ensuring that borrowing is not undertaken for revenue purposes. The level of actual borrowing and the CFR will often be different for a combination of reasons. It could be due to timing differences between amounts set aside for the repayment of debt and the actual timing of loan repayments, but it could also be due to a decision to defer the borrowing relating to capital expenditure that has already been incurred.
26. **The Operational Boundary for External Debt** - The proposed operational boundary for external debt is based on the Authority's plans for capital expenditure and financing, and is consistent with its treasury management policy, statement and practices to provide sufficient headroom to switch funding from revenue to borrowing. The Authority has some projects where there is the potential to lease rather than buy, and so the limit recognises that such leases may be classified as finance leases. Risk analysis and risk management strategies have been taken into account, as have estimates of the capital financing requirement and estimates of cash flow requirements for all purposes when determining this limit. The Director, Finance and Corporate Services, has confirmed that the operational boundary is based on the estimate of most likely, prudent, but not worst-case scenario. This indicator is a key management tool for in-year monitoring. The operational boundary for external debt excluding investments is shown in **Table 9** below.

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Estimate £’000</th>
<th>2017/18 Estimate £’000</th>
<th>2018/19 Estimate £’000</th>
<th>2019/20 Estimate £’000</th>
<th>2020/21 Estimate £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td>10,000</td>
<td>17,000</td>
<td>18,000</td>
<td>18,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Other long term finance</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,000</strong></td>
<td><strong>18,000</strong></td>
<td><strong>19,000</strong></td>
<td><strong>19,000</strong></td>
<td><strong>19,000</strong></td>
</tr>
</tbody>
</table>

27. **Authorised Limit for External Debt** - The authorised limit provides for additional headroom over and above the operational boundary to allow for unusual and unexpected cash movements. The authorised limit for the Authority's total external debt, excluding investments, is shown in **Table 10** below.

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Estimate £’000</th>
<th>2017/18 Estimate £’000</th>
<th>2018/19 Estimate £’000</th>
<th>2019/20 Estimate £’000</th>
<th>2020/21 Estimate £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td>11,500</td>
<td>18,000</td>
<td>22,000</td>
<td>22,000</td>
<td>22,000</td>
</tr>
<tr>
<td>Other long term finance liabilities</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,500</strong></td>
<td><strong>19,000</strong></td>
<td><strong>23,000</strong></td>
<td><strong>23,000</strong></td>
<td><strong>23,000</strong></td>
</tr>
</tbody>
</table>

28. **Borrowing in Advance of Need** - The Authority will not borrow in advance of its needs in order to profit from any short term interest rate advantage. Any decision to borrow in advance will be within the approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds. The risks associated with any borrowing
in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual treasury reports.

29. **Debt Rescheduling** - Whilst short term interest rates continue to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of the debt repayment (premiums incurred). The reasons for rescheduling may include the generation of cash savings in annual interest payments or to amend the maturity profile of the portfolio. The premium now charged by the PWLB generally makes restructuring debt for interest rate reasons unattractive. Consideration would be given to debt restructuring if there was a significant change in the PWLB’s policy. Any debt rescheduling will be reported to the Authority at the earliest opportunity following the rescheduling.

**ECONOMIC UPDATE AND INTEREST RATE FORECAST**

30. The Bank of England’s Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target to help sustain growth and employment. The MPC voted unanimously at its meeting in December 2016 to maintain the Bank Rate at 0.25%, to continue with the programme of sterling non-financial investment-grade corporate bond purchasing totalling up to £10 billion, and to continue with the programme of £60 billion of UK government bond purchases financed by the issue of central bank reserves.

31. Unemployment and inflation was expected to grow at a moderate pace in December 2016 but expected to slow from the beginning of the new year. This reflects the likelihood that household real income growth would slow and hence weaken spending, and reflects the uncertainty over future trading and the risk that UK-based firms’ access to EU markets could be reduced which would restrain business activity. The unemployment rate was projected to rise to around 5.5% by the middle of 2018 and remain at that level in 2019. As a result of the of the depreciation of sterling, CPI inflation is expected to rise to around 2.75% in 2018 before falling back gradually to 2.5% in three years’ time.

32. Since November 2016 long term interest rates have risen internationally which reflects the expectations of a looser fiscal policy in the US, underpinning a greater momentum in the economy. However the global outlook has become more fragile with risks in China, the Euro area and an increase in policy uncertainty. 12-month CPI inflation stood at 1.2% in November, up from 0.9% in October and 1% in September. Looking ahead the MPC expects inflation to rise to the 2% target within six months. It remains the case that monetary policy following the referendum on EU membership depends on the evolution of the prospects for demand, supply, the exchange rate and therefore inflation. **Table 11** below provides an indication of the current interest rate forecast over the next three years.
33. The Authority’s Investment Strategy has regard to the TM Code and the Guidance. It has two objectives: the first is security in order to ensure that the capital sum is protected from loss; and the second is liquidity in order to ensure that cash is available when needed. Only when the proper levels of security and liquidity have been determined, can the Authority then consider the yield that can be obtained within these parameters. This Strategy is usually updated annually.

34. **Specified or Permitted Investments** - These are investments of not more than one-year maturity, or those which could be for a longer period but where the Authority has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small and will include deposits with:-

- the UK Government;
- other local authorities;
- Money Market Funds;
- banks, building societies and other financial institutions of **high credit quality**.

35. **High Credit Quality** - The Authority’s Treasury Management Advisor provides a creditworthiness service which, taking into account the ratings provided by the credit agencies, market data, market information and information relating to government support for banks, provides a recommendation on counterparty, group and country limits as well as investment duration. Officers have considered this, together with other information available and views on risk, in order to produce a counterparty list. The Authority defines “high credit quality” as being:-

- UK nationalised banks;
- institutions domiciled in the UK that have been classified by Capita Asset Services as being appropriate for deposit durations of between 100 days and one year;
- institutions domiciled in a foreign country where that country has a sovereign rating of AAA.
36. **Investment duration for deposits** - The longest duration for any investment will be one year. The Authority will only use specified investments, the criteria for which are set out in paragraphs 34 and 35, and may restrict the period of investment to a period shorter than the maximum.

37. The Strategy for 2017/18 will be to use only those institutions detailed on the counterparty list, shown in Annex B, for a period not exceeding one year, or less where Capita Asset Services have suggested that a shorter deposit duration is appropriate. The maximum deposit in any counterparty is also detailed in Annex B.

38. The Director, Finance and Corporate Services, is currently looking at the possibilities for using Money Market Funds (MMFs) in order to manage cash flows more efficiently. This work is expected to continue over the next few months and Members will be updated as appropriate.

39. MMFs offer high security, being AAA-rated, with instant access and relatively attractive rates (currently around 0.28% net). They are deemed to be a good way of diversifying cash and spreading risk as the credit rating agencies put strict limits on how much they can have in any one counterparty and what the average duration of the portfolio can be. All of the AAA-rated stable Net Asset Value (NAV) Funds are members of an association called IMMFA (Institutional Money Market Funds Association) which represents the constant net asset value funds. There will be changes made to the way MMFs operate in Europe, but it is likely that these changes will not come into effect for up to two years.

40. The maximum duration for investments suggested by Capita Asset Services can be revised at any time, which means that the Authority could find that the remaining duration of a fixed term investment is greater than the maximum suggested at that time. When there is a change to reduce the suggested duration downwards, and early redemption would cause a penalty or loss of interest, the investment will be allowed to run to maturity. In the event that the suggested duration is changed to zero, the investment will be redeemed early regardless of the level of penalty incurred.

41. Some of the institutions on the Authority’s counterparty list have started to charge for transferring the investment income into the Authority’s main bank account. Where such charges apply, and in light of the low level of return received, it is not cost-effective to transfer the investment income out of these accounts on a monthly basis. For these institutions, therefore, investment income will be transferred annually. As a consequence, the counterparty limit may be exceeded during the year by up to the amount of the annual interest due for the year.

42. **Market in Financial Instruments Directive (MiFID)** – The Market in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to ‘financial instruments’ (shares, bonds, units in collective investment schemes and derivatives) and the venues where those instruments are traded. The way local authorities access financial services will change from January 2018 with the new
legislation being known as MiFID II. If current proposals are adopted, local authorities will be classified as retail clients, which will make it more difficult and/or more expensive to use the services of banks, advisors, brokers and fund managers. The Financial Conduct Authority (FCA) proposes that only local authorities with investment balances above £15m will be allowed to opt out, so as to be treated as a professional client and to continue to access financial services as they do now.

43. **Training** - The Authority has processes in place to ensure that the appropriate level of training is delivered to both Members and staff who are involved in the delivery and scrutiny of the treasury management function. One member of staff in the Corporate Finance Team holds the treasury management qualification which was developed specifically for the public sector. The contract with the Treasury Management Advisor requires the advisor to provide annual training to officers and Members.
## Summary of Treasury and Prudential Indicators 2016/17 to 2019/20

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio Financing Costs to Net Revenue Stream</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Revenue Expenditure</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Revenue Provision for debt repayment</td>
<td>69,292</td>
<td>68,638</td>
<td>67,575</td>
<td>68,495</td>
<td>69,383</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>969</td>
<td>969</td>
<td>969</td>
<td>969</td>
<td>969</td>
</tr>
<tr>
<td>CFR as at 31 March</td>
<td>6,356</td>
<td>10,242</td>
<td>5,161</td>
<td>16,870</td>
<td>9,543</td>
</tr>
<tr>
<td>Total loans outstanding as at 31 March</td>
<td>6,674</td>
<td>5,705</td>
<td>4,736</td>
<td>3,767</td>
<td>2,798</td>
</tr>
<tr>
<td>Total loans outstanding as at 31 March</td>
<td>3,035</td>
<td>2,730</td>
<td>2,425</td>
<td>2,125</td>
<td>1,425</td>
</tr>
</tbody>
</table>

### Treasury Indicators

| Assumed Operational Boundary for external debt | 11,000 | 18,000 | 19,000 | 19,000 | 19,000 |
| Assumed Authorised Limit for external debt | 12,500 | 19,000 | 23,000 | 23,000 | 23,000 |
| Interest rate exposure for borrowing at fixed rates | 100% | 100% | 100% | 100% | 100% |
| Interest rate exposure for borrowing at variable rates | 20% | 20% | 20% | 20% | 20% |
| Interest rate exposure for investing at variable rates and fixed rates | 100% | 100% | 100% | 100% | 100% |
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### Permitted Forms of Investment 2017/18

<table>
<thead>
<tr>
<th>Form of Investment</th>
<th>Minimum Credit Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Deposits with the Debt Management Office</td>
<td>N/A</td>
</tr>
<tr>
<td>UK Treasury Bills</td>
<td>N/A</td>
</tr>
<tr>
<td>Call Accounts/Notice Accounts</td>
<td>UK nationalised bank or an institution rated by Capita Asset Services as suitable for investment for 100 days or more</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>N/A</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>N/A</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>AAA</td>
</tr>
<tr>
<td>Term Deposits with Other Local Authorities</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Counterparty List 2017/18

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Counterparty Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Management Office (incl Treasury Bills)</td>
<td>Unlimited</td>
</tr>
<tr>
<td><strong>RBS Group:</strong> Royal Bank of Scotland/ Nat West</td>
<td>£7m Group Limit</td>
</tr>
<tr>
<td>Lloyds Bank: Lloyds TSB/HBOS</td>
<td>£7m Group Limit</td>
</tr>
<tr>
<td>Barclays Bank plc</td>
<td>£5m</td>
</tr>
<tr>
<td>Coventry Building Society</td>
<td>£5m</td>
</tr>
<tr>
<td>HSBC Bank plc</td>
<td>£5m</td>
</tr>
<tr>
<td>Leeds Building Society</td>
<td>£5m</td>
</tr>
<tr>
<td>Nationwide Building Society</td>
<td>£5m</td>
</tr>
<tr>
<td>Santander UK plc</td>
<td>£5m</td>
</tr>
<tr>
<td>Svenska Handelsbanken</td>
<td>£5m Country Limit</td>
</tr>
<tr>
<td>Australia and New Zealand Banking Group</td>
<td>£5m per institution but £5m Country Limit</td>
</tr>
<tr>
<td>Commonwealth Bank of Australia</td>
<td></td>
</tr>
<tr>
<td>National Australian Bank Ltd</td>
<td></td>
</tr>
<tr>
<td>Westpac Banking Corporation</td>
<td></td>
</tr>
<tr>
<td>Bank of Montreal</td>
<td>£5m per institution but £5m Country Limit</td>
</tr>
<tr>
<td>Bank of Nova Scotia</td>
<td></td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td></td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td></td>
</tr>
<tr>
<td>Toronto Dominion Bank</td>
<td></td>
</tr>
</tbody>
</table>
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ANNUAL REVIEW OF RESERVES AND BALANCES

Background

1. **Statutory Requirement** - Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowance that should be made for contingencies.

2. **Professional Guidance** - Best practice guidance on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - ‘Local Authority Reserves and Balances’. However, Grant Thornton, the Authority’s external auditors, and other bodies such as the Local Government Association, have also published commentaries on the use and level of local authority reserves from time to time.

3. Through prudent and sustainable budgeting, to date this Authority has been able to manage budget reductions without the need to utilise reserve balances. Of the Authority’s forecast balances on reserves at 31 March 2018, 19% of the total reserves cover general risk, whilst the balance is set aside to cover either known expenditure that will take place in the future, or to cover the cost of something that may potentially arise at some point in the future.

4. Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks.

5. **Role of External Auditors** - The External Auditors are not responsible for prescribing the optimum or minimum level of reserves for individual authorities or for authorities in general, but they are required to review and report on the level of reserves and balances. The External Auditors’ view as to whether any authority has strong financial management and sound financial standing will be supported by their review of the process used to determine and approve the level of reserves.

6. **Annual Review** - Members will be aware that every year reserves and their respective balances are reviewed and where necessary updated, in light of the potential strategic, operational and financial risks that could face the Authority over the medium term. This review seeks to ensure that, as a minimum, there are sufficient balances to support the budget requirements and that they provide an adequate contingency for budget risks. The outcome of the annual review of reserves and proposals for 2017/18 are set out in the paragraphs that follow.
Strategic Context

7. Reserves are held by the Authority to mitigate potential future risks such as increased demand and costs, to help absorb the costs of future liabilities, or to temporarily plug a funding gap should resources be reduced suddenly. Reserve balances also enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax. Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan.

8. Reserves are an essential tool to ensure long term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term. Due to the fact that resources for the new station-build programme are held within the Infrastructure Reserve, the overall level of reserves held by the Authority is currently still high, but reserve balances will reduce significantly as the programme progresses.

