



KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Meeting of the Authority

Tuesday, 23rd February 2021

10.30 am

AGENDA

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Tuesday 23, February 2021, 10.30 am

Ask for: **Marie Curry**

To be held virtually via Microsoft Teams

Telephone: **(01622) 692121 ext 8291**

UNRESTRICTED ITEMS

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

A Routine Business

- A1. Chairman's Announcements
- 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 17 December 2020 \(for approval\)](#)

B For Decision

- B1. [Draft Revenue and Capital Budgets 2021/22 and Medium Term Financial Plan 2021-25](#)
- B2. [Financial Governance](#)
- B3. [Pay Policy Statement 2021/22 and Governance Update](#)
- B4. [Appointment of Monitoring Officer](#)
- B5. [Member Allowances Scheme 2021/22](#)

C For Information

- C1. [Information Update](#)

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).*

Marie Curry
Clerk to the Authority
12 February 2021

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 Thursday, 17 December 2020.

PRESENT:- Mr N Chard (Chairman), Mrs A Allen, Mr J Angell, Mr A Booth, Mr D Brazier, Mr I Chittenden, Mr N Collor, Mr A Cook, Miss E Dawson, Mr D Farrell, Mr P Harman, Mrs S Hohler, Mr B Kemp, Mr P Lake, Mr V Maple, Mr S Manion, Ms D Marsh, Mr J McInroy, Mr C Simkins, Mr R Thorne and Mr S Tranter (Vice-Chairman) and Mr M Scott, Kent Police and Crime Commissioner.

APOLOGIES:- Mr D Daley, Mr G Lymer and Mr A Ridgers.

OFFICERS:- The Chief Executive, Miss Ann Millington QFSM; the Director, Operations, Mr Chris Colgan; the Director Finance and Corporate Services, Ms Alison Kilpatrick; the Director, Prevention, Protection, Customer Engagement and Safety, Mr Jon Quinn; the Assistant Director, Operational Response, Mr Mark Rist; the Assistant Director HR and Learning, Ms Karen Irvine; the Assistant Director, Corporate Services, Mr James Finch; the Assistant Director, Customer and Building Safety, Mr Colin King and the Clerk to the Authority, Mrs Marie Curry.

ALSO IN ATTENDANCE:- Tina James, Grant Thornton and Frankie Smith, KCC Internal Audit

UNRESTRICTED ITEMS

29. Chairman's Announcements

(Item A1)

- (1) The Chairman welcomed Tina James from Grant Thornton to the meeting.
- (2) The Chairman welcomed Frankie Smith from Internal Audit to the meeting.

30. Minutes – 15 October 2020

(Item A4)

- (1) Mr Maple thanked Officers for the meeting that was organised to discuss the Road Safety Experience and future Road Safety Initiatives following the last Authority meeting;
- (2) RESOLVED that the Minutes of the Authority meeting held on 15 October 2020 be approved and signed by the Chairman as a correct record.

31. Proposed Calendar of Member Meetings and Other Events for 2021/22

(Item B1 - Report by Chief Executive)

- (1) The Authority considered the proposed Calendar of Member Meetings and Other Events for 2021/22;
- (2) RESOLVED that the proposed Calendar of Member Meetings and Other Events for 2021/22, as set out in Appendix 1 to the report, be approved.

32. Customer and Corporate Plan Update

(Item B2 – Report by Chief Executive)

- (1) At its meeting on 18 April 2018 (Minute 49), the Authority agreed the Customer and Corporate Plan and the eight Strategies that support its delivery;
- (2) At this meeting, the Authority considered a report on the progress made so far to deliver the Corporate Strategies as well as a Charter for Families Bereaved through Public Tragedy;
- (3) Mr Maple said that he fully endorsed the Charter and asked whether it was the intention to write to other public sector bodies within Kent to encourage them also to endorse the Charter. In response to this the Chief Executive said that through the Local Resilience Forum this will be explored and offered to share any correspondence with Members.

- (4) Mr Tranter placed on record his thanks to the Safe and Well Team, who provided an excellent service to his elderly parents following a routine Safe and Well visit.
- (5) RESOLVED that the Charter for Families Bereaved through Public Tragedy be approved and the update on the delivery of the Authority's Corporate Strategies be noted.

33. Financial Update for 2020/21

(Item B3 – Report by Chief Executive)

- (1) The Authority received the latest forecast outturn positions for the 2020/21 financial year, an updated Treasury Management and Investment Strategy for 2020/21; a revised and expanded Corporate Risk Register as well as an update on the 2019/20 accounts from the External Auditors;
- (2) The Authority also received an update on the proposed increase in the Audit Fee which is outlined within the Annual Audit Letter attached at Appendix 1 to the report;
- (3) In response to a query raised by Mr Brazier regarding the difference in terminology of the wording 'liability or risk' being used in the Register, particularly in relation to insurance cover, the Director of Finance and Corporate Services explained the reasons and context in which that wording is being used;
- (4) In response to a query raised by Ms Hohler around On-call to Wholetime establishment and how this has contributed to the increase of the underspend, the Assistant Director HR and Learning explained that with the reduction in Wholetime recruitment as well as activity payments to On-call staff being less than anticipated, this has all played a contributory factor to increasing the underspend;
- (5) In response to a query raised by Mr Booth regarding the additional charge within the Audit Fee, the Director of Finance and Corporate Services said that it was her intention to write to the Public Sector Audit Appointments Body on behalf of the Authority to challenge the proposed increase as the justification for some of the additional charges were not relevant to this Authority;
- (6) In response to a query raised by Mr Lake around Local Authority lending, the Director Finance and Corporate Services provided assurances to Members that appropriate due diligence is undertaken before any lending is agreed;
- (7) Mr Maple asked Grant Thornton for reassurances that the position Kent has been in due to the pandemic is not just Kent specific and that other public sector bodies were finding themselves in the same position with their Audits. Tina James responding by saying that this was the case, the pandemic has had an impact in general;
- (8) The Authority placed on record it's thanks to the Director of Finance and Corporate Services and the Finance Team for the excellent management of the Authority's finances
- (9) RESOLVED that the Director of Finance and Corporate Services writes to the Public Sector Audit Appointments Body to challenge the proposed increase in the Audit Fee; the Treasury Management and Investment Strategy and the Corporate Risk Register updates be approved and Members noted the Final Audit Letter for 2019/20.

34. Draft Financial Strategies for 2021/22

(Item B4 – Report by the Chief Executive)

- (1) The Authority considered 'in principle' the three key financial strategies for 2021/22 which support the Medium Term Financial Plan;

- (2) RESOLVED that the Capital Strategy (Appendix 1); Annual Treasury Management and Investment Strategy (Appendix 2); the Reserves Strategy (Appendix 3) and the level of General Reserves being equivalent to approximately 5% of the Net Revenue Budget for the medium term be approved.

35. Information Update

(Item C1 - Report by Chief Executive)

- (1) The Authority considered information updates on:-
- A. Building Safety Presentation;
 - B. Pandemic Update
 - C. Inspection Update;
 - D. Performance Update;
 - E. Operational Update;
 - F. Prevention, Protection, Customer Engagement and Safety Update
 - G. Freedom of Information and Publication Scheme Update;
 - H. Internal Audit mid-year Progress Report;
 - I. European Union Transition Update;
 - J. Pension Board Update.
- (2) On D above, Members were informed that the Authority had received the Gold Award for the South East Regional Armed Forces Covenant signings and Employer Recognition Scheme 2020. Members placed on record their thanks and congratulations to Andy Bigginton for his hard work and commitment to achieving this.
- (3) RESOLVED that the contents of the report, and subsequent discussions, be noted.

At the end of the Meeting, the Chair thanked Members, Officers and Staff for their contribution to the Authority in what has been an unprecedented year and wished everyone a very peaceful and stress free Christmas.

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By: Chief Executive
To: Kent and Medway Fire and Rescue Authority - 23 February 2021
Subject: DRAFT REVENUE AND CAPITAL BUDGETS 2021/22 AND
DRAFT MEDIUM TERM FINANCIAL PLAN 2021-25
Classification: Unrestricted

FOR DECISION

SUMMARY

The Draft Revenue and Capital Budgets and proposed Council Tax levels for the 2021/22 financial year are presented in this report for Members' approval. The report builds on the information presented to Members at the Authority meeting last October, which included details of the assumptions used in developing the Medium Term Financial Plan for 2021-25.