Types of Reserve

9. There are two different types of reserve, and these are described below:-

(a) **General Reserve** - provides a contingency to cushion the impact of unexpected events or exceptional costs, and in extreme circumstances would be used to provide a working cash balance to cushion the impact of uneven cash flows, and help avoid unnecessary temporary borrowing. Any use of the General Reserve is always subject to Members’ approval.

(b) **Earmarked Reserves** - are sums specifically set aside to provide funds to meet future known or predicted expenditure or liabilities. Earmarked reserves are typically used to smooth the impact on the revenue budget (and Council Tax) of expenditure that would otherwise cause significant fluctuations in the annual budget requirement, such as expenditure on the replacement of vehicles and equipment. Earmarked reserves are also of use where there may be plans to introduce a policy change which would lead to a one-off increase in expenditure for which additional resources are required, or where there is a future budget liability or pressure which is known but for which the timing of payments or change in funding is uncertain. Reserves are key tools to manage these risks. There is a clear protocol setting out the reason/purpose of each Earmarked Reserve, how and when the Reserve can be used, procedures for the Reserve’s management and control, and a process and timescale for review of the Reserve to ensure continuing relevance and adequacy.
10. **Risk Assessment to Determine the Adequacy of the General Reserve** - A comprehensive financial risk assessment to assess the adequacy of the Authority’s General Reserve is carried out to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. A well-managed multi-purpose authority will strive to maintain as low a level of General Reserve as possible, whilst still covering its financial risks. As a single-purpose authority, the Authority has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority. The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of influence that third parties, such as the Local Government Employers and Government departments have on its income and expenditure, there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.

11. The annual risk assessment is shown in *Annex A*. The list is comprehensive, but it is by no means exhaustive. The risks have again been assessed in the context of the Authority’s overall approach to risk management and internal financial controls. This information has then been used to determine the optimal level of reserve holdings needed to meet the requirements of the contingency and working balance, details of which are covered later in this Appendix.

12. **Analysis of Need for the Working Balance** - The Authority’s General Reserve and Earmarked Reserves are largely cash-backed and, currently, any instance of exceptional expenditure or delay in receiving income is unlikely to lead to the Authority having to borrow temporarily (or go overdrawn). A significant proportion of the Authority’s budget is related to employee and pension payroll costs which are paid monthly and so the cash flow is evenly spread across the financial year. Income from precept, business rates and Government grant payments are also paid to the Authority in regular instalments. Expenditure on capital projects does fluctuate from month to month and cash balances may also be run down temporarily due to the timing of treasury management decisions to borrow funds. *Annex B* details the potentially most significant cash flow fluctuations that might arise, that is the analysis of a need for a working balance.

13. **Proposal for the Level of the General Reserve** – In a worst-case scenario, the financial risk assessment at *Annex A* indicates that the Authority could require reserves at a level equivalent to just over 13% of the proposed net revenue budget, should all of the potential risks happen concurrently and at their most extreme. It would be very unlikely for all of the risk areas to impact at the same time but it is conceivable that a number of them could be co-dependent, for example a failure of part of the banking system could result in delayed payments to suppliers, supplier failure and loss or delayed recovery of deposits. A key supplier may not be able to deliver the goods or services necessary for the safe delivery of firefighting services,
impacting on the safety and wellbeing of staff, which might then lead to industrial action. The mid-point between the low and the high values is just under 7%, but regard is given to the likelihood of each risk occurring and the optimum level of the General Reserve.

14. The risk assessment has been reviewed for its relevancy to future years spanned by the Medium Term Financial Plan (MTFP) and includes consideration of:-

(a) The ability of the Authority to make difficult decisions to manage financial and other challenges;

(b) The ability of the Authority to deliver statutory responsibilities from the resources available, avoiding legal challenges and protests from stakeholders;

(c) Financial issues, setting a balanced budget, strong financial controls, avoiding the need to reduce reserves to unacceptably low levels; able to pay debts when due;

(d) The possibility of industrial action that might arise in response to pay restraints, changes to terms and conditions and job losses;

(e) External factors such as a major supplier failing due to general economic conditions, which might lead to significant service disruption and reputational damage to the Authority. A further banking/financial crisis would increase the risk of this scenario;

(f) Incremental factors where multiple, smaller, failures in individual areas lead to an eventual critical mass of tipping points;

(g) A doomsday scenario where a further banking/financial crisis leads to even greater levels of austerity, over a significantly longer timeframe.

15. Taking all of the above into consideration, together with the risk assessment at Annexes A and B, it is proposed that it would be prudent to maintain general reserves at approximately 6% of the net revenue budget or £4m, whichever is the higher (sufficient to meet the revenue running costs of the Authority for just under 22 days), for at least the foreseeable future. Members are asked to agree to this proposal, which would result in the General Reserve balance of £4,150k being reduced by £90k in 2017/18.

16. **Assessment of Need for Earmarked Reserves** - The Authority has earmarked a number of reserves which are set aside for specific purposes. The relevance of, and balance in, each of these is reviewed annually and Members are informed of the latest plans for the balances held in such reserves. The purpose and planned use of each of the current earmarked reserves is detailed below:-
(a) **Business Continuity Reserve** - This reserve was established to support the Authority in funding any additional costs, agreed by the Chief Executive and the Directors, that might arise as a result of an unavoidable interruption to the continuity of service provision, but that could not be managed within the overall agreed budget.

(b) **Community Safety Initiative Reserve** - This reserve was approved by Members to fund the future development and renewal of exhibits at the new Road Safety Centre in Rochester.

(c) **Fire Control Reserve** - This reserve was established to meet any additional costs arising from the implementation of the replacement mobilising system, the replacement of mobile data terminals and station end equipment. This has now been transferred to the Infrastructure Reserve to provide funding for Control Centre projects now covered by the Emergency Services Mobile Communications Programme.

(d) **Fire Museum** - This reserve held a sum bequeathed to the Authority. These funds have now been paid over to the Museum Trustees.

(e) **Government Grants Reserve** - The Authority has received grants from the Government for funding in support of National Resilience work and Fire Control revenue grant funding. This is paid as Section 31 grant, and whilst the Authority always seeks to ensure that these grants are used as far as possible for the purposes for which they were intended they are not ring-fenced. Any unspent Section 31 grant balances are carried forward in reserves at the end of each financial year to fund any future costs associated with the relevant initiative.

(f) **Improvement and Efficiency Reserve** - This reserve was created to pump prime improvement and efficiency initiatives.

(g) **Infrastructure Reserve** - This reserve is used to fund expenditure on infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a significant programme of investment in station-builds over the medium term. As with all capital build projects of this size and nature, the profile of actual spend can vary significantly between years. In addition the Infrastructure Plan also reflects the purchase of a significant number of light and heavy fleet vehicles over the medium term. The funding held in this reserve will be utilised as and when capital spend is incurred and will diminish over the medium term. In recent years, following approval from Members, any revenue underspend that remains at the end of a financial year has been transferred into this reserve, which contributes to the funding of the infrastructure projects.
(h) **Insurance Reserve** - This reserve was established to help smooth the volatility of settling insurance claims across several financial years but also to provide an additional resource, should it be needed, to meet excessive costs in any one year, arising from the new Insurance Mutual Company arrangements. In previous years insurance underspends have arisen at short notice, especially at year end, as further information is received on the settlement of claims from the relevant insurers.

(i) **Local Government Resource Review** - The changes to the funding mechanism for local government, introduced following the Local Government Resource Review, transferred potentially significant levels of financial risk to the Authority. These risks relate to the localisation of Council Tax Benefit, where it is anticipated that higher levels of non-payment will be experienced together with higher than anticipated growth in discounts awarded. The other major area of financial risk relates to the Business Rates Retention Scheme where significant fluctuations in income might arise from the appeals process, business growth/reduction and collection rates. Members agreed that given the risks in these areas it was prudent to carry an earmarked reserve. The reserve remains at £1,000k, which is broadly equivalent to the 7.5% safety net limit for 2017/18 of £1,043k.

(j) **Performance Reward Grant Reserve** - These were revenue funds used primarily for community safety initiatives that are held in an earmarked reserve until such time as the relevant expenditure has been incurred. These have all been utilised in 2016/17.

(k) **Rolling Budgets Reserve** - Members approved the establishment of a reserve to carry forward budget for which there was planned spend but for which the goods or services had not been delivered by the close of the respective financial year (typically over £2,000). The reserve is simply used to roll the amount forward into the accounts of the following year to fund the payment once the purchase has been completed.

(l) **Workforce Reduction Reserve** - This reserve was established to fund any potential additional cost arising from the unforeseen need to make one-off redundancy payments, if they cannot be met from existing revenue resources.
17. The planned movement on each on the earmarked reserves is shown in the following Table:-

<table>
<thead>
<tr>
<th>General and Earmarked Reserves</th>
<th>31 March 2016 Balance £'000</th>
<th>2016/17 Forecast Net Transfers £'000</th>
<th>31 March 2017 Balance £'000</th>
<th>2017/18 Forecast Net Transfers £'000</th>
<th>31 March 2018 Balance £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Reserve</td>
<td>4,200</td>
<td>-50</td>
<td>4,150</td>
<td>-90</td>
<td>4,060</td>
</tr>
<tr>
<td>Earmarked Reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Continuity</td>
<td>500</td>
<td>0</td>
<td>500</td>
<td>0</td>
<td>500</td>
</tr>
<tr>
<td>Community Safety initiative</td>
<td>200</td>
<td>0</td>
<td>200</td>
<td>0</td>
<td>200</td>
</tr>
<tr>
<td>Fire Control</td>
<td>1,323</td>
<td>-1,323</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fire Museum</td>
<td>46</td>
<td>-46</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Government Grants</td>
<td>727</td>
<td>-214</td>
<td>513</td>
<td>-50</td>
<td>463</td>
</tr>
<tr>
<td>Improvement and Efficiency</td>
<td>938</td>
<td>0</td>
<td>938</td>
<td>0</td>
<td>938</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>18,489</td>
<td>507</td>
<td>18,996</td>
<td>-6,939</td>
<td>12,057</td>
</tr>
<tr>
<td>Insurance</td>
<td>500</td>
<td>0</td>
<td>500</td>
<td>0</td>
<td>500</td>
</tr>
<tr>
<td>Local Government Resource Review</td>
<td>1,000</td>
<td>0</td>
<td>1,000</td>
<td>0</td>
<td>1,000</td>
</tr>
<tr>
<td>Performance Reward Grant</td>
<td>261</td>
<td>-261</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rolling Budgets</td>
<td>801</td>
<td>-555</td>
<td>246</td>
<td>0</td>
<td>246</td>
</tr>
<tr>
<td>Workforce Reduction</td>
<td>3,000</td>
<td>0</td>
<td>3,000</td>
<td>0</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Total Earmarked Reserves</strong></td>
<td><strong>27,785</strong></td>
<td><strong>-1,892</strong></td>
<td><strong>25,893</strong></td>
<td><strong>-6,989</strong></td>
<td><strong>18,904</strong></td>
</tr>
</tbody>
</table>

18. **Earmarked Reserve Levels** – The final movement on earmarked reserves in 2016/17 will be shown in the Annual Statement of Accounts. In line with the proposed policies on the control and management of these funds, the limits will be reviewed on an annual basis against prevailing risk assessments and other information.
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Annual Risk Assessment for General Reserves

**Low Risk** – A risk that is unlikely to occur, the organisation has taken steps to mitigate potential risk.

**Medium Risk** – A risk that could possibly occur, moderate concern and impact.

**High Risk** – Has occurred regularly before or it may have a significant financial impact which the organisation cannot control.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood and Value of Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Natural Disasters, National Emergencies and Prolonged Periods of Operational Activity</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 The Bellwin Scheme provides financial assistance to local authorities in the event of a national emergency or disaster, subject to an authority contributing to the total costs by an amount equivalent to 0.2% of its approved budget. For the Authority this would be approximately £135k of expenditure.</td>
<td>Low 0 - 140</td>
</tr>
<tr>
<td>1.2 In addition to this there could be local large-scale incidents or periods of high activity due to local weather patterns which would not meet the criteria laid down within the Bellwin Scheme. The outcome of the consultation by Government with local authorities on the Bellwin Scheme indicated that some capital expenditure may be covered in the future. Government now covers 100% of eligible expenditure above the threshold (previously 85%). Expenditure incurred following acts of terrorism is currently excluded from Bellwin Scheme arrangements.</td>
<td>Medium 0 - 1,000</td>
</tr>
<tr>
<td>1.3 It is difficult to anticipate the cost of a potential disaster that could have a detrimental effect on the Authority, but it could be significant. Costs might include setting up new working arrangements (e.g. home working facilities and on-call payments), enhanced welfare and protective equipment, plus increased legal claims in the event that service delivery is detrimentally affected.</td>
<td>Medium 0 - 500</td>
</tr>
<tr>
<td><strong>2. Unanticipated Business or Economic Pressures</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier or a customer. The Authority maintains a bad debt provision based on aged debtor analysis but it would be insufficient to fully fund a loss from a major contract.</td>
<td>Medium 0 – 2,000</td>
</tr>
<tr>
<td>2.2 Public sector procurement bodies are increasingly likely to be subject to challenge and litigation from unsuccessful bidders in tendering exercises or from suppliers not invited to submit bids in the first place. In the event that this should arise, the Authority will need to cover the legal costs of responding to such potential challenges and to account for any potential reparation costs awarded to successful claimants by the courts.</td>
<td>Low 0 - 200</td>
</tr>
</tbody>
</table>
2.3 In the event that a key system, such as the control mobilising system or system networks, were to fail, it is possible that urgent consultancy or replacement equipment would be required, and this could, due to the short notice, be costly.

3. Pension Liabilities

3.1 Over recent years there has been a significant reduction in the number of employees retiring on ill-health grounds. In the 2016/17 budget, provision was made for two ill-health retirements (one higher tier and one lower tier). Currently there are four lower tier retirements on ill-health grounds confirmed for 2016/17 but this position could change by 31 March 2017 creating a budget pressure in 2017/18.

4. Inflationary Increases

4.1 A 2.5% allowance has been made for general inflationary increases in 2017/18 but 10% for gas and fuel costs. The Consumer Price Index inflation for the year to December 2016 was 1.6%. Some contracted services are driven by a strong market where escalating prices cannot always be negotiated down through competition. The pressures in the global economy relating to both oil and other natural resources can impact on the supplier and thus Authority costs.

4.2 The level of interest rates prevailing during the financial year impacts on both rates for long term borrowing and the level of investment income achieved. A 10 basis point (0.1%) difference in short term rates could change the investment income by £20k - £40k depending on the level of cash balances held. To date, all of the Authority’s long term borrowing has been at fixed interest rates thus eliminating any exposure to interest rate risk.

5. Legal Issues

5.1 Given the nature of the work of the Authority there is a possibility that it could suffer a major health and safety or environmental failure. Although this could result in a substantial cost, the Authority’s Risk Register has details of the controls that are in place to mitigate this risk.

5.2 It would be prudent for the Authority to make provision for an unfavourable outcome of any legal action taken against it, which could be made on a range of different grounds, including breaches of data protection, equal pay, discrimination and corporate manslaughter. Such awards are usually significant and a sum of up to £500k would not be unusual.

5.3 The introduction of the Regulatory Reform (Fire Safety) Order 2006 meant that FRAs are responsible for enforcement, and thus the risk of legal challenge to such notices could arise, the costs of which could exceed existing revenue budget provision.
6. Employment Issues

6.1 Issues that might arise in respect of pay settlements or other factors which might lead to industrial action would, in the first instance, be managed within the revenue budget with any excess being dealt with in the assessment of the Business Continuity Reserve.

6.2 In 2014 a Tribunal ruled in the case of Bear Scotland v Fulton that certain overtime payments should give rise to holiday pay benefit. This has implications for all employers but leave was given to appeal the decision. Any backdating of payments would be limited to two years and would only arise given certain criteria. The implications for the Authority are not yet known and are difficult to quantify but are not expected to be material.

<table>
<thead>
<tr>
<th>Total Exposure to Financial Loss</th>
<th>£595k (0.9%) – £9,130k (13.3%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High - Not known</td>
<td></td>
</tr>
</tbody>
</table>
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### Annual Analysis of Need for the Working Balance

#### Cash Flow Pressure

<table>
<thead>
<tr>
<th>1. Additional Payroll Costs</th>
<th>Likelihood and Impact £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 These payments can be influenced by operational activity (on-call threshold hour payments or recall to duty for a major incident) or any other reasons for high level of overtime or for the backdating of any costs (pension-related or pay awards).</td>
<td>Medium 0 - 250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Payment of Precept, Revenue Support Grant and National Non-Domestic Rates (NNDR)</th>
<th>Likelihood and Impact £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 The Authority is exposed to risk of delayed or reduced payment of the above. The impact assessment here is based on the lowest precept payment from a District Council, and the largest payment, which would be for revenue support grant. A reduced payment may occur if non-domestic rate income were to fall significantly below the amounts estimated. In addition, given that the Authority still remains a member of the Business Rates Pool for 2017/18, some of these arrangements could change and may temporarily change cash-flow forecasts.</td>
<td>Medium 200- 5,300</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Capital Purchases and Disposals</th>
<th>Likelihood and Impact £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 The capital programme includes plans to purchase sites and build new fire stations. This will give rise to large cash stage payments.</td>
<td>High 0 – 1,500</td>
</tr>
<tr>
<td>3.2 The Authority expects to dispose of further assets over the next few years but the timing of the sales and receipts will be uncertain.</td>
<td>High 0 – 500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Pension Account</th>
<th>Likelihood and Impact £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 The Pension Account (for the Firefighters’ Pension Schemes) is a separate account to that of the Authority, with any difference between pension payments and employer contributions being met from Government grant. The Government normally makes just one yearly payment each July, comprising 80% of the net estimated payments for the current year plus any adjustment for amounts due in respect of the previous year. Any difference between payments made and income received is reflected in the Authority’s cash position. The numbers of ill-health retirements and normal retirees are difficult to predict (now that there is no compulsory retirement age) and this can give rise to under and overpayment of grant. Firefighter Pension Lump Sum Payments which are charged to the Pension Account can be at short notice with the amount depending on earnings and length of service.</td>
<td>High 0 -3,000</td>
</tr>
</tbody>
</table>
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SUMMARY
The Authority’s Corporate Plan details the progress made during 2016/17 to deliver the Authority’s five primary strategies, as well as the detailed action plan indicating the work that will be completed over the coming years. This includes the activities detailed in the last Safety and Wellbeing Plan which was agreed by the Authority in February 2016.

RECOMMENDATIONS
Members are requested to:

1. Approve the text for the Authority’s Corporate Plan 2017/18 (paragraph 7 and Appendix 1 refer).

2. Authorise the Chief Executive, in consultation with the Chairman, to amend the text of the Corporate Plan in the light of any decisions made at this meeting in relation to the Budget (paragraph 3 refers).
Background

1. The Corporate Plan is the Authority’s main strategic planning document, which provides a clear statement of the organisation’s vision, aim and objectives. The Plan is structured around the Authority’s five primary strategies and there is an additional section describing how the Authority continues to work to improve efficiency and ensure it delivers high quality and value for money services.

Corporate Plan 2017/18

2. The Corporate Plan 2017/18 details the progress made during the current year to improve the organisation, and incorporates all the activities detailed in the last Safety and Wellbeing Plan agreed by the Authority in February 2016. Also listed are all the projects in the Management Action Plan which illustrate the work that the Authority plans to complete over the coming years to achieve the items set out in the Corporate Plan.

3. To ensure that financial planning is integrated with corporate planning, the Corporate Plan is considered at the same meeting as the medium term financial plan. It is requested that the Chief Executive, in consultation with the Chairman, be authorised to make any changes required to the text of the Corporate Plan arising from Members’ consideration of the budget earlier on this agenda.

Performance Targets

4. Performance targets for the period 2015-18 (agreed by Members at the Planning and Performance Committee in April 2015) are also detailed in the Corporate Plan. Any changes to these targets will be considered by the Planning and Performance Committee in April 2017 and subsequently added to the Corporate Plan on the Authority’s website. Performance for 2016/17, as well as projected three-year average performance for the period 2015-18, will also be presented in detail to the Planning and Performance Committee in April 2017 and subsequently published on the Authority’s website.

Strategies and Themes

5. The Authority’s five strategies cover a five-year period ending in February 2018. During 2017/18 this documentation will be fundamentally redeveloped, for Members’ consideration at the budget meeting in 2018. Although early in the development process, it is likely that the number of strategies will be reduced from the current suite of five.
6. The themes for the Corporate Plan are as follows:
   - Focus on Your Safety
   - Focus on Business
   - Responding to Emergencies
   - Workforce Strategy
   - Caring for the Environment
   - Improving Efficiency\(^1\)

7. The Plan is designed for publication on the website, although the text will be available in other formats if requested. The full draft text for the Corporate Plan is attached at [Appendix 1](#) for Members’ approval.

**IMPACT ASSESSMENT**

8. A People Impact Assessment has been completed for the corporate planning process. The Corporate Plan has been designed for the Authority’s website and will not be produced in printed format. This reduces both the cost of producing the Plan and the environmental impact of printing. Producing the Plan for the website also provides people with access to the information they want without having to read the whole document. It also allows performance information to be updated throughout the year.

**RECOMMENDATIONS**

9. Members are requested to:

9.1 Approve the text for the Authority’s Corporate Plan 2017/18 (paragraph 7 and [Appendix 1](#) refer).

9.2 Authorise the Chief Executive, in consultation with the Chairman, to amend the text of the Corporate Plan in the light of any decisions made at this meeting in relation to the Budget (paragraph 3 refers).

\(^1\) This theme describes the work the Authority is doing to improve efficiency. This theme is not underpinned by a strategy.
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Welcome to Kent and Medway Fire and Rescue Authority’s Corporate Plan. This Plan shows that we continue to be a dynamic organisation, able to learn and adapt to respond to the challenges we face. We also continue to be ambitious in how much we want to do to achieve our vision to make the communities of Kent and Medway the safest in the country.

Over the past year we have continued to modernise the organisation and made good progress towards implementing a number of major projects. We opened two new fire stations at Rochester and Watling Street in Chatham. We also opened the Road Safety Experience in Rochester. We have purchased the land to build a new fire station in Ramsgate, a project which is now well underway. Last year we implemented the outcomes of our second review of operational capability including the introduction of a range of new fire vehicles and the implementation of new improved ways of managing information at incidents.

We continue to work very closely with partner organisations to solve problems and deliver better and more efficient services to you. Last year we started to train our front line staff to deliver a range of services to support our colleagues working in public health. We know that this can make a difference and help people live independently in their homes for longer. We will continue to work with our partners to develop these services to look after the health and wellbeing of the communities of Kent and Medway.

The ambitions set out in this Plan take account of the financial climate in which we operate. Funding pressures may constrain us in future years and therefore our efforts to achieve efficiencies by simplifying processes and changing the way we work will continue. However, we have a long history of sound financial management which will allow us to keep innovating and investing in the future.

This year we will spend time reviewing our strategies to ensure they reflect our new priorities and have a stronger focus on customer service and care. There are challenges ahead and it is important that we listen to our customers to ensure our efforts are directed in those areas that make the biggest difference to you. We will continue to work to put local people, businesses and our workforce at the heart of everything we do.

Ann Millington
Chief Executive,
Kent Fire and Rescue Service

Nick Chard
Chairman,
Kent and Medway Fire and Rescue Authority
Our Vision, Mission and Objectives

Our Vision:
To make the communities of Kent and Medway the safest in the country

Our Mission:
To save lives and reduce risks

Our Objectives:
We are committed to:
- Reducing the numbers of fires, deaths and injuries
- Reducing road accidents, deaths and injuries
- Providing high quality and value for money services
- Engaging with communities to raise awareness
- Being well-prepared to deal with emergencies
- Reducing our impact on the environment
- Helping to improve the quality of life for local people
- Working with businesses to support the local economy

Our Strategies:
- Focus on your safety
- Focus on business
- Responding to emergencies
- Workforce strategy
- Caring for the environment

Our five strategies set out the overall long term direction of the Authority. They explain what we are doing to support the delivery of our vision, mission and objectives. They cover every aspect of the Authority’s work and focus on the services that we provide to you, whether you are at home, in your car or at work. The strategies reflect the context in which the Authority operates, such as funding pressures as well as demographic and climate changes. Our strategies come to an end in 2018. We will be reviewing them in 2017/18 and will publish a new strategic document in the coming year.

Focusing on our customers

As an organisation we pride ourselves in how we treat our customers. We have multiple everyday examples of how our workforce shows empathy, kindness and support to help the public in distressing and challenging situations. However, we are not complacent and know, from the research we have conducted, that we can do more to achieve excellence in this area. Over the coming years we will use a range of techniques to gain an increasing understanding of how we can better meet the needs of customers externally and internally. Customer focus and customer care will remain central to everything we do.
Helping Managers during Change

Over the past few years we have delivered projects that have impacted on both operational and support functions and, in the current environment, we know that the pace of change is likely to increase. As an organisation we are aware of the impact change can have on individuals, but also the importance of everyone’s ideas and energy as part of our continuous improvement. We conducted an audit of our culture in 2015 and looked at aspects such as internal power structures, values, symbols, routines, etc. We used the results to create an action plan to help the organisation create a culture fit to face the challenges ahead. The plan, which we have started to implement, covers areas such as management and leadership, communication and staff engagement, recruitment and selection, training, and wellbeing. We will continue to implement these actions in the coming year.

Health and Wellbeing

We recognise that sometimes change at work or issues at home can affect our health and wellbeing. People are our most valuable asset and that is why we have a range of tools and resources available to help our staff to manage their mental health and physical wellbeing, and to maintain their levels of fitness.
The Context

The Area:

There are just over 1.8 million people living in Kent and Medway in around 742,000 homes. There are also over 59,000 other properties, such as businesses, schools and hospitals, in an area of just over 3,700 km². Kent is known as the “Gateway to Europe” – there are 250 miles of motorways and major roads, six ports, four small airports and the Channel Tunnel. More than half of the UK’s goods pass through Dover, and 10,000 foreign lorries travel through Kent each day.

Kent has two major growth areas – Ashford and the Thames Gateway. In the Thames Gateway alone, 17,000 new houses have been built and 4,000 jobs created in the past ten years. By 2026 there will be another 36,000 new homes and 54,000 new jobs. Nearby, the proposed development of the London Paramount entertainment complex includes significant new infrastructure and, if approved, will create a further 27,000 new jobs. In the Ashford area there are plans to build around 15,000 new homes and create 11,000 jobs by 2030. Two further emerging areas of proposed growth include Canterbury and Shepway.

The area is divided into one county authority, with 12 local district authorities, and one unitary authority for Medway. The area is relatively affluent with Kent being one of the least-deprived local authorities nationally, despite having some significant pockets of deprivation such as Thanet – one of the most deprived areas in the country. Life expectancy and the proportion of the population over 70 are both predicted to increase, with a related rise in mobility problems and disability, but the proportion of young people in the county is expected to reduce.

Kent and Medway has a diverse population with a range of ethnic groups, although approximately 89% of people consider themselves White British. There are areas, including Medway and the Thames Gateway, where there are significant communities of Asian-Indian, Black-African and Other White residents. Around 65.5% of people state that they have a religion or belief. Christianity is the most prominent religious group in Kent but there are large numbers of residents who are Muslim, Sikh, Hindu, or have other religious beliefs.