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

- A Council Tax increase of 1.93%;
(This equates to an increase of £1.53 per annum (just under 3 pence per week) on the Band D Council Tax, increasing the charge to £80.82 in 2021/22);
- A net revenue budget requirement for 2021/22 of £72.027m;

This report also contains the Treasury Management and Investment Strategy and the appropriate Prudential Indicators, the Reserves Strategy and the Capital Strategy all of which were approved 'in principle' at the meeting of this Authority in December 2020. The Reserves Strategy contains an amendment to the proposed level of General Reserve. In previous years this reserve balance has been maintained at approximately 5% of the net revenue budget, but due to the technical accounting issue detailed in paragraph 2 it is now proposed that this reserve balance is maintained at approximately 5% of the base revenue budget. Otherwise, there has been no material change to the narrative in any of these Strategies, but some of the tables have been updated to reflect the financial proposals detailed in the Medium Term Financial Plan for 2021-25. Consequently, final approval is now sought for these updated Strategies.

In addition, the report provides Members with an update on the disposal of a number of surplus properties and seeks Members approval for the disposal of an additional vacated day-crewed house in Dernier Road, Tonbridge.

LEAD/CONTACT OFFICER: Director, Finance – Alison Kilpatrick

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BACKGROUND PAPERS: None

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RECOMMENDATIONS

Members are requested to:

1. Approve the disposal of a vacant day-crewed house in Dernier Road, Tonbridge, which has been deemed surplus to requirements (paragraphs 17 to 20 refer);
2. Approve the revenue budget proposals and the resulting net budget requirement for 2021/22 of £72.027m (paragraphs 21 and 22 and **Appendix 1** refer);
3. Approve a total requirement from Council Tax of £51.397m to be raised through the precept to meet the 2021/22 budget requirement, which requires a Council Tax increase of 1.93%, resulting in the following annual charges for each Council Tax band (paragraphs 32 to 36 refer):-

| Council Tax Band | Annual Charge |
|------------------|---------------|
| A | £53.88 |
| B | £62.86 |
| C | £71.84 |
| D | £80.82 |
| E | £98.78 |
| F | £116.74 |
| G | £134.70 |
| H | £161.64 |

4. Authorise the Chief Executive, in consultation with the Chair of the Authority, to make any adjustments which may be required to the net revenue budget, arising as a result of late changes to Council Tax, Business Rates, Collection Funds or Government Funding (paragraph 36 refers);
5. Approve the Capital Strategy (paragraph 2 and 37 and **Appendix 4** refer);
6. Approve the Capital Budget of £10.406m for 2021/22 and related expenditure commitments following on in later years, together with the plans to use revenue contributions and capital receipts to fund the expenditure (paragraph 37 and **Appendix 1** refer);
7. Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 2 and 38 and **Appendix 2** refer);
8. Approve the Reserves Strategy (paragraph 2 and 39 and **Appendix 3** refer);
9. Approve the assumptions used to develop the Medium Term Financial Plan for 2021-25 (paragraphs 40 to 45 and **Appendix 1** refer);

COMMENTS

Background

1. This report primarily summarises the proposed spending plan requirements for the financial period 2021/22 to 2024/25 together with details of the resources that are available to fund these plans. More detailed information is contained within the Budget Book and Medium Term Financial Plan (MTFP) for 2021-25 attached at **Appendix 1**.
2. There are three updated Strategies attached to this report, each of which were agreed 'in principle' by Members at the December meeting of this Authority. These are the Treasury Management and Investment Strategy and the appropriate Prudential Indicators (**Appendix 2**); the Reserves Strategy (**Appendix 3**); and the Capital Strategy (**Appendix 4**) all of which Members are now asked to consider and approve. For 2021/22 the proposed level of the General Reserve has been revised to approximately 5% of the base revenue budget, rather than approximately 5% of the net revenue budget. The purpose of this change is to negate the impact that the additional Business Rate Reliefs, granted by Government after the 2020/21 budget was set, have on the 2021/22 net revenue budget. As a result of these additional reliefs, billing authorities will recover a large Collection Fund deficit from the Authority in 2021/22, but this will be offset by a grant allocated to the Authority in 2020/21, and held in an Earmarked Reserve, to be used to offset the large deficit in the Collection Fund in 2021/22. Consequently, the net revenue budget will be reduced by £3.175m, but this will have no impact on the overall level of funds available to the Authority for 2021/22. As such, it does not seem appropriate to reduce the level of General Reserve purely because of a technical accounting issue that results in a lower net revenue budget for 2021/22, hence the revised proposal within the Reserves Strategy. There has been no other material change to the narrative in any of these Strategies, but a number of tables have been updated, as detailed in paragraphs 33 to 35, to reflect the financial proposals detailed in the Medium Term Financial Plan for 2021-25.

Spending Review 2020 and Finance Settlement 2021/22

3. **Spending Review** – On 21 October 2020 the Chancellor announced that due to the Covid-19 pandemic and the uncertainty of the economic environment, there would only be a one-year Spending Review, setting departmental budgets for 2021/22. As expected, the Spending Review published on 25 November 2020 prioritised funding to support the Government's response to Covid-19 and the UK's recovery.
4. Earlier in the year, the Government had already announced that a move to 75% Business Rates Retention would be delayed and that the implementation of the Fair Funding Review would be postponed until 2022/23 at the earliest, enabling local authorities to focus on meeting the public health challenge posed by the pandemic. The Spending Review confirmed that, in order to provide further stability to the sector,

the proposed reset of business rates baselines would not take place in 2021/22. A final report setting out the full conclusions of the review into the business rates system will be published in spring 2021, but to support businesses in the near-term the business rates multiplier will be frozen in 2021/22 with local authorities compensated in full for the impact of this decision.

5. The Government intends to carry out another Spending Review during 2021, although the exact timing has still to be confirmed. Many have expressed a preference for it to be a multi-year settlement as this aids sustainable budget planning, but this will be very dependent on the economic environment in the months ahead. The Home Office and Ministry of Housing, Communities and Local Government will continue to work collaboratively with the Fire Sector and the Local Government Association to develop evidence on the future requirements for Fire and Rescue Services. It is clear that the Government expects Fire and Rescue Authorities (FRAs) to continue to actively consider opportunities for collaboration with other services and to ensure that arrangements are in place to effectively evaluate opportunities and to review and monitor collaboration activities to ensure continued benefits and cost-effectiveness. Whilst there is recognition that a large percentage of FRAs budgets are spent on employee costs the Government would like to see continued innovation to create efficiencies and for authorities to consider how assets are best managed, budgets are controlled and unnecessary costs are removed.
6. **National Context** - The Covid-19 pandemic has posed an unprecedented challenge to the UK economy, resulting in additional public spending on dealing with the pandemic and the fallout from the subsequent recession. The fiscal support announced by the Government has led to a significant increase in borrowing and debt, to levels never seen before in peacetime. The economic outlook remains highly uncertain and depends upon the future path of the virus, measures to combat it and the responses of firms and households. The Office for Budget Responsibility (OBR) has produced a number of alternative scenarios reflecting different assumptions about the pandemic and its impact on the economy, with a range of annual deficits from £353bn to £440bn.
7. **Provisional Funding Settlement** - On 17 December 2020 the Secretary of State for Housing, Communities and Local Government published the Provisional Local Government Finance Settlement for 2021/22. The Secretary of State thanked local government for its work in tackling the Covid-19 pandemic and highlighted the Covid-19 emergency funding and income guarantees announced throughout 2020/21. The majority of the settlement was already known following announcements at the Spending Review 2020.
8. The provisional settlement confirmed that the Business Rates multiplier will be frozen for 2021/22, meaning Baseline Funding Levels will be unchanged from 2020/21 and that Revenue Support Grant will be uplifted by September 2020 CPI (0.553%). It was later confirmed that the Fire Pensions Grant will continue to be paid in 2021/22, but

remaining at the same cash levels as for 2020/21 (£3.536m). But from 2022/23 the grant will be incorporated into the baseline funding allocated through the local government finance settlement, removing the uncertainty surrounding the future of the grant payment.

9. **Referendum Limits** - The provisional settlement confirmed that the maximum Council Tax increase that can be applied by Fire and Rescue Authorities, before a referendum is required, will remain at up to 2% for 2021/22. It has been assumed within the Medium Term Financial Plan (MTFP) that this limit will apply for the medium term.
10. **Covid Support Package for 2021/22** - Details of the Local Government Covid support package for 2021/22 were published alongside the core provisional settlement. For this Authority additional government support is provided by the Local Tax Income Guarantee Scheme and the Local Council Tax Support Grant. The Local Tax Income Guarantee Scheme will provide funding for 75% of irrecoverable losses in relation to the collection of 2020/21 council tax (estimated grant of £454k) and business rates (no estimate included as the calculation methodology has not yet been published by Government). The Local Council Tax Support Grant will contribute towards the increased cost of providing local council tax support to a higher number of working-age claimants as a consequence of the pandemic (£956k).
11. **Local Context** - The Authority has, in its Medium Term Financial Plan (MTFP), assumed that the additional Covid-19 funding provided by government for 2021/22 is one-off and that the Baseline Funding Level and Revenue Support Grant will remain cash flat from 2022/23 onwards (except for the inclusion of the Fire Pensions Grant from 2022/23).
12. Opportunities to make savings are taken as they arise and sometimes that may be earlier than planned. This approach can give rise to in-year underspends but provides the facility to internally fund one-off large projects, whilst providing base budget savings for later years. The Authority also needs to make additional savings to fund new cost pressures that may arise through legislative changes. The budget proposals for 2021/22 contained within this report are prudent estimates to ensure that the Authority's plans and commitments are deliverable and affordable.
13. **Provisional Local Government Finance Settlement 2021/22 Consultation** - Members will be aware that each year when the provisional settlement is announced there is also the opportunity to comment on the proposals contained in that document. This year the deadline for responses to the consultation was 16 January, and as such the following response was agreed in consultation with the Chair:

'On behalf of Kent Fire and Rescue Authority, thank you for providing the opportunity to comment on the Provisional Local Government Finance Settlement for 2021/22. In relation to the proposals that are relevant to this Authority, I am in agreement with the

mechanisms you are proposing to use for the grant distributions and to the council tax referendum limits.

However, I would have preferred that the settlement was a multi-year settlement, as this significantly aids and supports longer term sustainable financial planning, but I do recognise that in the current economic climate this approach is not feasible. I do however hope, that the opportunity does avail itself at the next Spending Review later this year’.

14. **Covid-19 Funding for Local Government 2021/22 Consultative Policy Paper** - The Government has recognised that all Local Authorities are forecasting losses in their council tax / business rate collection funds and also anticipating reductions in their council tax base (in the past this Authority has usually seen an increase in its council tax base of between 1% - 2%). Consequently, the Government will allocate additional one-off grant allocations for 2021/22 to Local Authorities to help bridge the funding gap that these losses will create. As part of these proposed allocations they have issued a consultation document asking for views and comments on the proposed methodology of allocation. A response was drafted and submitted within the deadline of 14 January.

Forecast Outturn for the Revenue Budget and Capital Budget - 2020/21

15. **Revenue Budget** - The forecast position on the revenue budget for 2020/21 is taken into consideration in setting the 2021/22 budget. The current forecast underspend is approximately £2.4m, which represents a slight increase from that reported to the Authority in December. The increase in the forecast underspend is mainly in relation to pay due to the third national lockdown which has impacted on staff training costs and recruitment. The proposed use of the final underspend will be presented to Members for consideration and approval at a future meeting.
16. **Capital Budget** - The forecast spend against the capital budget has reduced by £632k from £4.335m to £3.703m. The main reason for this is due to delays in the delivery of Mobile Data Terminal hardware and the consequential rephasing of the installation costs (£429k). In addition, some of the budget allocated for the Ashford Fire Station redevelopment has been rephased to 2021/22 (£195k) and the balance of £8k relates to underspends on vehicles.

Other Financial Issues

17. **Disposal of Properties** - Members will be aware of discussions regarding the vacant land at Medway fire station with Medway Council's preferred development partner. Progress is being made and it is hoped that contracts will be exchanged before the end of the financial year. Discussions with Kent County Council regarding the Westwood Cross site of the former Thanet fire station have been slowed by the pandemic, but are now reopening.

18. The Authority currently has a number of other redundant sites available for disposal, and Members are asked to approve one such disposal. Members will recall previous reports brought to the Authority whereby day-crewed houses outside of specific areas will be disposed of when they become available. The list of areas where houses will be maintained has not been considered by Members for some time. Members are therefore reminded that the previous position was as set out below:

Areas where the Authority will maintain housing where it already owns housing:

- Tonbridge
- Sevenoaks

Areas where the Authority will seek to dispose of housing as the opportunity arises:

- Larkfield
- Whitstable
- Faversham
- Sittingbourne

Areas where the Authority no longer has housing stock:

- Deal
- Herne Bay
- Sheppey

19. The list presented above has been reviewed by officers against operational need and remains current. Consequently, redundant houses at Faversham fire station, one in Larkfield, and one in Whitstable will be disposed of shortly in line with the disposal policy.
20. However, there is one house in Dernier Road, Tonbridge which has been vacant for a significant period of time. Although it is an area where usually we would wish to maintain housing stock, the particular house is surplus to requirements and the needs of the firefighters based at the station can be contained within the remaining stock. As such, Members are asked to agree that this house is disposed of in line with the disposal policy.

Revenue Budget Development for 2021/22

21. **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 other unavoidable statutory commitments and new demands; and the outcome of savings activities. Expenditure that is to be funded from grants or reserves is included in the budget 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 £72.027m is presented for Members' approval.

22. The proposed revenue budget is shown in **Table 1** below. This sets out the key changes between 2020/21 and 2021/22. Full details of the budget-build assumptions are contained in the Budget Book (**Appendix 1**).

Table 1 - Revenue Budget 2021/22

| | £'000 |
|--|---------------|
| Base budget brought forward | 74,258 |
| Pay, pensions, prices and other pressures | 1,780 |
| Savings | -989 |
| Transfer to General Reserve – base budget removed | -200 |
| Base Revenue Budget | 74,849 |
| Transfer to Earmarked Reserves - Local Tax Income Guarantee Scheme | 303 |
| Transfer from Earmarked Reserves - 2020/21 Expanded Retail Reliefs | -3,175 |
| Transfer to General Reserve | 50 |
| Net Revenue Budget | 72,027 |
| Net change £ | -2,231 |
| Net change % | -3.00% |
| Budget Funded by: | |
| Revenue Support Grant | 6,457 |
| Business Rates and Top-up grant | 16,402 |
| Council Tax | 51,397 |
| Local Council Tax Support Grant | 956 |
| Local Tax Income Guarantee Scheme | 454 |
| Net Deficit on Collection Funds | -3,639 |
| Total Funding | 72,027 |
| Council Tax base | |
| Band D Council Tax | £80.82 |
| Net change from previous year | £1.53 |
| Net change % | 1.93% |

23. **Transfer to Earmarked Reserves (Local Tax Income Guarantee Scheme)** - The Authority's share of Kent District's and Medway Council's irrecoverable losses on the collection of 2020/21 council tax is estimated at £605k. No estimate has been made in relation to irrecoverable losses on the collection of 2020/21 business rates as the Government has not yet published the methodology for the calculation. The Government has confirmed that these losses must be spread over three years in the Collection Fund. However, the Government's Covid-19 support package for 2021/22 included the Local Tax Income Guarantee Scheme which will meet the cost of 75% of these losses (estimated grant for council tax losses of £454k) and as such this will be paid to authorities in 2021/22, with the remaining loss being spread over 3 years. Therefore two-thirds of the estimated grant receipt (estimated at £303k) will be put

into a reserve and released in 2022/23 and 2023/24 to match the reporting of the 2020/21 collection fund deficit in these years. As irrecoverable council tax losses are estimated and no estimate has been included for irrecoverable business rates losses the final grant receipt will differ to the budget therefore impacting on the revenue budget outturn for 2021/22. Actual losses cannot be confirmed until the 2020/21 outturns are finalised by the Kent District's and Medway Council. The Government expects to be in a position to make grant payments to precepting authorities in January 2022.