Achievements so far

In 2010 we introduced a programme called “Towards 2020”; a package of changes developed in order to meet our future challenges. This programme is designed to help us do our job efficiently whilst dealing with a reduction in funding and a rise in public expectation. Since then we have implemented a number of major changes some of which are listed below:

- Completed in 2011 our biggest review of emergency response provision balancing risk, demand and isolation. In 2015 we undertook a second review to take into account the lower number of incidents we now attend and look for opportunities to make efficiency savings
- Converted the Retained duty system to On-Call, giving guaranteed part-time cover (2011)
- Restructured senior management, removing the Deputy Chief Officer, Director of Community Safety and Director of Human Resources posts (2011)
- Developed strategic partnership with Police and Ambulance (2011)
- Developed operational procedures and guidance to mitigate the impact on the environment of our actions at incidents (2011)
- Started a review of our Operational Capability (2011) and implemented the outcomes of the first second phases, including procuring and introducing 29 new smaller fire engines, introducing new firefighting tactics and approaches to responding to road traffic collisions, and implementing improved ways of managing information at incidents
- Relocated our Control to the joint Fire and Police Control Centre at Kent Police HQ (2012)
- Scrapped the lease car and senior officer car schemes and introduced pool cars (2012)
- Achieved the level of “Excellent” under the Equality Framework for Fire and Rescue Services (2012)
- Changed our approach to responding to calls from automatic fire alarms (2012)
- Reviewed our Project Management arrangements (2013)
- Reviewed our Corporate Management Board to meet the future needs of the Service (2013)
- Started in 2013 a programme to build new fire stations. New stations now open include Ash-cum-Ridley and Rochester. We recently completed the redevelopment of the station at Watling Street in Chatham. A project is currently underway to build a new fire station in Ramsgate.
- Developed and agreed our five primary strategies (2013)
- Introduced a programme of Lean reviews (2013)
- Completed a review of the day-crewed system and implemented the proposed changes including a flexible rostering pattern of work (2014)
- Introduced a Primary Authority Partnership scheme to provide consistent advice for large businesses (2014)
- Introduced a multi-agency Kent Resilience Team (2014)
- Introduced a fifth watch (2014)
- Implemented a new command and control system on the same software used by Kent Police (2015)
- Created a single Community Safety Team in partnership with Kent Police and Kent County Council to deliver county-wide functions in community safety (2015)
- Implemented a new HR and payroll system (2015) and a module to manage recruitment online (2017)
- Introduced a new premises risk management system (2015)
- Improved welfare arrangements for our firefighters at emergency incidents (2015)
- Worked with local authority partners to launch the ‘Better Business for All’ initiative in Kent (2015)
- Replaced diesel fuel tanks at fire stations and added smart technology (2015)
- Delivered new height vehicles to stations (2015)
- Completed a review of training (2015) and implemented the outcomes (2016)
- Completed a review of our IT department and implemented the outcomes (2016)
- Implemented a flexible rostering pattern of work in Control (2016), and in six wholetime stations (2017)
- Opened our new Road Safety Experience (2016)
- Developed and introduced the concept of ‘safe and well’ visits (2016)
- Completed innovative research into human behaviour in domestic fires (2016)
- Researched and developed a new approach for the commissioning and delivery of engagement and prevention activities (2016)
- Enhanced collaboration with the Ambulance Service by sending resources to the most serious medical emergencies (2016) when our resources are closer than the nearest ambulance
- Completed a review of our Distribution Centre (2016)
- Completed a review of the Human Resources department (2016)
- Introduced improved desktop terminal devices and software across the organisation (2017)
Our performance

In general, demand for our emergency response service has halved over the past ten years. We are now attending 60% fewer fires, 23% fewer road crashes and 70% fewer false alarms. Our continuous investment in community safety has helped us achieve these great results.

In 2016/17 the number of fires remained in line with previous years. Although the long term trend shows that fire incidents could continue to reduce, this downward trend is likely to come to an end in the next few years. Our response times to life-threatening incidents have not changed significantly compared to previous years although they remain slightly below the levels we would like to achieve. Road traffic collisions, and the number of people who die or suffer life-changing injuries as a result, are a priority area for us and our partners. The number of collisions to which we are called has reduced by 23% in the past ten years. However, the number of people killed or seriously injured on our roads has increased slightly over the past four years.

Financial performance

Every year external audit assesses the Authority’s financial statements. The External Auditor’s Audit Findings Report for 2015/16 was reported to the General Purposes Committee in November 2016. The report confirms that the Authority had put in place proper arrangements in place to ensure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Governance Assurance Statement

The Authority is required to undertake an annual review of its governance processes and to publish a Statement setting out the results of the review. The Statement, which is available on the Authority’s website, shows how the Authority demonstrates good governance in its actions and also how it meets the requirements of the National Framework for Fire and Rescue Services.

Transparency

We publish extensive performance and financial information on our website including transparency data such as all our spending over £250, a register of contracts and the pay of our senior managers. This allows you to judge for yourself how well we are performing and providing value for money. You can also request data from us through our website. On average, we respond to Freedom of Information requests within five days. Frequently asked questions are also available on our website for the most common enquiries.
What our future challenges are

Over the last few years we have made changes to the way we work in both the frontline and back office. We have invested in electronic systems which have allowed us to reduce administration and simplify internal processes. By working closely with partners we are able to achieve efficiencies through joint procurement or by combining back-office functions where appropriate.

Over the past six years we have saved approximately £17m and we know that a further £8m will be required between 2017/18 and 2019/20. Our challenge is to make sure our savings plan is sustainable and deliverable so that we can continue to deliver a high-quality and effective service.

The Government has offered local authorities guaranteed four-year funding allocations to help them plan for the future. This guarantees the minimum amount that we will receive in Government Grants up to 2019/20. The rest of the income is provided by business rates and Council Tax. Last year the Government consulted on the future funding arrangements for fire and rescue authorities. Although the outcomes of the consultation should not have an impact on the Authority’s finances in the short term, it could have an impact in future years.

Under the Policing and Crime Bill, which is expected to become law in early 2017, Police and Crime Commissioners (PCC) will be empowered to take on control of their local fire service where a business case demonstrates that there are clear benefits in doing so. We already collaborate significantly with Kent Police and will continue to look at opportunities to extend this collaboration where it offers advantages to both of us.

Fire inspectorate

The Home Office has indicated that fire and rescue services will need to follow a national inspection regime similar to that in place for the police. The aim is to drive change in the fire sector nationally. The details of how the regime will work and when it will come into force are still being developed. However, early indications are that the inspection criteria will revolve around three areas: efficiency and collaboration, accountability and transparency, and the reform of the fire and rescue workforce.
Focus on your Safety

The context

From the work we do we know the devastating consequences a fire, road crash or other emergency can have on individuals and their families. For many years we have worked with partners to prevent emergency incidents in Kent and Medway. As a result of our community safety initiatives we have seen a 45% reduction in the number of incidents over the past ten years.

Our “Focus on your Safety” Strategy aims to provide you with the information and skills to prevent you being involved in an emergency in the first place, but also to minimise the impact if such an event happens. The strategy focuses on three types of emergencies: fires, road traffic collisions, and incidents involving water such as flooding in the home or across broad areas.

Understanding our communities

In order to achieve our objectives we need to have a good understanding of our communities, what their needs are, and the best ways to engage with them. We do this by collecting and analysing data about the incidents we attend, sharing data with key partners, and by working with local authorities to understand local needs. We have also undertaken innovative research to understand how people behave before and during fires in their homes. The knowledge gained through all of this work allows us to tailor our community safety activities to achieve the best possible outcome for you.

How we will work

As our financial resources reduce we are faced with the challenge to continue to deliver our community safety work with less. We think that we can achieve this by continuing to work with our partners to explore opportunities for innovation in the way we deliver community safety services. We also want to make sure we target our resources efficiently by paying special attention to those most at risk in our communities since we believe that we can make a bigger impact by concentrating on these groups.

This year we will continue to develop our working practices to support the public health agenda through the delivery of ‘safe and well’ visits to higher-risk people in their homes. During these visits, as well as fire prevention information, we also offer advice and support around personal safety and health issues, such as dementia. By continuing to work with public health departments and Clinical Commissioning Groups we can make a difference and help higher-risk people live independently in their homes for longer.

We also want our firefighters to deliver home safety visits in high risk areas as part of a ‘keeping the whole street safe’ approach. We trialled this approach at three stations and the feedback has been very positive. Therefore, this year we will roll out this initiative to all stations. As well as delivering fire and personal safety advice to residents, these visits will incorporate work such as checking access arrangements and that fire hydrants in the road are working effectively.

Safeguarding

Safeguarding children and vulnerable adults is a role that we take extremely seriously and we believe that all of us have a role to play. We have strong governance arrangements in place in this area and train our staff to recognise the signs and symptoms of abuse and what to do if they have a concern.
Our aspirations

Our aspirations are that by 2020 there will be zero deaths and far fewer injuries from fires. By the same date, working with our partners, we will aim to reduce the number of people killed or seriously injured in road crashes by 33%, and the number of children killed or seriously injured by 40%, compared with 2004-08. However, we also want to make sure that if a fire, road accident or other emergency happens we can provide the best possible service to you. Details of how we plan to improve the way we respond to emergencies are covered in the Responding to Emergencies Strategy.

Our main challenges

- Overall increase in population in Kent and Medway (forecast to reach 2.1 million by 2030)
- Increase in the number of people over 70 with a related rise in mobility problems and disability
- Increased population suffering from mental health conditions
- Increase in deprivation which is linked with an increased risk of fire and poor living conditions
- Increase in occurrences of domestic abuse and the use of fire as a weapon

What we plan to do next

- Increase our understanding of the needs of communities we serve and ensure we keep these needs at the heart of everything we do
- Continue to collaborate with partner agencies to deliver community safety activities
- Continue to develop the concept of ‘safe and well’ visits
- Continue to review our corporate arrangements on protective security including physical, personnel and information security
- Improve post-incident customer care
- Continue to embed social marketing as a concept, which has a focus on listening to the public and working up projects/interventions from their perspective of what will work
- Implement a new Customer Relationship Management system to support our community safety activities
- Review our approach to delivering road safety and prevention activities at schools

Measured by

- LPI 134 – Fatalities/casualties in accidental fires
- LPI 136 – People killed or seriously injured in road traffic collisions
- LPI 105 – Accidental dwelling fires
- LPI 143 – Response times to life threatening incidents

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPI 134</td>
<td>5-year average target (2015-20): 4.96 per 100,000 population</td>
</tr>
<tr>
<td>LPI 136</td>
<td>2020 targets:</td>
</tr>
<tr>
<td></td>
<td>• 33% reduction in the number of killed or seriously injured compared with the 2004-08 average</td>
</tr>
<tr>
<td></td>
<td>• 40% reduction in the number of children killed or seriously injured compared with the 2004-08 average</td>
</tr>
<tr>
<td>LPI 105</td>
<td>3-year average target (2015-18): 7.7 per 10,000 dwellings</td>
</tr>
<tr>
<td>LPI 143</td>
<td>Life threatening incidents reached within 10 minutes: 80%</td>
</tr>
<tr>
<td></td>
<td>Life threatening incidents reached within 12 minutes: 89%</td>
</tr>
</tbody>
</table>
Focus on Business

The context

There are approximately 67,000 active businesses in Kent and Medway, the majority of which are small or medium-sized. Only 1% of businesses have more than 100 employees. Around one-fifth of UK businesses will suffer a major disruption each year, including the threat of fire. Most businesses that experience a fire do not recover and close within 18 months.

Our “Focus on Business” Strategy aims to provide businesses with the guidance and support they need to start up and maintain a business safely. We also provide advice on business continuity, so that businesses can be up and running again quickly if a fire does occur.

How we work

We provide fire safety advice to new and existing businesses. We also work closely with partners to improve engagement with businesses and raise awareness about the risks. By engaging with businesses we are able to understand how we can improve the services we provide.

By working with building inspectors we also make sure new and altered buildings are constructed as safely as possible and are suitable for the people who will be using them.

We have a specialist business engagement team offering practical advice. The team runs seminars for business groups and undertakes visits to individual businesses to provide advice on a face to face basis. Our website also has a wide range of information and guidance available to support businesses in understanding what they need to do to make sure their buildings are safe.

Safe design

One of the best times to make sure people can escape safely from a building if there is a fire is when the building is being designed. We review the plans for new and altered buildings with building inspectors to make sure that the buildings will have suitable fire escape routes and will, as far as possible, be safe from fire.

Building designs and techniques are changing rapidly. We keep up-to-date with new building designs, materials and methods of construction since all these have an impact on how fires develop and behave. Our specialist staff work with architects, technical bodies and research centres to understand and, if appropriate, influence the latest developments. We then offer practical guidance to the industry and ensure our firefighters are fully trained in how to deal with fires in new types of building.

Ensuring compliance

We are part of the ‘Better Business for All’ initiative, a partnership aimed at improving relationships between regulatory bodies and businesses making access to information easier and helping to create economic growth. Whilst the approach we take is always to support businesses to make their buildings safe for their staff and customers, we also have enforcement powers for fire safety legislation. We use this formal approach very rarely and only when businesses disregard the law or there is immediate and serious risk to the lives of those using the building. When we do take enforcement action we always explain the reasons for doing so and give the responsible person the opportunity to resolve the issues we have identified.
What we plan to do next

- Review the way our Community Safety and Technical Fire Safety teams operate to achieve integration and facilitate information-sharing for the benefit of the public
- Provide fire safety advice during the planning and development of the London Paramount entertainment complex and other major developments such as Ebbsfleet Garden City
- Continue to work with managers of sheltered accommodation schemes to support them in reducing risk in their premises including a reduction in the number of unwanted automatic fire alarm calls their systems produce
- Work with our partners to support risk reduction in commercial premises e.g. waste and recycling sites
- Update our website to increase the range of information we offer to assist businesses to keep their staff, customers and buildings safe

Measured by

- LPI 103 – Fires in non-domestic properties
- LPI 145 – Calls to unwanted automatic fire alarms

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPI 103</td>
<td>3-year average target (2015-18): 4.9 per 1,000 non-domestic properties</td>
</tr>
<tr>
<td>LPI 145</td>
<td>2016/17 target: no more than 1,400 unwanted automatic fire alarms</td>
</tr>
</tbody>
</table>
Responding to Emergencies

The context
Reducing risks and preventing incidents is a critical part of the service we deliver. However, being well prepared to respond to emergencies when they occur is at the centre of what we do. Our “Responding to Emergencies” Strategy describes our plans to transform the way we deliver our core business.

Responding to emergencies
Over the past ten years, the number of incidents we attend has halved. This is good, not only for the public and businesses, but also for us because we can work with other agencies to help keep people safe and well in new ways. Last year we rolled out to all our whole-time and day-crewed fire stations a scheme to send a fire engine or an officer to the most serious medical emergencies, including heart attacks, when our resources are closer than the nearest available ambulance. This year we will introduce the scheme to our on-call fire stations.

Over the past year we have also worked with the ambulance service to attend ‘concern for welfare’ calls where an ambulance has gone to a person’s home and the crew cannot get in, but they think that the person needs medical attention. We can help in these cases because we have the right equipment to enter a property quickly with minimum damage.

In 2011 we completed our biggest review of emergency cover, which looked at where we should respond from considering the balance between risk, demand and isolation. As a result a programme to build stations was created to make sure we have good quality buildings from which to provide our services. We built our first new fire station at Ash-cum-Ridley, which opened in 2012. Last year we opened another station in Rochester and also completed the redevelopment of the station at Watling Street in Chatham. A project is currently underway to build a new fire station in Ramsgate.

We published our last Safety and Wellbeing Plan last year after a period of consultation. One of the proposals was that we would ensure that 50 fire engines are regularly available, since we know that we can run the Service comfortably with this number. At the moment we have no plans to reduce the number of fire engines or close any fire stations. We first need to evaluate how successful the new areas of work are for the public and the impact they have on our resources. We will be doing this in the coming years.

We are using our fleet more flexibly than ever before and we know this is helping to improve the service we provide to the public, and to increase emergency cover in some areas of the county. Last year we introduced a trial to move one full-time fire engine from multi-pump stations, such as Dartford, Thames-side, Maidstone and Canterbury, to other areas to meet the needs on the day. This year we will evaluate the full benefits of the trial.