24. **Transfer from Earmarked Reserves (2020/21 Expanded Retail Reliefs)** - Due to the Covid-19 pandemic the Government granted additional Business Rate reliefs after the National Non-Domestic Rates (NNDR1) returns were completed and budgets had been set for 2020/21. As a consequence, a large deficit is reported against the Business Rates collection fund in 2021/22. The Government will reimburse authorities by paying a Section 31 grant to fully compensate for the lost income due to this policy decision. The Section 31 grant is accounted for in 2020/21 and a corresponding amount put into reserves in 2020/21 to be released in 2021/22 to match the reporting of the collection fund deficit caused by these additional reliefs.
25. **Change in General Reserve movement** - The amount to be transferred to the General Reserve in 2021/22 is £50k, increasing the balance of the reserve to £3.760m for 2021/22. This will ensure that the General Reserve balance is maintained at approximately 5% of the base revenue budget, as per the proposal detailed within the 2021/22 Reserves Strategy (**Appendix 3**).
26. **Local Council Tax Support Grant (LCTS)** - The Government's Covid-19 support package for 2021/22 included the LCTS grant which is intended to support local authorities for the increased cost of providing local council tax support to a higher number of working-age claimants due to the pandemic. If the council tax base had increased in line with the average increase between 2016/17 and 2020/21 (1.85%) as the Government's calculation for Core Spending Power (CSP) assumes, the Authority would have seen council tax receipts increase by £940k (excluding any increase in the Band D charge) in 2021/22. However, the actual change in the council tax base shows a reduction of 0.85% meaning council tax receipts will actually be £435k lower than in 2020/21 (excluding any increase in the Band D charge). The LCTS grant is confirmed at £956k, which equates to around 70% of the difference between the assumption used in CSP (+£940k) and the actual change to the council tax base (-£435k).

The Provisional Local Government Finance Settlement for 2021/22

27. The Budget Book (**Appendix 1**) discusses in detail the main elements of the provisional finance settlement published by the Government in December 2020. On the 10 February the Government confirmed the settlement funding figures for

2021/22, and there were no changes to the provisional figures allocated in December.

28. Details of the 2021/22 settlement compared to 2020/21 are set out in **Table 2**.

| Table 2 – Business Rates and Other Government Grant Funding | 2020/21 £'000 | 2021/22 £'000 | % Change |
|--|--------------------------|--------------------------|---------------------|
| Revenue Support Grant (RSG) | 6,422 | 6,457 | 0.55 |
| Business Rates - Baseline | 6,389 | 6,389 | 0.00 |
| Top-up Grant | 8,514 | 8,514 | 0.00 |
| Settlement Funding Assessment (SFA) | 21,325 | 21,360 | 0.17 |
| Business Rates – Retained Growth | 287 | 207 | -27.87 |
| Small Business Rates Section 31 Grant | 1,240 | 1,292 | 4.19 |
| Local Council Tax Support Grant | 0 | 956 | 100.00 |
| Local Tax Income Guarantee Scheme | 0 | 454 | 100.00 |
| Total Business Rates and Government Grants | 22,852 | 24,269 | 6.20 |

29. **Small Business Rates Section 31 Grant** - The Government continues to provide additional funding to authorities to compensate them for the continued impact of the historic cap on the small business rate multiplier and other reliefs given. The amount of grant expected for 2021/22 is £1,292k. The Government has asked billing authorities to consider waiting until the Chancellor has set out plans at the Budget on 3 March before issuing Business Rates bills for 2021/22, suggesting that there may be a similar situation to 2020/21 whereby additional reliefs are granted by the Government after budgets have been set for 2021/22.

Council Tax for 2021/22

30. **Council Tax Consultation** - Consultation on the proposed level of the Authority's Council Tax charge for 2021/22 was undertaken as part of the Safety and Wellbeing Plan 2021-24 Update. The consultation was opened to the public on 26 October 2020 and closed on the 22 January 2021. The consultation included a specific question on changes to Council Tax in 2021/22 and provided the three options below;
- (Option 1) - Freeze Council Tax at existing levels (no increase from 2020/21);
 - (Option 2) - Increase by an amount just under the proposed referendum limit of 2%;
 - (Option 3) - Increase by up to £5 for a Band D if precept flexibility allows.
31. **Council Tax Consultation Response** - The Information Update report, which appears later on this agenda, provides an overview of the variety of methods that were used to promote this consultation, a summary of the total number of respondents and details to the responses to the questions that were asked as part of the consultation. However,

in relation to the specific question on Council Tax increases, 65% of respondents selected option 3, which was an increase up to £5, 9% of respondents selected option 2, which was an increase just under the referendum limit of 2% and 26% selected option 1, which was to freeze Council Tax at existing levels.

32. **Proposed Council Tax for 2021/22** - The Authority seeks to manage its resources to deliver an efficient and effective service to the people of Kent and Medway. To ensure that the budget proposals are sustainable over the medium term, and considering the responses to the Council Tax consultation exercise, it is proposed that Council Tax should be increased by 1.93%, resulting in an annual increase in a Band D property of £1.53 (just under 3 pence per week) making the Band D Council Tax charge £80.82 for 2021/22 and therefore Members are requested to approve this proposal.
33. 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 1.93% increase in Council Tax for 2021/22, is shown in **Table 3**.

Table 3 - Calculation of Council Tax 2021/22

| | £'000 |
|---|---------------|
| Net Budget Requirement 2021/22 | 72,027 |
| Revenue Support Grant | 6,457 |
| Retained Business Rates and Top-up Grant | 16,402 |
| Local Council Tax Support Grant | 956 |
| Local Income Guarantee Scheme | 454 |
| Net deficit on Collection Funds | -3,639 |
| Precept Requirement from Council Tax | 51,397 |
| Total Funds | 72,027 |
| Tax rate for Band D property 2021/22 | £80.82 |
| Tax rate for Band D property 2020/21 | £79.29 |
| Increase in Band D charge £ | £1.53 |
| Increase in Band D charge % | 1.93% |

34. **Collection Fund Deficit** - 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 deficit of £3,639k to be repaid by the Authority in 2021/22. This reflects a £238k deficit on the Council Tax Collection Fund and a £3,401k deficit on the Business Rates Collection Fund. The reported deficit is extraordinarily high in 2021/22, mainly due to the additional retail reliefs granted by the Government after the 2020/21 budget was set and a significant increase in working-age local council tax support claimants. The Authority will be fully compensated for the additional retail reliefs granted after the

2020/21 budget was set by way of a Section 31 grant paid by the Government (£3.175m). The balance of any irrecoverable collection fund losses (after the 75% grant has been received from the Government) must be spread over 3 years, so only one-third of the irrecoverable amount relating to 2020/21 will be reported in 2021/22.

35. The Council Tax for other property bands is calculated as a fixed proportion to Band D. The 2021/22 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 2021/22

| Band | A | B | C | D | E | F | G | H |
|----------|--------|--------|--------|---------------|--------|---------|---------|---------|
| Pro Rata | | | | | | | | |
| Band D | 6/9 | 7/9 | 8/9 | 1 | 11/9 | 13/9 | 15/9 | 18/9 |
| Annual | | | | | | | | |
| Charge | £53.88 | £62.86 | £71.84 | £80.82 | £98.78 | £116.74 | £134.70 | £161.64 |

36. Figures supplied by District Councils have been confirmed as final but, 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. Consequently, it is proposed that any such adjustments should be made to the Collaboration and 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. Members of the Authority are therefore asked to agree that the Chief Executive, in consultation with the Chair, have authorisation to make any such changes which may be necessary. Details of any adjustments will be reported to the next Authority meeting in April. In addition, it is important to note that the government grant allocation in relation to the Local Tax Income Guarantee Scheme has been estimated based on the most up to date data supplied by Kent District's and Medway Council, so final amounts, which will be based on actual outturns for 2020/21, are likely to differ and therefore impact on the 2021/22 revenue budget outturn. The Government expects to be in a position to make grant payments in relation to the Local Tax Income Guarantee Scheme to authorities in January 2022.

Updated Capital Strategy for 2021/22 and Draft Capital Programme

37. The Capital Strategy for 2021/22 (attached at **Appendix 4**) and Draft Capital Programme have been updated since Members agreed 'in principle' the Strategy presented to the meeting of the Authority in December 2020. There has been no change to the narrative, however the tables in paragraphs 13 and 15 and figures in **Appendix 4, Annex 1** have been updated. The updating of the figures relates to the

re-profiling of budgets between financial years to reflect the estimated timing of expenditure.