Duty systems
In order to offer the best possible service to the public we need to make sure we are able to adapt to changing demands in a short period of time. We are constantly looking at how our duty systems can help us achieve the required level of flexibility. In 2014 we started to introduce a flexible rostering pattern of work in some of our stations. The new system was well-received and, since then, we have introduced it to all our day-crewed stations, the fire station at the Channel Tunnel, and our 999 team. Last year we started to introduce this system in our whole-time shift fire stations and will continue with the roll-out this year.
Last year we trialled a scheme to put some of our fire engines in on-call fire stations on the run when there are only three firefighters available. We would normally crew our fire engines with a minimum of four firefighters. However, improvements in technology, training and protective equipment mean that a crew of three can do a lot in the early stages of an incident to provide potentially life-saving help to the public. The evaluation of the trial showed that it was a success and therefore we will be rolling it out to all our fire stations over the next few years.

The move of our retained firefighters to a contractually-based on-call arrangement six years ago brought a number of issues with it. We continue to work to resolve these issues and make the on-call system deliver the best possible outcome for the public and our employees. We want to learn how we can make the on-call system more attractive to potential recruits so that more people join the system and stay with us for longer.

**Investing in new equipment**

We understand the importance of ensuring our firefighters have the right equipment to do the job. Over the years we have invested in new equipment to allow firefighters to be safer and more effective when dealing with a fire, when rescuing people from road traffic collisions or when assisting with any other emergency. We will continue to invest to ensure our firefighters have the right equipment to do the job.

**Handling emergency calls**

Our 999 control room is located at Kent Police headquarters. Our command system runs on the same software used by Kent Police and we also share a number of other systems including telephony and radio telecommunications. Working together with Kent Police has brought a number of operational benefits not least because we can share information efficiently and learn from each other. This year we will continue to look at ways in which we can work with the Police to simplify processes and achieve further efficiencies.

**Preparing for major incidents**

We work closely with other fire and rescue services and other agencies to assure national resilience and capability. This involves planning and exercising for large-scale incidents. Our technical rescue team is specially trained to deal with these types of incidents. Some members of the team also form part of the UK’s International Search and Rescue Team and are able to respond quickly to large-scale emergencies, such as natural disasters like earthquakes or flooding, anywhere in the world.

As a member of the Kent Resilience Forum (KRF), we work with other agencies to prepare for major risks in the area. Multi-agency plans are developed and maintained to help all partners to be better prepared and to reduce the effects of major emergencies should any of the risks materialise. We take part in all multi-agency KRF exercises and also carry out our own regular exercises, often with other agencies.
What we plan to do next

- Continue the programme to build new fire stations
- Continue to undertake feasibility studies to look for suitable sites to re-locate some stations, and for the refurbishment or redevelopment of other stations
- Continue to review our operational capability
- Introduce a new system to model risk in the county
- Explore and implement options for collaborative working in the Romney Marsh area
- Review our driving requirements
- Roll out countywide the scheme to use three firefighters to keep fire engines available
- Continue to increase flexibility of crewing
- Review the on-call firefighting system
- Continue to introduce self-rostering
- Enhance collaboration with the Ambulance Service
- Enhance collaboration with Kent Police
- Implement new station mobilising equipment and mobile data terminals
- Prepare for the introduction of a new national mobile communications network
- Improve post-incident customer care
- Enhance the functionality of our command and control system
- Work with the Ambulance Service and Police to develop a response protocol for each organisation’s ‘concern for welfare’ category of emergency call
- Roll out the scheme of responding to medical emergencies to our on-call fire stations
- Continue to ensure around 50 fire engines are always available, including those deployed at incidents
- Assess the impact of the trial to use one of the fire engines from Dartford, Thames-side, Maidstone and Canterbury at other locations during the day
- Assess the impact of responding to medical emergencies and ‘concern for welfare’ calls on our overall demand patterns

Measured by

- LPI 143 – Response times to life-threatening incidents
- LPI 144 – Response times to non-life threatening incidents

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Targets</th>
<th>2016/17 target</th>
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<tbody>
<tr>
<td>LPI 143</td>
<td>Life-threatening incidents reached within 10 minutes</td>
<td>80%</td>
</tr>
<tr>
<td>LPI 144</td>
<td>Life-threatening incidents reached within 12 minutes</td>
<td>89%</td>
</tr>
<tr>
<td>LPI 144</td>
<td>Non-life threatening incidents reached within 15 minutes</td>
<td>95%</td>
</tr>
</tbody>
</table>
The context

Over the past few years, the organisation has adapted to reductions in public spending and changes in the demand for our services. We have been able to do this by changing the way we work but, more importantly, by having a very adaptable and highly-skilled workforce. The services we provide are totally reliant on having well-trained, competent and committed staff.

The “Workforce Strategy” describes how we plan to train, develop and maintain the competence of our staff across the organisation. It also considers how to deliver enough flexibility in the workforce, in contractual terms, so that we can continue to face the challenges ahead. During 2017, the Authority will be adopting a version of the national workforce strategy for fire and rescue services, which was developed by our Chief Executive.

The evolution of the workforce

Our workforce has changed significantly over the past few years. This will continue to happen as we change the way we do things and implement our plans to redesign our services. Our funding has been decreasing over the years and when firefighters or support staff have retired, we have considered carefully whether their role was still required or whether it could be carried out differently.

By streamlining processes and investing in new equipment and electronic systems we have been able to improve efficiency, generate savings and release staff capacity. These improvements have allowed us to maintain, or even improve, the quality of the services we provide despite the reduction in staff numbers. Whilst we will continue to identify efficiencies, we have reached a point where many of our firefighters have reached retirement age and we cannot reduce the numbers any more. This year we will start to recruit whole-time firefighters again.

Staff development and training

As demand for our core services declines, there is more reliance on training to ensure firefighters gain the required skills and can demonstrate their competence to do their jobs. As we expand the range of services we provide, for example by attending medical emergencies, we will ensure our staff have the skills they need to make the best possible contribution.

Last year we reviewed the way in which we deliver training to our staff and the outcomes of that review have resulted in the simplification of processes and the removal of the competency recording system. We have started to redesign the way we deliver training and this work will continue in the coming year. Our focus is now on the quality of the training that we offer.

To complement this work we are also developing a leadership programme, since it is important that we enhance and develop managerial skills. These skills will become even more important as we meet the difficult challenges ahead.

Flexible working

We need our workforce to work flexibly if we want to deliver high quality services in an environment where funding is decreasing. In 2014 we started to introduce a flexible rostering pattern of work in some of our stations. The new system was well-received and, since then, we have introduced it to all our day-crewed stations, the fire station at the Channel Tunnel, and our 999 team. Last year we started to introduce this system in our whole-time shift fire stations and will continue with the roll-out this year.
In order to increase flexibility of crewing we have started to use some of our fire engines when only three firefighters are available even though we always aim to have a minimum of four firefighters. We are also planning to review the arrangements for our on-call staff, to make the system more attractive so that more people join the system and stay with us for longer.

Organisational Development

As the organisation prepares for the challenges ahead, we know that being successful depends greatly on having a culture fit to face these challenges. In 2015 we conducted an audit of our internal culture and the outcomes have been very useful in helping us define what the culture needs to look like in the future.

We have already started to implement a number of actions to support the cultural change that we need. For example, we have produced a new behavioural framework, have streamlined the internal promotion process, and have simplified the way we record competency. We are also devolving responsibilities more to empower managers. To complement this work a new management and leadership programme is being developed to support managers at all levels in the organisation. We will continue to implement these actions in the coming year.

Health and Wellbeing

We care greatly for the health and general wellbeing of our staff. We recognise that sometimes changes at work or issues at home can affect our health and wellbeing. We have introduced a number of tools to help our staff manage their mental and physical wellbeing. We have also produced a training package to help raise awareness of mental health issues. We want to make sure our managers are able to identify and support staff suffering from mental health problems by directing them to the right resources.

Last year we signed up to the Workplace Wellbeing Charter as part of our ongoing commitment to support the health and wellbeing of our staff. The Charter establishes a set of standards relating to the health, safety and wellbeing of employees, against which organisations can assess themselves. In November 2016 we achieved the Excellence Award from the Charter.

What we plan to do next

- Roll out countywide the use of crews of three to increase availability in some circumstances
- Continue to increase flexibility of crewing
- Continue to introduce self-rostering
- Review the on-call firefighting system
- Continue the research into operational contaminants and recommend ways to reduce exposure
- Continue to review our “back office” functions
- Continue to implement the outcomes of the cultural audit
- Review the way we utilise operational command groups
- Introduce more efficient ways of delivering operational training
- Design and introduce an apprenticeship scheme for operational firefighters
- Design and introduce a junior firefighter scheme
- Introduce electronic systems in our vehicles to identify requirements for training drivers

Measured by

- LPI 500 – Incident rate of RIDDOR reportable incidents
- LPI 406 – Percentage of available hours lost to sickness

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Targets</th>
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</thead>
<tbody>
<tr>
<td>LPI 500</td>
<td>3-year average target (2014-17): 17 incidents per annum</td>
</tr>
<tr>
<td>LPI 406</td>
<td>2016/17 target: 2.62%</td>
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</table>
Caring for the environment

The context

The Authority is committed to sustainability and protecting the environment. Our work to reduce the number of fires is helping to protect the natural beauty of Kent and Medway and make our communities pleasant places to live. In 2015/16 we spent £896k on energy for our buildings and fuel for our vehicles. Any increases in the cost of energy and fuel will have a direct impact on us, particularly since our budget is decreasing. Therefore it is essential for us to make sure that we use energy and fuel wisely, not least because this is better for the environment.

Our “Caring for the Environment” Strategy sets out how we plan to protect the environment of Kent and Medway as an owner of both buildings and a range of vehicles, and also when we deal with emergencies.

In January 2009, the Authority signed the Nottingham Declaration, demonstrating its commitment to address climate change. The declaration places a responsibility on the Authority to reduce climate change by driving down greenhouse gases emitted. We have set ourselves a target to reduce emissions by 35% by 2017, compared to our baseline set in 2008/09. Last year we achieved a 31% reduction in CO₂ emissions from all sources compared to the baseline year.

New stations

All our new fire stations are highly energy-efficient and include, where possible, renewable technologies and other related environmental improvements. In our older buildings we improve insulation or use energy-efficient heating and lighting systems when it is cost-effective and practical to do so. We have, for example, retro-fitted solar panels in 34 of our older stations. As well as reducing the need to buy electricity from the national grid, the solar panels installed are producing surplus electricity worth around £35k per year.

In our buildings we continue to look at how the space can be used more flexibly by our staff, partners and other groups. Ambulance vehicles are now responding from nine of our fire stations. Use of these locations allows ambulances to be better-placed to respond to patients whilst also allowing the ambulance crews to rest and use the facilities at the stations between jobs.

Fleet

Our vehicle fleet is fundamental to delivering our services. However, we believe that we can deliver the same quality services whilst reducing the environmental impact that our fleet creates. Last year we introduced a new fleet of smaller vehicles which produce less CO₂ emissions and are more fuel-efficient. By operating with a wider range of emergency vehicles we can be more flexible and send large fire engines only to incidents where we know the equipment they carry is required.
Changing behaviour

The amount of energy used in our buildings and by our vehicles can be influenced greatly by how our staff behave at work. We encourage our staff to consider the impact their actions have on the environment and make simple changes like turning lights off when offices are not in use, closing windows and doors to retain heat, or avoiding unnecessary journeys. Managers are expected to encourage these practices and to monitor the progress made to meet their environmental targets.

We continue to look at how we can be smarter in the way we work to achieve financial and environmental savings. Whenever possible we make good use of technology to simplify processes, remove unnecessary tasks and eliminate duplication. This year, for example, we will install telemetry and telematics systems in our vehicles. These electronic systems are used to monitor the activity of the vehicles e.g. journeys made, acceleration, speed, and braking. Having this range of management information available will allow us to learn more about how our vehicles are used and make changes to manage our fleet more efficiently. We are expecting that, as a result, we will see a reduction in fuel usage by improving driver performance.

Operational impact

Fires and other emergencies generate pollution if controls are not put in place. When attending an incident, our staff will always undertake the necessary actions to protect the environment. We have formed very good relationships with the Environment Agency and Natural England to ensure our actions do not have a negative impact on the environment, wildlife or heritage sites.

What we plan to do next

- Continue the carbon management programme
- Continue to review and improve environmental protection
- Continue to introduce energy-saving solutions as part of new station builds
- Introduce electronic systems in our vehicles to monitor usage and identify efficiencies in the ways the vehicles are driven and utilised

Measured by

- LPI 100 – Total fires
- LPI 128 – Accidental fires
- LPI 101 – Deliberate fires
- LPI 703 – Percentage of CO₂ reduction from operational activity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPI 100</td>
<td>3-year average target (2015-18): 21.1 per 10,000 population</td>
</tr>
<tr>
<td>LPI 128</td>
<td>3-year average target (2015-18): 12.1 per 10,000 population</td>
</tr>
<tr>
<td>LPI 101</td>
<td>3-year average target (2015-18): 9.1 per 10,000 population</td>
</tr>
<tr>
<td>LPI 703</td>
<td>2016/17 target: 1,711 Tonnes of CO₂ (35% reduction in emissions compared with the 2008/09 baseline)</td>
</tr>
</tbody>
</table>
Providing high quality and value for money services / Improving efficiency

The Authority is dedicated to improving the quality of the services it provides but, at the same time, ensuring that it offers the best possible value for money.

The Government continues to highlight the need for reductions in public spending. Although we have saved approximately £17m over the past six years we know that a further £8m will be needed between 2017/18 and 2019/20. Our challenge is to make sure we can achieve these savings and still deliver a high-quality and effective service. This will require changing the way we work whilst also keeping our equipment and technology up-to-date.

The need to generate these savings is reflected in the Authority’s four-year Medium Term Financial Plan (MTFP). This Plan is a fundamental part of our corporate planning process and ensures that we have the financial resources we need in order to achieve the improvements planned. The MTFP also reflects the need to generate efficiencies by continuing to explore new ways of delivering our services.

The MTFP includes both capital and revenue expenditure and income. The capital budget is used to fund the purchase of assets, such as vehicles, equipment, property and information systems.

Just over 60% of our funding comes from Council Tax and last year, for example, we received £72.00 from each Band D property. After a period of public consultation we have increased Council Tax by 1.9%, which means that we will receive £73.35 a year from a Band D property in 2017/18. This equates to £1.35 more per year. This increase will support us in delivering the best possible fire and rescue service, as described in this Plan, in the current economic environment.