Updated Annual Treasury Management and Investment Strategy

38. The Annual Treasury Management and Investment Strategy (attached at **Appendix 2**) has been updated since Members agreed 'in principle' the Strategy presented to the meeting of the Authority in December 2020. Again, there has been no change to the narrative however, figures in Tables 1, 3 and 10 have been updated to reflect the revised capital programme, all of which align with the MTFP.

Updated Reserves Strategy

39. The Reserves Strategy (attached at **Appendix 3**) has been updated since Members agreed 'in principle' the Strategy presented to the meeting of the Authority in December 2020. Details of the main update to the Strategy, since December, is provided in paragraph 2 above. The only other change relates to the forecast balances in each reserve shown in Annex C, which have been updated to reflect current plans.

Medium Term Financial Plan (MTFP) 2021/22 to 2024/25

40. This MTFP covers the four-year period from 2021/22 to 2024/25 but government funding is currently only confirmed for 2021/22 so the medium-term outlook remains unclear. Following an announcement earlier in the year that the Fair Funding Review will be delayed, the Government has not yet confirmed when it will be revisited. The Government is proposing to undertake a fundamental review of the business rates system and is currently considering responses to a call for evidence, with a final report setting out the full conclusions, which is expected in spring 2021. It has been confirmed that the Fire Pensions Grant which is currently paid as a Section 31 grant will be baselined in 2022/23 providing the certainty that this funding will continue to be received in future years.
41. This Authority takes a prudent approach in setting its MTFP and has therefore made an assumption that government funding will remain cash flat over the period of the MTFP. Similarly, prudent assumptions are made for changes to the council tax base so the MTFP reflects a further reduction of 0.43% in 2022/23, no change in 2023/24 and an increase of 0.5% in 2024/25. These estimates are based on a cautious assumption that there will be a steady recovery to the council tax base as the impact of the pandemic reduces over time.
42. The Authority continues to review systems, processes and working practices in order to identify efficiency savings. For pay budgets, when posts become vacant there is a process of challenge to determine if the post can be changed or deleted before

approval is given to re-appoint. Vacancy rates are updated based on the most up-to-date information available. A comprehensive review of base budgets was carried out during 2020/21 along with the completion of detailed spending plans for each budget, with final approved spending plans now reflected in the budget proposals for 2021/22 and the Medium Term Financial Plan. Programmes of work over the medium term include investment in the development of the Authority's estate and various other property improvements, the replacement of operational fleet and pool cars as they reach the end of their economic life, as well as a significant investment in various IT systems and new technology. The Authority has identified the necessary funding to deliver its requirements over the medium term and that includes internally resourcing the capital programme. However, the Authority could in the future use borrowing as an alternative resource to fund the capital programme, 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 approval.

43. **The Medium Term** - This Fire and Rescue Service is committed to working together, saving lives and reducing harm. For many years, the Authority has worked collaboratively with a number of partners to support our customers in Kent and Medway, and this has continued to an even greater extent through the period of this pandemic. The Service has provided its support and skills to a number of agencies across Kent and Medway, alongside our continued collaborative work with our other blue light colleagues. We therefore aim to ensure that our financial plans are sustainable over the medium term so we can continue to provide the best service possible.
44. Our prevention and protection work too, aims to provide people with the information, skills and incentives to prevent incidents happening in the first place, but also the ability to minimise the impact on people and businesses when incidents do happen. The Service is also keen to ensure that the right resources are in the right place at the right time. This refers to fire stations and equipment, our fleet of vehicles and those employed to deliver emergency response. Therefore, as in previous years, we plan to continue investing in the service we deliver, not only by supporting our employees but by maintaining our investment in our assets and infrastructure.
45. In summary, the Authority is planning for cash flat funding from government, another small reduction in the council tax base next year followed by a steady recovery and for Council Tax increases over the medium term to be within the current 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.

Statement of Assurance by the Treasurer

46. 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 the Authority's proposed financial reserves.
47. **Robustness of Budget Estimates** - Each year the Authority sets out a four year financial plan known as the Medium Term Financial Plan (MTFP), which reflects the financial impact of known and assumed commitments, pressures and savings over that four year period and compares this to the estimated future funding levels. As the plan looks to the future, not all costs are known, so best estimates are made of the assumed requirement, often being based on a combination of past experience, publically available indicative information or information shared across the Fire sector. For example, future pay awards are often not confirmed, so best estimates are made of the anticipated increase each year. In establishing the future plan, the Authority always ensures that the plan is not only realistic and deliverable, but that it is operationally led and is sustainable over the medium term. There is a robust and detailed approach to setting the budget and all budget managers are involved in the process and have a responsibility to identify their pressures, commitments and potential savings for future years in their budget areas.
48. **Risk Assessment** - Members will be aware that the Government has delayed the Fair Funding Review and reform of the Business Rates system but does still plan to revisit these in the future, although timeframes have not yet been confirmed. There will be a Spending Review in 2021 but whether this will result in another single-year settlement or the desired multi-year settlement is currently unknown. Although it is expected that there will be transitional arrangements for the implementation of any changes, Members need to be aware that the MTFP could change significantly next year, possibly resulting in the need to find further savings and/or reduce the funding available to meet future pressures. Members will however be kept updated on these issues.
49. **Financial Reserves** - Every year the Authority's Reserve Strategy is reviewed and updated to ensure that it remains relevant and appropriate. Members will be aware that the revised Strategy was agreed in principle at the Authority meeting in December 2020. Within the Reserve Strategy for 2021/22 it is proposed that the level of general reserves is maintained at approximately 5% of the base revenue budget for 2021/22 providing a general reserve balance of just over £3.7m. There are also five earmarked reserves, with by far the largest being the Infrastructure Reserve, which is used to help fund the Authority's capital programme and large one-off IT investments. In challenging financial times, particularly as the impact of Brexit is still relatively unknown and there remains uncertainty around the outcome of the Government's funding reviews, it is

prudent to maintain an appropriate level of reserves which will help bridge the gap of any shortfall, until such time as a sustainable way forward is established.

50. **Summary** - So as Director, Finance and Corporate Services, I have 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. There are sound governance arrangements and robust systems of financial control in place within the organisation, so this along with the quality of internal and external audit reports the Authority has received, means that I am 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

51. The draft budget proposals and associated recommendations contained within this report support the Authority's medium term plans as set out in the Safety and Wellbeing Plan 2020 (and Safety and Wellbeing Plan 2021-2024 Update) and the Customer and Corporate Plan. 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.
52. 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. All authorities are required by statute to set and agree their Council Tax precept level by no later than the 1 March each year and therefore this report asks Members for their approval to the proposed Council Tax rates for the forth coming financial year.

RECOMMENDATIONS

53. Members are requested to:
- 53.1 Approve the disposal of a vacant day-crewed house in Dernier Road, Tonbridge, which has been deemed surplus to requirements (paragraphs 17 to 20 refer).
- 53.2 Approve the revenue budget proposals and the resulting net budget requirement for 2021/22 of £72.027m (paragraphs 21 and 22 and **Appendix 1** refer);
- 53.3 Approve a total requirement from Council Tax of £51.397m to be raised through the precept to meet the 2021/22 budget requirement, which requires a Council Tax increase of 1.93%, resulting in the following annual charges for each Council Tax band (paragraphs 32 to 36 refer):-

| Council Tax Band | Annual Charge |
|------------------|---------------|
| A | £53.88 |
| B | £62.86 |
| C | £71.84 |
| D | £80.82 |
| E | £98.78 |
| F | £116.74 |
| G | £134.70 |
| H | £161.64 |

- 53.4 Authorise the Chief Executive, in consultation with the Chair of the Authority, to make any late adjustments which may be required to the net revenue budget, arising as a result of late changes to Council Tax, Business Rates, Collection Funds or Government Funding (paragraph 36 refers);
- 53.5 Approve the Capital Strategy (paragraph 2 and 37 and **Appendix 4** refer);
- 53.6 Approve the Capital Budget of £10.406m for 2021/22 and related expenditure commitments following on in later years, together with the plans to use revenue contributions and capital receipts to fund the expenditure (paragraph 37 and **Appendix 1** refer);
- 53.7 Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 2 and 38 and **Appendix 2** refer);
- 53.8 Approve the Reserves Strategy (paragraph 2 and 39 and **Appendix 3** refer);
- 53.9 Approve the assumptions used to develop the Medium Term Financial Plan for 2021-25 (paragraphs 40 and 45 and **Appendix 1** refer).

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ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2021/22

Introduction

1. Treasury management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice as:

"the management of the Authority's borrowings, investments and cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
2. There are two parts to the treasury management operations, the first is to ensure that the Authority's cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments in line with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return. The second main function of treasury management is the funding of the Authority's capital plans. The Capital Strategy provides a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning to ensure that the Authority can meet its capital spending obligations.
3. The CIPFA Code of Practice on Treasury Management (TM) and the CIPFA Prudential Code require local authorities to determine and set the Authority's Treasury Management Strategy, its Strategy relating to investment activity, and Prudential Indicators on an annual basis. The Authority currently has cash backed reserves and balances of circa £45m, so it is important that robust and appropriate processes are in place to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund. Set out below are the key elements of the Strategy covering the borrowing requirements and investment arrangements.
4. 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, ensuring that the Authority's money is returned; and the second is portfolio 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.
5. This Strategy has been created based on the CIPFA 2017 Prudential and Treasury Management Codes, which requires the Authority to prepare a Capital Strategy. The Capital Strategy is a document in its own right which is being reported separately. This Authority does not envisage any commercial investments and has no non-treasury investments.

Policy Statement

6. 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.
7. The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives including its Customer and Corporate Plan and long term Capital Strategy. 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

8. 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 in line with the agreed Strategy.
9. **Governance:** The Authority is required to receive and approve a number of financial reports each year, which cover the following:
 - (a) **An Annual Treasury Management and Investment Strategy:** This Strategy forms part of the February 2021 budget report. This Strategy therefore includes:-
 - the Capital Programme together with the appropriate prudential indicators;
 - the minimum revenue provision (MRP) policy, which details how residual capital expenditure is charged to revenue over time;
 - the Treasury Management Strategy, which defines not only how the investments and borrowings are to be organised, but also sets out the appropriate treasury indicators; and
 - an Investment Strategy which sets out the parameters on how deposits are to be managed.
 - (b) **A Mid-year Treasury Management Report:** This will usually be presented to Members in the autumn and provides an update on the Capital Programme, amending prudential indicators and/or the Strategy, if necessary;
 - (c) **A Year-end Annual Report:** This provides the final outturn position for the year in relation to investments and deposits made during the year, prudential and treasury indicators, and a summary of the actual treasury activity during the year.

External Support

10. **Treasury Management Advisor:** The Authority uses Link Group (previously known as Capita Asset Services) as its external Treasury Management Advisor. The Authority recognises that the responsibility for treasury management decisions remains with itself and will ensure that undue reliance is not placed upon the external advisor. The current contract has recently been renewed with Link Group and expires at the end of September 2024.
11. **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, which is reviewed on a regular basis.

THE CAPITAL PRUDENTIAL INDICATORS 2021/22-2024/25 AND THE MINIMUM REVENUE PROVISION (MRP) STATEMENT

12. The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the Capital/Infrastructure Plan is reflected in the Prudential Indicators, which are designed to assist Members' overview and confirm capital expenditure plans.
13. **Capital Expenditure:** This can be funded from a variety of sources such as directly from the revenue budget, capital receipts (money received for the sale of the Authority's assets) 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 remain at an all-time low, it may be prudent at some stage to consider whether there is a need to borrow to fund future elements of the capital programme. However, despite low interest rates in recent years, this has not been necessary in the last 10 years.

| Table 1 - Capital Expenditure | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Forecast £'000 | Estimate £'000 | Estimate £'000 | Estimate £'000 | Estimate £'000 |
| Total Capital Expenditure | 3,703 | 10,406 | 9,938 | 4,042 | 7,445 |
| Funded By | | | | | |
| Revenue / Infrastructure funding | -2,332 | -5,453 | -9,938 | -4,042 | -7,445 |
| Capital Receipts | -1,371 | -4,953 | 0 | 0 | 0 |
| Net Financing Need (Borrowing) for the Year | 0 | 0 | 0 | 0 | 0 |

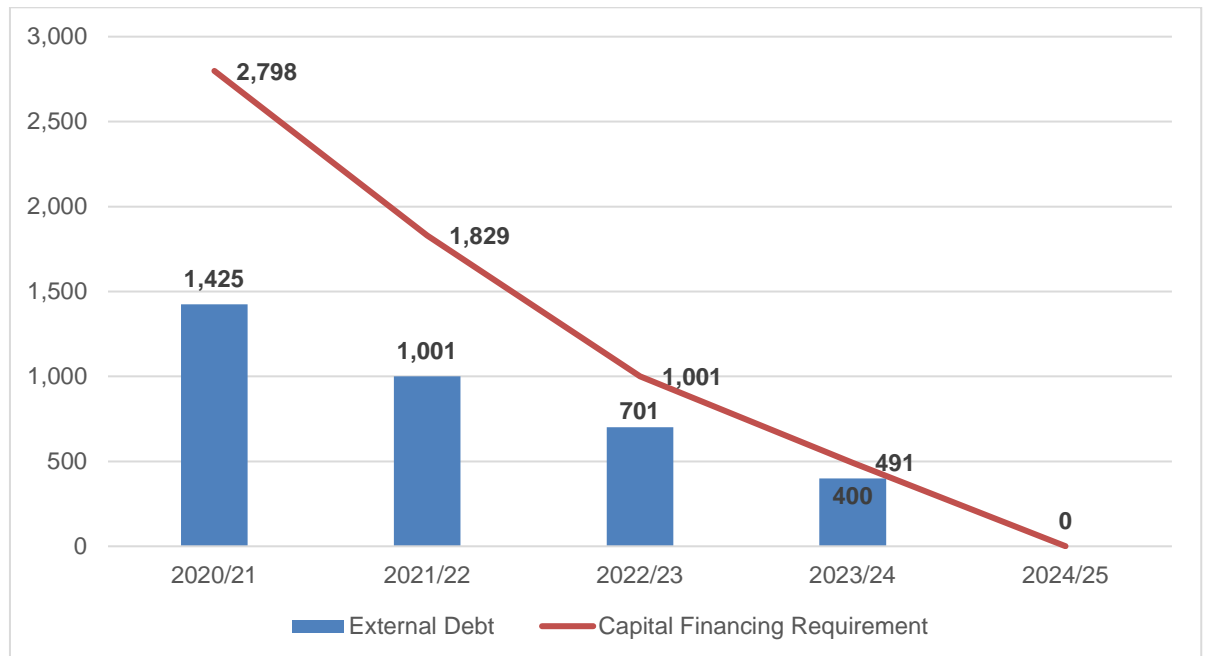
14. **The Authority's Borrowing Need [the Capital Financing Requirement (CFR)]:** The CFR is the total historic outstanding capital expenditure which has not yet been paid for from

either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through revenue or capital resource will increase the CFR. The CFR projections are shown in **Table 2**.

| Table 2 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Capital Financing Requirement | Forecast | Estimate | Estimate | Estimate | Estimate |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Opening CFR | 3,767 | 2,798 | 1,829 | 1,001 | 491 |
| Movement in CFR | -969 | -969 | -828 | -510 | -491 |
| Closing CFR | 2,798 | 1,829 | 1,001 | 491 | 0 |
| Movement in CFR represented | | | | | |
| Net Financing Need (Borrowing) for the Year | 0 | 0 | 0 | 0 | 0 |
| Less: Provision for Principal (MRP/VRP)* | -969 | -969 | -828 | -510 | -491 |
| Movement in CFR | -969 | -969 | -828 | -510 | -491 |

*The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which reduces the indebtedness in line with each asset's life.

Capital Financing Requirement Profile vs External Debt Profile (year end position)



15. **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/deposits. 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 under-borrowing). The sum of these balances is the amount estimated as available for investment.