Changing the way we work

In this Plan we describe how we intend to modernise the organisation by introducing new ways of fighting fires, building new and more energy-efficient fire stations in the right locations, introducing new equipment and working arrangements for our firefighters, and using new technology in our vehicles to maximise the efficient use of our fleet. The aim is to improve the service we provide, but also to be more efficient and cut costs.

We also continue to review all forms of back-office costs. This year we will continue to streamline processes to ensure that we are as efficient as we possibly can be whilst remaining customer-focused.

We will also continue to work with our partners since we know that, by working in partnership, we are able to deliver better services to the community. We have strong working relationships with Kent Police, the Ambulance Service, other fire and rescue services, local authorities and many other agencies. Working together we can share best practice, consider opportunities for joint procurement, and combine back-office functions where appropriate.

We also need to review how we generate, process and destroy data in the light of the new General Data Protection Regulations, which are likely to become law in 2018.
What we plan to do next

- Improve our financial and procurement processes and implement a new system to support the new processes
- Implement the outcomes of the review of the Distribution Centre
- Implement appraisal management functionality in the HR system
- Review processes in Technical Fire Safety
- Continue to increase flexibility of crewing
- Review the on-call firefighting system
- Continue to introduce self-rostering
- Continue to increase collaboration with Kent Police
- Continue to review our ‘back office’ functions
- Procure new contract for personal protective equipment
- Introduce energy-saving solutions as part of new station builds
- Introduce electronic systems in our vehicles to monitor usage and identify efficiencies in the ways the vehicles are driven and utilised
- Improve our data collection processes and implement a new system for recording incident-related information
- Implement a new Customer Relationship Management system to support our community safety activities

Measured by

- LPI 100 – Total fires
- LPI 406 – Percentage of available hours lost to sickness

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPI 100</td>
<td>3-year average target (2015-18): 21.1 per 10,000 population</td>
</tr>
<tr>
<td>LPI 406</td>
<td>2016/17 target: 2.62%</td>
</tr>
<tr>
<td>Project Title</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Build Programme</strong></td>
<td></td>
</tr>
<tr>
<td>Ramsgate Fire Station</td>
<td>Relocate, build and set up new Ramsgate station and subsequently close existing station in Ramsgate</td>
</tr>
<tr>
<td>Herne Bay Fire Station</td>
<td>Relocate, build and set up new Herne Bay station and subsequently close existing station in Herne Bay</td>
</tr>
<tr>
<td><strong>Business Processes and Systems</strong></td>
<td></td>
</tr>
<tr>
<td>Enhance the Command and Control System</td>
<td>Implement enhancements to the Command and Control system</td>
</tr>
<tr>
<td>New Finance and Procurement system</td>
<td>Review finance processes and replace the existing finance system to improve functionality and efficiency</td>
</tr>
<tr>
<td>New Incident Recording system</td>
<td>Review data requirements and implement new incident recording system to provide improved management information</td>
</tr>
<tr>
<td>Risk Modelling system</td>
<td>Review the methodology and data sources used by the risk modelling system and implement a suitable replacement system</td>
</tr>
<tr>
<td>New Community Safety Customer Relationship Management system</td>
<td>Review and streamline processes for processing community safety work and implement system to support these processes</td>
</tr>
<tr>
<td><strong>Emergency Response</strong></td>
<td></td>
</tr>
<tr>
<td>Personal Protective Equipment</td>
<td>Procure new Personal Protective Equipment contract</td>
</tr>
<tr>
<td><strong>Review Programme</strong></td>
<td></td>
</tr>
<tr>
<td>Review of Technical Fire Safety processes</td>
<td>Review current processes in Technical Fire Safety using the Lean methodology</td>
</tr>
<tr>
<td>Review of Operational Capability</td>
<td>Review current capability to respond to incidents involving water, flooding and unstable ground</td>
</tr>
<tr>
<td></td>
<td>Review current capability to respond to major transport incidents</td>
</tr>
<tr>
<td>Paramount, Garden City, Bluewater</td>
<td>Provide fire safety advice during the design, planning and construction of the London Paramount Entertainment Resort, Ebbsfleet Garden City and extension to the Bluewater Retail and Entertainment Outlet</td>
</tr>
<tr>
<td>Project Title</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Corporate Governance of Security</td>
<td>Development of corporate policy on security across three work streams: information, physical and personnel security</td>
</tr>
<tr>
<td>Review of Prevention and Community Engagement</td>
<td>Research, develop and agree a new approach for the commissioning and delivery of prevention activity. The aim is to ensure that prevention activities across the Service are delivered through a cohesive and well planned programme</td>
</tr>
<tr>
<td>Review of FDS command groups to include integration of Level 2 officers</td>
<td>Review the existing Level 2 officers rota and develop options to meet the new requirements of the organisation. Explore benefits of integrating Level 2 officers onto operational command groups</td>
</tr>
<tr>
<td>Review of driving requirements</td>
<td>Review the organisation’s requirements around driving including training needs</td>
</tr>
<tr>
<td><strong>Staffing / Workforce</strong></td>
<td></td>
</tr>
<tr>
<td>Introduce flexible rostering</td>
<td>Design flexible duty system for Technical Rescue Unit once operational requirements have been defined</td>
</tr>
<tr>
<td></td>
<td>Implementation of flexible rostering to Wholetime crews</td>
</tr>
<tr>
<td>Review of on-call duty system</td>
<td>Review of efficacy and attractiveness of on-call duty system</td>
</tr>
<tr>
<td>Review and implementation of training delivery</td>
<td>Review the provision of operational training, develop and assess options to improve training content and delivery, and implement preferred option</td>
</tr>
<tr>
<td>Collaborative working in the Romney Marsh area</td>
<td>Explore opportunities for collaborative working in the Romney Marsh area to maximise emergency cover and the use of operational capability</td>
</tr>
<tr>
<td>Apprenticeships in Kent Fire and Rescue Service</td>
<td>Design and introduce an apprenticeship scheme for operational firefighters</td>
</tr>
<tr>
<td>Junior Firefighter Scheme in Kent Fire and Rescue Service</td>
<td>Design and introduce a junior firefighter scheme</td>
</tr>
<tr>
<td>Project Title</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Technology and Communications</strong></td>
<td></td>
</tr>
<tr>
<td>Emergency Services Network</td>
<td>Introduction of new mobile communications network to replace Airwave</td>
</tr>
<tr>
<td>Introduce CCTV cameras, telematics and telemetry on vehicles</td>
<td>Implement CCTV cameras, telematics and telemetry on vehicles</td>
</tr>
<tr>
<td>Mobile Data Terminals</td>
<td>Procurement and installation of new mobile data terminals</td>
</tr>
<tr>
<td>Station End Equipment</td>
<td>Procurement and installation of new station end equipment</td>
</tr>
<tr>
<td><strong>Wellbeing</strong></td>
<td></td>
</tr>
<tr>
<td>LIFEBID</td>
<td>Research into human behaviour in domestic fires</td>
</tr>
<tr>
<td>Post-Incident Customer Care</td>
<td>Implement a post-incident customer care package</td>
</tr>
<tr>
<td>Exposure to operational contaminants</td>
<td>Research into operational contaminants and recommendations to reduce exposure</td>
</tr>
</tbody>
</table>
Item No: B3

By: Clerk to the Authority

To: Kent and Medway Fire and Rescue Authority – 13 February 2017

Subject: MEMBERS’ ALLOWANCES SCHEME 2017/18

Classification: Unrestricted

FOR DECISION

SUMMARY

This report proposes formal re-adopt for the first part of 2017/18 (1 April to 31 October 2017) of the existing Members’ Allowances Scheme.

RECOMMENDATION

Members are requested to:

1. Formally re-adopt the existing Members’ Allowances Scheme as set out in Appendix 1 for the first part of 2017/18 (1 April to 31 October 2017) (paragraph 2 refers).
COMMENTS

Background

1. It is a requirement of The Local Authorities (Members’ Allowances) (England) Regulations 2003 that every local authority must formally adopt a new Members’ Allowances Scheme each year.

Members’ Allowances Scheme 2017/18

2. The Authority undertook a full review of its Members’ Allowances Scheme in mid-2013 and, at its meeting on 16 October 2013 (Minute 19), it adopted a new scheme to cover the whole of the four-year period from 1 November 2013 to 31 October 2017. No changes are therefore proposed to the scheme for the first part of 2017/18, from 1 April to 31 October 2017, and the Authority is recommended to formally re-adopt the existing Members’ Allowances Scheme for this period, as required by the Regulations. The Scheme is attached for Members’ approval at Appendix 1.

Full Review of Scheme

3. Full reviews of the Authority’s Members’ Allowances Scheme are normally carried out every four years. The next full review is due to be undertaken during the summer with a view to the new Scheme being adopted by the Authority at its October meeting and taking effect from 1 November 2017. A report proposing arrangements for the full review will be brought to the June meeting.

IMPACT ASSESSMENT

4. As no changes are proposed to the Members’ Allowances Scheme, there are no new resource implications and payments under the current scheme have been taken into account in the proposals for the Authority’s budget for 2017/18.

RECOMMENDATION

5. Members are requested to:

5.1 Formally re-adopt the existing Members’ Allowances Scheme as set out in Appendix 1 for the first part of 2017/18 (1 April to 31 October 2017) (paragraph 2 refers).
KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

SCHEME OF MEMBERS’ ALLOWANCES PAYABLE FROM 1 NOVEMBER 2013 TO 31 OCTOBER 2017

Basic Allowance: £1,400.00 per annum

Notes

(1) Payable to all Authority Members to cover their time commitment on KMFRA duties and any miscellaneous expenses incurred in pursuit of KMFRA business such as office equipment, stationery, and day-to-day subsistence.

(2) Members must serve 14 consecutive days on the Authority before they become eligible to receive Basic Allowance. For those who meet that requirement the allowance will be backdated to the date of their appointment.

Special Responsibility Allowances (SRA)

<table>
<thead>
<tr>
<th>Post-holder</th>
<th>% of Chairman</th>
<th>Allowance (per annum) £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>100</td>
<td>18,360.00</td>
</tr>
<tr>
<td>Vice-Chairman</td>
<td>40</td>
<td>7,344.00</td>
</tr>
<tr>
<td>Chairman, main Committee+</td>
<td>40</td>
<td>7,344.00</td>
</tr>
<tr>
<td>Vice-Chairman, main Committee+</td>
<td>10</td>
<td>1,836.00</td>
</tr>
<tr>
<td>Opposition Group Leader (3)</td>
<td>30</td>
<td>5,508.00 plus £300 per additional Member</td>
</tr>
</tbody>
</table>

Notes

(1) Main Committees (+) are General Purposes and Planning & Performance.

(2) Members may only receive one SRA at any one time no matter how many offices within the KMFRA that Member may hold.
Travel and Subsistence Allowances

Members' Private Vehicles

Mileage is reimbursed at Her Majesty’s Revenue and Customs approved rates. At the date of approval of this scheme these rates were:

Cars: 45p per mile for the first 10,000 miles per annum and 25p thereafter (with an additional 5p per mile for journeys where another Member is carried as a passenger on official business)

Motorcycles: 24p per mile

Bicycles: 20p per mile

Public Transport

Rail (standard class only), bus, and taxi (where no other means of transport available) fares reimbursed as incurred, subject to tickets/receipts being submitted wherever possible.

Eligible Duties for Claiming Travel Allowance

- All official Authority meetings, and all Committee, Panel, etc meetings as a Member of that Committee, Panel, etc.

- Other meetings or events relating to the business of the Authority and authorised by the Authority or called by the Chief Executive or Clerk.

- Briefing sessions in respect of official Authority, Committee and Panel meetings attended by KMFRA office-holders in relation to the responsibilities for which they receive SRAs.

- Meetings of all outside bodies to which the Member is appointed by KMFRA, except where those bodies have their own expenses schemes.

Subsistence

No allowance payable for day-to-day subsistence because an element for this has been included in the Basic Allowance. However, Members may claim direct reimbursement of actual expenditure incurred on non-routine subsistence, eg when away overnight on KMFRA business, subject to receipts being submitted.
**General Notes**

(1) Allowances are only payable for the period during which a Member holds office and Members may be required to refund any over-payments of allowances made to them.

(2) Where a Member of the Authority is also a Member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.

(3) Any Member may choose to forgo all or part of his or her entitlement to allowances by giving notice in writing to the Executive and Member Support Manager.

(4) Members’ private vehicle mileage is reimbursed at the Inland Revenue approved rates and will change automatically from time to time as those rates change.

(5) Travel Allowances must be claimed before the end of the financial year in which they become payable, or within six months, whichever is the shorter.
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By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 13 February 2017

Subject: CORPORATE CUSTOMER AND EQUALITY PLAN

Classification: Unrestricted

FOR DECISION

SUMMARY

The Authority prides itself on delivering excellent services to the people of Kent and Medway. The Corporate Customer and Equality Plan sets out all the actions the Authority will take in the coming years to improve the experience of customers of the Authority. Additionally, as part of the Authority’s commitment to continuous improvement it is actively reviewing every aspect of the services it delivers from the perspective of its customers, and involving them wherever possible. As part of that work, it has developed a proposed Customer Promise which gives clarity to what people should expect from the Authority in any interaction and embraces its commitment to equality, equal access to services and inclusion.

RECOMMENDATIONS

Members are requested to:

1. Approve the Corporate Customer and Equality Plan (paragraph 2 and Appendix 1 refer).

2. Approve the Authority’s Customer Promise (paragraph 3 and Appendix 2 refer).
**Background**

1. In April 2013 the Authority was awarded the excellent level of the Fire and Rescue Service Equality Standard. Not wishing to stand still, the Authority has continued to mainstream equality and diversity so it is part of core business. More recently the Authority has adopted the term *inclusion* to reflect the practices and relationships needed to allow everyone to be valued, respected and supported. In simple terms, diversity is the mix; inclusion is getting the mix to work well together and choosing to act and include all. It is also about reaching out to all communities to ensure they are included and have access to our services.

2. The Authority has very strong leadership of the customer and equality agenda, especially at Member level. Members of the Authority and Corporate Management Board are committed to ensuring that the Authority’s customers have equal access to services, and to meeting their responsibilities under the Public Sector Equality Duty. The way that this will be delivered is articulated in the Corporate Customer and Equality Plan. The Plan remains aligned to the Authority’s strategic aim which is to provide an excellent service to the communities of Kent and Medway. Departmental champions operate as ambassadors in raising awareness around equality and diversity and provide a vital link within functions to progress and challenge the equality and diversity issues within their part of the organisation. The Plan is attached at Appendix 1 and Members are asked to approve it.

3. The leadership of the customer and equality agenda is also recognised in the development of a new document called the Authority’s Customer Promise. The Customer Promise is an evolution and a replacement of the Authority’s Equality Statement, and is an outward facing statement of what the public can expect from the Authority. It sets out what customers are entitled to expect, and what the Authority expects from its staff. It also outlines the internal standards that have been set in key areas of service that are known to be important to customers. Above all, it is a commitment to provide customers with an assured level of service, giving them peace of mind that the Authority is working to help them stay safe in their homes, at work and when they are out and about in Kent and Medway. It is attached at Appendix 2, and Members are asked to approve it.

4. Officers are currently co-developing with staff an internal “promise” to each other which is about how colleagues will work together across all sections.
IMPACT ASSESSMENT

5. There is a positive impact for customers, as this statement makes a much clearer declaration of what they should expect from the Authority. It also makes clear statements and shows intent in relation to equal access to services.

RECOMMENDATIONS

6. Members are requested to:

6.1 Approve the Corporate Customer and Equality Plan (paragraph 2 and Appendix 1 refer).

6.2 Approve the Authority’s Customer Promise (paragraph 3 and Appendix 2 refer).
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Appendix 1

KFRS Customer and Equality Action Plan 2016 - 2020

Introduction

There are three key documents which support our approach to equality, diversity and inclusion in KFRS.

- Our customer promise to external customers
- Our employee promise to each other
- Our 2016-2020 customer and equality action plan

At KFRS we are dedicated to promoting and celebrating the positive effect that diversity has both at work and in the community. We value the broad skills and talents of everyone in KFRS and our acceptance of differences in each other. KFRS is proud to have achieved the ‘excellent’ level of the Equality Framework, in recognition of our commitment to provide fair, respectful and equal treatment to our customers and employees. This plan captures actions and learning points from that assessment in 2013 and the actions we want to continually improve. It is a live document and is reviewed and refreshed regularly. It also articulates how the Authority will meet the requirements of the Public Sector Equality Duty.

About Equality and Diversity

We define Equality, Diversity and Inclusion as follows:

**Equality** is defined in law (Equality Act 2010) and is about ensuring individuals or groups of individuals are not treated differently or less favourably on the basis of their specific protected characteristic, including areas of race, gender, disability, religion or belief, sexual orientation, gender reassignment, marriage and civil partnership, pregnancy and maternity, and age.

**Diversity** is about promoting and fostering everybody’s right to be different, about being free from discrimination, valued as an individual, and having choice and dignity with a right to your own beliefs and values. ‘Diversity’ is a word that means ‘varied and different’. Diversity, therefore, is about more than equality. It’s about creating a culture which values individual differences and encourages people to be themselves at work.

**Inclusion** refers to an individual’s experience within the workplace and in wider society, and the extent to which they feel valued and included. We also want to make Inclusion a reality and reach out to Hard to Reach communities and those who have hidden vulnerabilities such as female genital mutilation, modern slavery, child sexual exploitation and many more.
Our customer promise relies on maintaining momentum in developing our understanding of our communities and our staff through meaningful people impact assessment (PIA) and working together with partners to understand how we can meet different needs. At base level there is more work to be done to ensure we continue to meet the requirements of the Public Sector Equality Duty and to address areas where we have identified that improvement is still needed. Over and above this we want to continue to understand and meet the needs of our diverse customers and promote the interests of our diverse staff. This plan captures the major activities we are planning to achieve over the next four years, but doesn’t capture everything we are doing as so much is now mainstreamed into daily activity.

**What did we learn from our assessment in 2013?**

We were delighted with the outcome from our last assessment as it recognised a point in the journey after hard work from all staff in KFRS. We were equally delighted to get assistance in clarifying what we needed to do next. The following learning points were made and accepted:

- We are doing good things but we need more clarity about why and how the activity makes a difference. Evaluation is always difficult but we need to get a better grip on understanding the impact on people;
- Ensuring we involve staff and customers as much as possible in the design of policies and services;
- Mainstreaming PIAs into all our projects.

These combined with the other things we want to achieve have clarified the objectives for the 2016 – 2020 Customer and Equality Action Plan.

The equality objectives and priorities in this Plan will be delivered through individual group and departmental customer and equality action plans, and the nominated owners of the annual priorities. Equality, diversity and inclusion will be a feature of every project and strategy in the Authority.

Progress against this plan is reviewed regularly by the Chief Executive, and members of our Customer and Equality Steering Group (CESG) and other senior managers. We have previously had an Equality Steering Group but the objectives are so much about the work we are doing to meet internal and external customer needs that we have brought this work into the wider customer focus project. We will still focus on workforce equality and fairness issues at the People Services Group (PSG) meeting. Corporate Management Board will own and review this plan alongside our drive to improve child and adult safeguarding.
Objective One – Leadership, partnership and organisational commitment

KFRS aims to ensure ALL our customers have equal access to an excellent service and this is our central focus:

- We are committed to excellence in how we deliver our services to all our customers.
- We want to co-design services with our staff and with our customers to make them fit for purpose.
- We will publish our Customer Promise and strive to make it easier for customers to know what we do and how to hold us to account.
- We will work with our partners to broaden our services to customers and join up on central themes such as mental health, hidden vulnerabilities, hate crime, etc.
- We will place much stronger emphasis on engagement with the public, partners and local businesses so we can understand and influence behaviours in order to improve safety. This is wider than just our prevention agenda and includes protection and response. We review engagement processes in all three to feedback into how we deliver the service.
- We will ensure that every decision-maker from firefighters to Members are aware of their responsibilities under the Equalities Act 2010 public sector equality duty.
- We will monitor progress against the Customer and Equality Plan objectives and departmental customer and equality action plans. Members have a clear role in scrutiny of our plans and progress made.
- We will consider the effect that all our decisions and actions will have on our communities (with special regard to protected characteristics).
- We will be clear in our expectations of suppliers and partners that they share our commitment to equality and inclusion.
- We are committed to ensuring we support our staff and their well-being as they carry out their work.

Priority Actions for 2016 - 2020

Publish and deliver our renewed Customer Promise in 2017.

Safety and Wellbeing Plan is main vehicle for local priorities – ensure wide engagement and involvement with staff and unions.

Work with partners to broaden our customer offer into new business areas.

<table>
<thead>
<tr>
<th>Owner/s</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM/LR/P&amp;PFJ</td>
<td>Staff engagement has been really positive – good support for this and is embedding well.</td>
</tr>
<tr>
<td>JF/PMO</td>
<td>Staff now used to meaningful engagement on Safety and Wellbeing Plan and mechanisms embedded though we want more input via the intranet forums in 2017.</td>
</tr>
</tbody>
</table>
Begin to join up pathways between services on behalf of our customers everywhere we can.

Seek Member agreement to Customer and Equality plan and Customer Promise. Reports to Members on performance at P&P and the Authority on a regular basis.

Develop a deeper understanding of hidden vulnerabilities and work with partners on issues such as dementia/mental health and elderly frail, especially falls – keep working with partners and developing education packages for staff.

Continue to highlight best practice and share with all staff through ebulletins and CE update, ops webinars, GMT webinars and importantly face to face debate.

We also want to seek best practice from others and scan both public and private sector for emerging excellent practice.

Continue to review all procurement policies, procedures and practices to ensure they have taken into account equality considerations and the procurement function is meeting its Equality Act 2010 public sector duty.

<table>
<thead>
<tr>
<th>CESG/CS</th>
<th>Development of new customer services starts in many ways throughout the Service but we will seek to work with partners to broaden our offer – offer to public health already made, and on-call firefighters doing medical response priority in 2017/18.</th>
</tr>
</thead>
<tbody>
<tr>
<td>D Wales/Ops Planning</td>
<td>We want to join up pathways between services on behalf of our customers everywhere we can, e.g. after a fire giving information to paramedics about burns; helping them with information for insurers.</td>
</tr>
<tr>
<td>CMB</td>
<td>Authority Meeting 13 February 2017</td>
</tr>
<tr>
<td>CESG/CS CMB</td>
<td>Good progress on dementia, domestic violence and safeguarding, human trafficking, child sexual exploitation and the Prevent agenda – more needed on taboo areas like female genital mutilation.</td>
</tr>
<tr>
<td>All</td>
<td>Ongoing</td>
</tr>
<tr>
<td>All docs are being regularly reviewed.</td>
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</table>
Objective Two - Knowing and Involving our Communities

KFRS wants to improve knowledge of the communities served and involve them wherever possible in co-designing services to fit their needs to deliver a better service by:

- Systematically reviewing all our prevention and protection and response activity and the impact on different risk groups to ensure that we can develop a cohesive and structured programme of improvements.
- We have joined the Institute of Customer Service to help us benchmark our services and also to learn from others.
- We will improve our systems around recording and monitoring of diversity information to allow us to design prevention work based on a greater understanding of our customer’s lives, motivations and behaviours, and where community safety and the fire and rescue service fits into that.
- We want to ensure that we consider the needs of different groups and individuals. Some are more obvious - the young and the frail, those with disabilities, fixed and migrant populations and those for whom English is not their first language, and particularly those who are most at risk of harm from fire or accident, etc.
- We will avoid clichéd assumptions about individuals and groups and work with people to really understand the risks that are outcomes of their lifestyle and behaviour, as well as doing our best to ensure that everyone understands and can access our services.
- Identifying key risk groups where we need to undertake more in-depth research to better understand the risk factors in their lifestyles, motivations, behaviours and needs (through a social marketing methodology).
- Each operational group and department knowing the diversity profile and needs of its own local population and service-users.
- Working with other agencies to share data and co-ordinate better engagement with our communities.
- Having in place a systematic approach to capturing, recording and reporting diversity information (service delivery and workforce).
- Mainstreaming monitoring and evaluation processes, which are broken down according to customer risk/protected characteristics.
- Being mindful of groups who may not be covered by protected characteristics but who may have risks in their lifestyle, e.g. people who are living or caring for those with dementia, LGBTQ people who may be living in isolation, and families with young children.
- Having accurate, up-to-date, statistical data about the diverse and changing population of Kent and Medway and using that data and local intelligence to identify those most at risk of fire or accidents or who may have particular requirements. This then leads to a systematic programme of research and evidence-gathering to establish clear and measurable purpose for prevention and engagement activities.
- A better understanding of any barriers to accessing KFRS services that exist for our customers and local businesses and allow us to develop a priority programme of activities to overcome those barriers.
- Ensuring that all community engagement activities are evaluated against agreed outcome criteria.
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<tr>
<th>Priority Actions for 2016-2020:</th>
<th>Owner/s</th>
<th>Progress</th>
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<tbody>
<tr>
<td>Work with health and local government staff to identify households with complex conditions or needs and increased risk of fire, and agree a local list of health interventions which can be provided, while also developing ways of directing people who need help from health or care services to the right services.</td>
<td>CS/SM/RSB</td>
<td>We see the Service as a Health Asset. Health and local government staff are working with KFRS to identify households with complex conditions or needs and increased risk of fire. We are agreeing a local list of health interventions to be provided, while also developing ways of directing people who need help from health or care services. We will review and audit this and develop a central framework that identifies gaps and future plans. Partners are being very supportive on outcome development and measures.</td>
</tr>
<tr>
<td>Continue work to review all prevention work and agree measurable outcomes. New work such as Falls Prevention with Medway CCG and Kent County Council Public Health will have academic support for measurement.</td>
<td>CMB/IT/SM/RSB</td>
<td>Excellent response from special risk groups re risk data, views and community data in last Safety Plan and ongoing debate about special risks in their areas. Significant progress and adoption of new approach to prevention using an approach that starts with understanding the audience. Agreements in place with health on approach to ‘safe and well’ agenda.</td>
</tr>
<tr>
<td>Decide on the appropriate level of diversity monitoring for service delivery and (where appropriate and reasonable) adapt/develop systems and processes to capture that information.</td>
<td>BIS/CS</td>
<td>This will need to be factored into redevelopment of CRM as that is where most opportunity exists to collect service-user details. If we are going to collect we need rationale for it though, otherwise we have no right to hold it. We are working with Home Office on this issue in 2017/18.</td>
</tr>
<tr>
<td>Review how best CFSG can robustly monitor progress against the Service and Departmental equality objectives and action plans and PIAs, and implement that monitoring process.</td>
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Develop the use of case conferencing and Case Study procedures to learn lessons from the most serious, and potentially serious, incidents, and share information by working in partnership to highlight the causes, e.g. lifestyles with higher risks and links with alcohol and drug misuse.

Continue to develop our approach to Social Marketing.

Specific research projects on education, chaotic families, LGBTQ and road safety have helped us redesign services though more to do in each area.

Our study of human behaviour when a fire occurs will be published in 2017. We will include the outcomes of that study to inform what we should continue to ask our customers. Operational managers across the County routinely visit every victim of a fire which provides us an opportunity to receive direct customer feedback. We continue to invite occupiers to complete the online Human Behaviour questionnaire to further inform our studies.

Work with Community Executive Boards to support delivery of Community Safety plans. This is also helping us understand need in communities more effectively.

IT/CC/Grp Mgrs

IT/SM/RS B

IT/SM/RS B

CESG/ITS M/ David Wales

Procedures agreed and two case conferences done with good learning outcomes.

KFRS is using a social marketing/behavioural approach that is helping us all frame CS and protection activity in a different way - activity becoming based on need and shaped by customers. Pathfinder on families with young children and low income has been very helpful in helping us shape our social marketing approach for CS and other KFRS staff to develop prevention activity. It is more audience and behaviour change focused rather than purely “information giving” and reviews are being shaped in a different way.

Work ongoing to develop meaningful evaluation criteria for each project.