16. Working balances comprise of 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). The amount under-borrowed in this table relates to historical capital expenditure that was identified as needing 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 6** further below details how the under-borrowing is then calculated.

| Table 3 Reserves and Balances | 2020/21 Forecast £'000 | 2021/2022 Estimate £'000 | 2022/23 Estimate £'000 | 2023/24 Estimate £'000 | 2024/25 Estimate £'000 |
|--|---------------------------------------|---|---------------------------------------|---------------------------------------|---------------------------------------|
| General reserve | 3,710 | 3,760 | 3,890 | 3,960 | 4,040 |
| Earmarked reserves | 33,334 | 23,423 | 13,544 | 11,746 | 6,929 |
| Insurance Provision | 237 | 237 | 237 | 237 | 237 |
| Capital Receipts | 7,863 | 5,805 | 5,805 | 5,805 | 6,004 |
| Total Core Funds | 45,144 | 33,225 | 23,476 | 21,748 | 17,210 |
| Working Capital surplus | 991 | 991 | 991 | 991 | 991 |
| Under borrowing | -1,373 | -829 | -301 | -91 | 0 |
| Expected Investments | 44,762 | 33,387 | 24,166 | 22,648 | 18,201 |

17. **Minimum Revenue Provision (MRP) Policy Statement:** The Prudential Code sets out the regulations around determining the annual charge that must be made to the revenue account in order to repay what has been borrowed to fund capital expenditure. This charge is called the Minimum Revenue Provision (MRP). As explained above the MRP calculation has an impact on the year end value of the CFR and the Code is clear that the outstanding debt cannot be greater than the CFR. The Policy for MRP is detailed below:

(a) **Borrowing for capital expenditure incurred before 1 April 2008** - The MRP is calculated as 4% of the opening CFR balance for the year.

(b) **Borrowing for capital expenditure post 2008** - The Authority will calculate the MRP for all new borrowing (internal or external) using the Asset Life method. This method uses the estimated life of the asset to calculate a yearly revenue charge which ensures sufficient provision is set aside to reduce the borrowing need over the life of the asset.

Provided that the Authority undertakes no new external borrowing the outstanding debt will be cleared by 2025.

18. **MRP Overpayments:** As defined in the Code the Authority has always set aside additional funding, on top of the regulated MRP, to repay the borrowing of money to fund capital. This additional funding that is set aside is called a Voluntary Revenue Provision (VRP). A change introduced by the revised MHCLG MRP Guidance, allows for any charges made over the statutory minimum revenue provision (MRP), to be reclaimed for use in the budget. Up until the 31 March 2020 the total VRP overpayments were £4.6m. These overpayments have allowed for prudent voluntary repayments to reduce the indebtedness of the Authority within a shorter timescale providing greater financial stability in the long term.
19. **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.
20. **Interest Rate Exposures for Borrowing:** All the borrowing undertaken by the Authority has been on a fixed rate of interest with the Public Works Loans Board (PWLB). There are no plans currently to undertake any further external borrowing at this point in time: however, if the need arose, it is likely that this would be undertaken on a fixed rate of interest.
21. **Interest Rate Exposures for Deposits:** The Authority primarily deposits its cash balances on a fixed rate basis and therefore limits its exposure to any reductions in interest rates. Whilst security of the deposit still remains a prerequisite, it is proposed that to enable a sufficient degree of flexibility to gain improved market returns on deposits (given that some deposits are giving negative returns), up to 100% of deposits can be on a variable interest basis. The Authority defines fixed rate investments as those where the interest rate does not fluctuate during the period of the investment.

| Table 4 Limit of Deposit Exposure | 2020/21 Limit | 2021/22 Limit | 2022/23 Limit | 2023/24 Limit | 2024/25 Limit |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Fixed Interest Rates | 100% | 100% | 100% | 100% | 100% |
| Variable Interest Rates | 100% | 100% | 100% | 100% | 100% |

22. **Maturity Structure of Borrowing:** The current maturity profile of the Authority's existing loans, as at 31 March 2021 is set out in **Table 5** below.

| Table 5 Existing Loan Profile | Amount £'000 | Percentage Maturing |
|--|-------------------------|--------------------------------|
| 2021/22 | 424 | 30% |
| 2022/23 | 300 | 21% |
| 2023/24 | 301 | 21% |
| 2024/25 | 400 | 28% |
| Total borrowing to be repaid | 1,425 | 100% |

BORROWING

23. **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 under-borrowed by £1,373k and, based on current interest rates has saved approximately £34k per annum by not borrowing this money.
24. **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. However, at the time of writing it is not anticipated that the Authority will undertake any new borrowing in 2021/22.
25. **Volatility to Inflation:** The Authority will keep under review the sensitivity of its treasury liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.
26. **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.
27. **Sources of Borrowing:** The Authority could borrow from the Public Works Loan Board (PWLB), other Local Authorities, the money markets, the Municipal Bonds Agency or through Finance Leasing depending on which terms are the most favourable overall.
28. **External Debt:** The Authority's current debt portfolio position for the next five years is detailed in **Table 6** below. It shows the actual external debt against the underlying capital borrowing need (the CFR) highlighting any over or under-borrowing.

| Table 6 - Current Debt Portfolio | 2020/21 Forecast £'000 | 2021/22 Estimate £'000 | 2022/23 Estimate £'000 | 2023/24 Estimate £'000 | 2024/25 Estimate £'000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Borrowing as at 1 April | 2,125 | 1,425 | 1,001 | 701 | 400 |
| New Borrowing | 0 | 0 | 0 | 0 | 0 |
| Other Long-term liabilities (OLTL) | 0 | 0 | 0 | 0 | 0 |
| Expected change in OLTL | 0 | 0 | 0 | 0 | 0 |
| Loans Repaid | -700 | -424 | -300 | -301 | -400 |
| Borrowing as at 31 March | 1,425 | 1,001 | 701 | 400 | 0 |
| Less closing CFR | -2,798 | -1,829 | -1,001 | -491 | 0 |
| Under borrowing | -1,373 | -828 | -300 | -91 | 0 |

29. 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.
30. **The Director, Finance and Corporate Service** reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals within the budget report.
31. **The Operational Boundary for External Debt:** This is the limit which external debt is not normally expected to exceed. 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 for capital projects from reserves, receipts and revenue contributions, to external borrowing.
32. 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. Currently there are impending accounting changes with regard to leases (IFRS16) that could mean existing lease arrangements, that in the past have been accounted for within the revenue budget, may now need to be reflected on the Authority's balance sheet as a liability for the commitment of the contract and now needs to be considered as part of the Treasury Strategy under the other long-term liabilities heading. 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.

33. **The Director, Finance and Corporate Services**, has confirmed that the Operational Boundary is based on expectations of the maximum external debt of the Authority according to probable - not simply possible - events and is consistent with the maximum level of external debt projected by estimates. This indicator is a key management tool for in-year monitoring and acts as an “alert” for the possibility of an imminent breach of the authorised limit. The Operational Boundary for external debt excluding investments is shown in **Table 7** below.

| Table 7 Operational Boundary | 2020/21 Forecast | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate | 2024/25 Estimate |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Borrowing | 15,000 | 15,000 | 15,000 | 10,000 | 13,000 |
| Other long term finance liabilities | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total | 18,000 | 18,000 | 18,000 | 13,000 | 16,000 |

34. **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. This represents a limit beyond which external debt is prohibited. The Authorised Limit for the Authority’s total external debt, excluding investments, is shown in **Table 8** below.

| Table 8 Authorised Limit | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate | 2024/25 Estimate |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Borrowing | 19,000 | 19,000 | 19,000 | 14,000 | 17,000 |
| Other long term finance liabilities | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total | 22,000 | 22,000 | 22,000 | 17,000 | 20,000 |

35. **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.

36. **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.
37. **Gearing:** Gearing is used as a measure of financial leverage and indicates how much of the Authority's activities are funded by debt. The higher the percentage, the more risk the Authority has, as it must continue to service this level of debt. Gearing is calculated as (total debt/total assets). The Authority's current gearing level is 0.85%.
38. **Borrowing Strategy:** The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flows has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
39. Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Director, Finance and Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. Any decisions taken will be reported to the Authority at the next available opportunity.

ANNUAL INVESTMENT STRATEGY

40. **Investment Policy - Management of Risk:** The Authority's Investment Strategy has regard to the CIPFA Treasury Management Code 2017 and the CIPFA Treasury Management Guidance Notes 2018. It has two main objectives: the first is security, in order to ensure that the capital sum is protected from loss; and the second is portfolio liquidity, in order to ensure that cash is available when needed. Only when the proper levels of security and portfolio liquidity have been determined can the Authority then consider the yield that can be obtained within these parameters. In the current economic climate it is considered appropriate to keep investments short term to cover cashflow needs. However, where appropriate the Authority will also consider the value available in periods up to 12 months with high credit rated financial institutions. The Authority will ensure that robust due diligence procedures cover all external investment. This Strategy is reviewed and updated annually.
41. The Treasury Management Code of Practice details that the term "investments" used in the definition of treasury management activities also covers other non-financial assets which an organisation holds primarily for financial returns, such as investment property portfolios.