A review of our education work (involving parents, children and teachers) has highlighted new areas for innovation for secondary schools in particular. A review of multi-agency Licence to Kill road safety programme flagged up necessary improvements to enhance its effectiveness in terms of behaviour change.
Continue to work with Kent Association for Local Councils (KALC) and direct with parish and town councils to support development of local community resilience such as flood wardens and flood training. Also in helping us reach vulnerable people in rural communities and businesses such as farmers/seasonal workers on farms. We will continue working with organisations such as EDF to also help community resilience.

| CS       | Human behaviour research now coming to conclusions after 3 years' research – game changing actions to be taken forward through CESG. | CS
| CS/TFS   | Working well and now also linked to County multi-agency CS team. | Good relationship with KALC and we are doing a lot with certain councils but want more spread.
|          | EDF keeping a register of vulnerable people for when storms etc. put electricity at risk. |
Objective Three – Delivering to Customer Needs

KFRS aims to ensure that every contact with our customers helps them, and does so respecting their individual needs and rights:

- Ensuring that customer focus and equality is a concept that everyone understands and accepts, and in appraisal, debrief, training, projects, etc is the focus of any plans and actions.
- Ensuring that the information and services we provide (internal and external) are accessible and inclusive with a focus on collaborating with partners to ensure we reach as many customers as we can.
- Ensuring that all our services are consistently excellent through training, open debriefing, focus on quality assessment and improvement initiatives.
- Remaining responsive to emerging situations which need community impact or people impact assessment, e.g. major incidents, changes at society level.
- Measuring customer satisfaction through different mechanisms to ensure we meet needs.
- Continually seek to improve the quality and nature of the service we provide putting the customer at the centre of everything we do.
- Carry out themed reviews of our services against protected characteristics such as age, e.g. what are we providing/doing for elderly frail across prevention, protection and response activity.
- Ensuring that our people impact assessments are informed by effective and appropriate engagement and are monitored and quality-assured to ensure standard and consistency and are the base for decisions in projects and tasks.
- Ensuring that managers across the Service are appropriately trained in using the PIA process and group /departmental plans to promote equality.
- Embedding equality, diversity and inclusion into our decision-making at all stages.
- Ensure that any goods or services procured will be inclusive of needs of all – e.g. PPE and women.
- Develop quality assessment and improvement mechanisms which are fit for purpose.
- Develop skills and approaches to help people with their emotional needs during or after incidents; this includes people who may have witnessed a traumatic scene.
- Support the Prevent programme on the prevention of terrorism.
- Changing and developing our services in response to mental capacity issues and to meet wider health issues.
<table>
<thead>
<tr>
<th>Priority Actions for 2016-2020:</th>
<th>Owners</th>
<th>Progress</th>
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</thead>
<tbody>
<tr>
<td>Deliver the post-incident care project</td>
<td>LR/CS</td>
<td>July 2016. Growing understanding of need to focus on customer needs both internally and externally – staff owning this agenda well but we need to get actions embedded in projects and agree new project areas. Also a new quality framework needed.</td>
</tr>
<tr>
<td>Review call-handling processes in the Fire and Rescue Control Centre to ensure the needs of the customer is central.</td>
<td>Libby B Control</td>
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<tr>
<td>Ensure rescues of vulnerable people are performed by highly trained staff and with empathy, e.g. bariatric rescues.</td>
<td>JT/OPS</td>
<td></td>
</tr>
<tr>
<td>Development of a means to communicate essential home safety information via web-based platform to include audio and pictorial materials, with the potential to overcome language and impairment barriers.</td>
<td>SM/CH/CS/TFS</td>
<td>A major project to revamp the ‘Your business’ pages, with a small working group to deliver fully functional and interactive web content has begun.</td>
</tr>
<tr>
<td>Review how technical fire safety can provide small businesses with better risk information via the website especially those with particular needs.</td>
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<tr>
<td>Embed the safeguarding policy and procedures for the protection of children and adults at risk of harm in KFRS. We will provide robust guidance and referral mechanisms to ensure those identified as at risk are referred on to the appropriate agencies, and then receive the necessary care and support.</td>
<td>IT lead for CMB CH/SM.</td>
<td>Safeguarding policy and procedures refreshed after full audit in Sept 2016. E-learning done by all staff.</td>
</tr>
<tr>
<td>Ensuring the Standard Operating Procedures for incident response are supported by a people impact assessment outlining the range of equality issues that may arise such as responding to incidents involving individuals with a disability, language barrier or other characteristic that may require a tailored</td>
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approach. This is mirrored for our Command and Control emergency call-handling function.

Ensure that the risk analysis of county-wide risks includes a PIA to understand the nature of the people risk and not just process or physical risk.

Review the Primary Authority scheme run by TFS to see how it supports special interest groups.

Complete and share nationally a PIA on Hate Crime. Ensure staff understand what to look for and link also to the Prevent agenda.

CESG will carry out periodic checks to ensure that PIAs are being carried out appropriately by Groups and Departments and that equality is embedded into decision-making and working practices.

Review of quality approach, debriefing and recording of quality data.

Review how customer and premises data comes together so we can support firefighters more effectively to help customers.

Continue to develop Enhanced Availability project as it means a quicker attendance to our customers.

| LR/CS/Ops | The Ops development team carrying out PIAs through significant employee engagement on all new policy and equipment and the operational capability review looks at all aspects of our operational response to ensure it meets the needs of the community, e.g. renaming of Animal Rescue Unit to All-terrain Vehicle because it was increasingly being used for bariatric rescues which is insensitive to those it is sent to help. New bariatric equipment being fitted to height vehicles. The project management office (PMO) will ensure all projects have meaningful debate about PIA within scoping phase and beyond. They will also ensure project documentation has full PIA. Project managers will also have further training on PIA. All info will be aligned against protected characteristics so we can pull out main trends and issues. |
| IT/TFS |  |
| IT/TFS/CS |  |
Customer and Equality Steering Group (CESG) will monitor Group and Departmental Equality plans on a six-monthly basis to ensure that they are positively contributing to the achievement of the KFRS Customer/Equality Plan. PSG will then pick up actions around internal issues relating to staff and service orders.

<table>
<thead>
<tr>
<th>PMO/CFS G</th>
<th>All scoping done and early pilots underway – Groups carrying out visits with all people who have had a fire and offer interview as part of human behaviour research.</th>
</tr>
</thead>
<tbody>
<tr>
<td>KP/DW</td>
<td>Pilot been very successful – now time to extend.</td>
</tr>
<tr>
<td>CC/OPs</td>
<td>All projects have PIAs and are discussed at 2020 programme board. Training to be refreshed in 2017 on PIAs.</td>
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<tr>
<td>SA/CC</td>
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<td>CFSG</td>
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Objective Four – A Skilled and Committed Workforce
See the People Plan 2017 – 2020

KFRS values its people, and wants to provide an equal and supportive workplace where everyone can be who they are, can express their ideas and challenges, and get the most out of their job by:

- Achieving as representative and diverse a workforce as possible. We want people from a range of backgrounds and communities and also people who wouldn’t traditionally think of the fire and rescue service as a career.
- Creating a fair and positive working environment, where staff are engaged and comfortable about being themselves and being able to be involved. We want inclusion to be an active process of people seeking to support each other in the workplace.
- Ensuring that staff have the knowledge, understanding and competence to handle the diverse needs of colleagues and customers.
- Ensuring that all staff behave according to KFRS’s ‘Promise to each other’ and standards, with managers and staff leading by example, demonstrating personal commitment to equality, diversity and inclusion.
- Ensuring wellbeing is important and staff are supported – we need people to know we care about them before we can ask them to care for others.
- Mental health in particular will be a focus for us all and committing to the next few years of building trust and opening up the debate on mental health.
- Understand the impact of ageing on people across the organisation and what we can do to support them.
- Protect our customers by ensuring the highest standards in how and who we recruit.
### Priority Actions for 2016-2020 (see also the People Plan)

Equality, diversity and inclusion are part of every training course and conference to ensure that all staff have the knowledge, understanding and competence to handle the diverse needs of colleagues and members of the public. A specific feature of this programme is the promotion of positive behaviours and the issue of unfair bias and breaking down stereotypes.

Conduct staff focus groups to measure organisational culture and then ensure the consequent action plan is fed back to staff regularly. This is an important action as much of the change agenda for staff is embraced in here. Use CE update, ebulletin, fire futures meetings and station visits and keep this a constant message.

Identify the issues which may arise from having an older workforce and what additional measures might be needed to manage the implications and support our staff. Working with the national group on ageing workforce we are keen to help people adapt whilst not labelling older people as incapable. There are ops issues here for lighter equipment and team skills as they deal with ageing.

Improve the completeness and accuracy of our staff diversity information on the new HR System.

<table>
<thead>
<tr>
<th>Owner</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMB OD team</td>
<td>Lots of learning at all levels especially on key risk issues for us such as mental health, suicide, dementia and carers. Conferences, e-learning and meetings which discuss broad issues such as mental health, dementia, carer’s role, etc. will help broaden understanding and acceptance of difference. We have examples of where staff report that the training they received has helped at home with loved ones suffering dementia for example. Number of carer’s contracts now in place. March 2016. Culture action plan now in place and actions being addressed – huge changes to PDR Pro, appraisal, recruitment, communication and involvement in idea creation and projects. Continue to build trust.</td>
</tr>
<tr>
<td>OD team</td>
<td>Wellbeing is being promoted via our intranet, events such as information about the blood pressure etc. sessions at SHQ and continued campaigns through internal communications on key issues.</td>
</tr>
<tr>
<td>CMB</td>
<td>Gyms are in place throughout the organisation for all staff, and training instructors all trained.</td>
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<tr>
<td>HR/Ops</td>
<td>Operational capability review has introduced new firefighting equipment that help an ageing workforce such as Argo Cat, ATVs, e-draulic hydraulic cutting equipment which is less cumbersome, fogspike/Cobra/PPV which improves conditions</td>
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<tr>
<td>HR</td>
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</table>
Agree, and implement, a plan of action to promote Mental Health within the workforce and a broader understanding of wellbeing. Monitor use and impact of the plan, including the Big White Wall and a new Screen and Treat process.

Continue to involve staff in projects and decisions and help develop the skills and confidence needed to offer views.

Introduction of a new Code of Conduct.

Continue to migrate roles from Grey Book to Green Book. Encourage and support staff that are out at work.

HR

Information about pension advice sessions (we are aware financial issues have significant impact on mental health).

Changing culture through management messages and internal comms changing to acknowledge that it is OK to talk about feelings especially after difficult incidents. Processes set up for debriefs after incidents. Big White Wall in place, conferences held on mental health, dementia and carers. New Screen and Treat Process in and being tested. Good ongoing progress on this.

Email to staff in June 2016 CE update, for instance, outlined arrangements for pay, etc, to ensure people are involved – we need to keep driving the agenda for involvement and help people with the skills to facilitate discussion and manage local project.

May need specific provisions around membership of private organisations where there could be a potential clash with the values of the KFRS. Some private organisations which may be of a political or religious nature promote attitudes of intolerance or hostility towards other sections of society. Where activities associated with membership of a private organisation has the effect of creating a hostile working environment for another colleague, or acts as a deterrent to a member of the public engaging with the fire service, this may constitute a breach of the Code of Conduct.
<table>
<thead>
<tr>
<th>HR</th>
<th>We have increased the diversity of our workforce by changing some jobs from Grey Book terms and conditions (T&amp;Cs) to Green Book T&amp;Cs. This has also allowed staff to gain a wider spread of skills and knowledge. We will continue this process. Review in Aug 2016 of staff support groups such as Rainbow Forum and Disability Group has led to people saying they want to join up and have a broad and inclusive staff group – will take that forward in 2017. We participate in Stonewall’s Champions Programme, are members of the Networking Women in the Fire Service and of the Asian Fire Service Association. Working with Stonewall to push on support for ‘coming out’ as base work in place re mental health now to allow for the action to get a better outcome.</th>
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<tr>
<td>CFSG OD CMB</td>
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</table>
Kent Fire and Rescue Service – Our Customer Promise

We exist to help keep you safe whether at work, home or as you move around Kent and Medway. We deliver services for everyone working and living in our changing community. We aim to give people advice and support in order to reduce the risk of fire and other emergencies as they go about their daily lives. Of course, accidents still happen and we aim to provide an excellent emergency response when it is needed, meeting the needs of every individual involved.

Our Customer Promise clearly sets out what you are entitled to expect from us, and what we expect from our staff. It also outlines the standards that we have set ourselves in the key areas of service that we know are important to you. And because a statement is simply a statement, you will find quantifiable targets by which our performance can be measured in our action plans. Above all, it is our commitment to provide you with an assured level of service, giving you the peace of mind that we are working to help you stay safe in your home, at work and when you’re out and about in Kent and Medway.

Everyone in Kent has a right to expect an excellent response from Kent Fire and Rescue Service

We aim is to have a better understanding of our customers’ needs so we can put you at the heart of everything we do, and support you to keep your home, family and business safe.

We recognise without bias the rights, needs and dignity of others in all our contact with you.

We want to develop our services with you so we understand the different needs of people and groups so as to ensure that everyone gets a service which fits their needs.

Working with you to improve our services
We will work to see things from our customers’ perspective and treat everyone with compassion, fairness and respect

We will proactively seek feedback from you to enable us to determine where and how our services should be shaped and delivered. We will listen to your feedback and use it to help improve the services that we offer.

We will consider the differing needs of our community and workforce in our decision making and how we use our resources.

We set targets against the main aspects of our service performance, which we review on a regular basis to help us with our goal of achieving continual improvement. We monitor and
review processes that allow us to identify that we have been effective and made a positive difference to people but also to help us learn where we need to do things better.

**Contact with us**

We will make it easy for you to contact us.

Our staff will listen and deal with you in a professional, friendly way, avoiding jargon and taking responsibility to resolve your issue.

We will work to ensure that all of our communities feel confident in contacting Kent Fire and Rescue Service for advice and information on emergency and non-emergency issues.

We will ensure all people, but particularly those with a disability; lesbian, gay, bi-sexual and transgender people (LGBT); ethnic minority people; older people; and people from minority faiths, are aware of the services provided by Kent Fire and Rescue Service, and particularly how these can be adapted to meet their individual needs.

We will respect and protect your privacy and personal data. We maintain a secure network and servers to safeguard your data against malicious activity.

**Our social responsibility**

We recognise our role in providing value for money and will make sure that we spend public money in a way that maximises community benefits.

We will always seek to innovate so we can deliver a service that meets changing local needs.

We will take a common sense approach to our work with partners including police, ambulance and public health to save money, avoid waste and build safer, resilient communities.

We will continue to work in a way that minimises our impact on the environment.

**When things go wrong**

Despite our best efforts we occasionally make mistakes. When things do go wrong, we want you to be confident in the knowledge that you can easily make contact with people that will listen to your complaint, have the authority to resolve it, and learn lessons to improve our services. By working with you to address your complaint quickly, we hope to demonstrate our commitment to providing the best standard of customer support and service that we can.
If you’re not happy with the service that you have received, it is important that we know. You can tell us about your complaint online http://www.kent.fire-uk.org/contact-us/feedback-and-complaints/, by telephone (01622 692121), or by letter to Kent Fire and Rescue Service Headquarters at The Godlands, Straw Mill Hill, Tovil, Maidstone, Kent, ME15 6XB.

All complaints are referred for the personal attention of senior management.

We will investigate all complaints within twenty working days of it being reported. If a complaint is complex and we need more time to investigate, we will let you know and agree a time frame with you for resolution.

And if you would like to let us know that we have done something well, we’d love to hear that too!
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