The Authority does not hold non-financial assets primarily for financial returns, nor does it propose to do so.

42. The above guidance places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-
- Minimum acceptable **credit criteria** are applied in order to generate a list of highly credit worthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 - **Other Information** - ratings will not be the sole determinant of the quality of an institution, it is important to continually assess and monitor the financial sector and take account of the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this the Authority engages with its Treasury Advisors.
 - **Other Information sources** used will include the press and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
43. **Volatility to Inflation:** The Authority will keep under review the sensitivity of its treasury assets to inflation, and will seek to manage the risk accordingly in the context of the whole Authority's inflation exposures.
44. **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. All such investments will be sterling denominated. 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 (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity);
 - other local authorities;
 - Money Market Funds;
 - banks, building societies and other financial institutions of **high credit quality**.
45. **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 Banks
 - UK part-nationalised banks;
 - Institutions domiciled in the UK that have been classified by Link Group as being appropriate for deposit durations of between 100 days and one year; that have a minimum sovereign long-term rating of A- and have, as a minimum, the following credit rating from at least one of Fitch, Moody's and Standard and Poors (where rated):-
 - (a) Short term – F1 (or equivalent);
 - (b) Long term – A- (or equivalent);
 - The Authority's own banker for transactional purposes, or except if the bank falls below the above criteria, in which case balances will be minimised in both monetary size and time.
 - Institutions domiciled in a foreign country where that country has a sovereign rating of AAA.
46. **The Monitoring of Investment Counterparties:** The credit rating of counterparties will be monitored regularly, based on credit rating information received from Link Group. On occasions ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list. If this requires revision of the Treasury Strategy then this will be reported to the Authority for approval.
47. **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 44 and 45 above and may restrict the period of investment to a period shorter than the maximum.
48. The Strategy for 2021/22 will be to use only those institutions detailed on the counterparty list, shown in **Table 9** below

Table 9 – Investment Duration for Deposits

| <i>Permitted Forms of Investment 2021/22</i> | <i>Minimum Credit Criteria</i> |
|---|--|
| Cash Deposits with the Debt Man. Office | N/A |
| UK Treasury Bills | N/A |
| Call Accounts/Notice Accounts | UK Banks, UK part-nationalised bank or an institution rated by Link Asset Services as suitable for investment for 100 days or more |
| Term Deposits | |
| Certificates of Deposit | N/A |
| Money Market Funds CNAV | AAA |
| Money Market Funds LVNAV | AAA |
| Term Deposits with Other Local Authorities | AAA |

| Counterparty List 2021/22 | Counterparty Limit |
|---|---|
| Debt Management Office (incl. Treasury Bills) | Unlimited |
| RBS Group: Royal Bank of Scotland/Nat | £7m Group Limit |
| Lloyds Bank: Lloyds TSB/HBOS | £7m Group Limit |
| Barclays Bank plc | £5m |
| Coventry Building Society | £5m |
| HSBC Bank plc | £7m |
| Leeds Building Society | £5m |
| Nationwide Building Society | £5m |
| Santander UK plc | £7m |
| Svenska Handelsbanken | £5m Country Limit |
| Handelsbanken plc | £5m |
| Australia and New Zealand Banking Group | £5m per institution but £5m Country Limit |
| Commonwealth Bank of Australia | |
| National Australian Bank Ltd | |
| Westpac Banking Corporation | |
| Bank of Montreal | £5m per institution but £5m Country Limit |
| Bank of Nova Scotia | |
| Canadian Imperial Bank of Commerce | |
| Royal Bank of Canada | |
| Toronto Dominion Bank | |
| Other Local Authorities | £5m per Local Authority - £15m limit |
| Money Market Funds (CNAV and LVNAV) | £5m per fund - £15m limit |

Banks that qualify using this credit criteria as at the date of this report are shown above. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

49. **Investment Returns Expectations:** It is now impossible to earn the level of interest rates commonly seen in previous years as most investment rates are barely above zero now that the Bank Rate is at 0.10%, indeed some deposit accounts are already offering negative interest rates for shorter periods. Given the risk environment and the latest projections that an increase in Bank Rate is unlikely to occur before 31 March 2022, investment returns are expected to remain low. With this in mind, the Authority is expecting investment income of approximately £46k for 2021/22, averaging a return of 0.14% for the year. However, it should be noted that political and economic events around the impact of Covid could result in changes to these assumptions, consequently these will be regularly monitored and Members will be kept updated through the mid-year Treasury report.
50. Previously the Authority made use of the facility to place funds in the Debt Management Office, however these rates have now turned negative and as such, these funds will be withdrawn as they come to the end of their deposit term. As such the Authority now makes use of Money Market Funds (MMFs) which are included in the treasury strategy. They offer a high degree of security, being AAA-rated, with instant access and carry rates currently of

circa 0.01%, so still offering a marginally positive return. 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.

51. There are three types of Money Market Funds, which are:-

- **Constant Net Asset Value (CNAV)** – Short term funds that have a high level of investment in government assets. Units in the fund are purchased or redeemed at a constant price.
- **Low Volatility Net Asset Value (LVNAV)** - Short term funds that are primarily invested in money market instruments, deposits and other short-term assets. Units in the fund are purchased or redeemed at a constant price so long as the value of the assets do not deviate by more than 0.2% (20bps) from par (i.e. 1.00)
- **Variable Net Asset Value (VNAV)** – Funds that are invested in money market instruments and deposits and other Money Market Funds. The funds are subject to looser liquidity rules and may invest in assets with a longer maturity than CNAV and LVNAV funds. Units in the funds are purchased or redeemed at a variable price.

52. A review has been undertaken of the available funds and the Authority will only invest in CNAV and LVNAV Money Market Funds as they are considered more appropriate for the Authority's investment risk appetite.

53. **Local Authority Loans:** As set out above, the Authority does make provision to allow loans to be made available to other Local Authorities, however the maximum duration for any loan will be one year, in line with the maximum time frame for other deposits set out in this Strategy. Prior to agreeing to any such loan, the Authority will undertake appropriate due diligence to establish the financial stability of the Authority that requires the loan. Reviews will be undertaken on issues such as past audit reports / opinions, balance sheet reviews, any adverse public reporting.

54. The maximum duration for investments suggested by Link Group 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. If the suggested duration is changed to zero, the investment will be redeemed early regardless of the level of penalty incurred.

55. Some of the institutions on the Authority's counterparty list 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.

56. The Authority is appreciative that the provision of LIBOR (the rates at which banks are prepared to lend to each other) and associated LIBID (the bid rate at which banks are prepared to borrow) are expected to cease at the end of 2021 and have been used to benchmark to assess the investment performance by monitoring against the 7 day LIBID rate. The Authority will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.
57. **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. Members received a presentation from Link Group, the Authority's Treasury Advisor at the October 2018 Authority meeting. It is intended to provide a refresher presentation by Link Group during 2021 to Members of the Authority. Those Finance staff with direct responsibility attend regular Treasury workshops and seminars during the year. Currently 5 members of the Finance Team are undertaking CIPFA E-learning modules related to Treasury Management to continue their professional development.
58. **Current Portfolio** - below sets out the investment portfolio of the Authority as at 15 January 2021.

| Table 10 Current Portfolio | Fixed Deposits | Call A/C | Notice Call A/C | Money Market Funds | Total | Average Interest Rate |
|---|-----------------------|-----------------|------------------------|---------------------------|---------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | % |
| Debt Management Office (including Treasury Bills) | 2,950 | 0 | 0 | 0 | 2,950 | 0.01% |
| RBS Group: Royal Bank of Scotland/ Nat West | 0 | 4,590 | 0 | 0 | 4,590 | 0.01% |
| Lloyds Bank: Lloyds/HBOS | 4,000 | 3,000 | 0 | 0 | 7,000 | 0.06% |
| Barclays Bank plc | 0 | 0 | 5,000 | 0 | 5,000 | 0.30% |
| Nationwide Building Society | 5,000 | 0 | 0 | 0 | 5,000 | 0.05% |
| Santander UK plc | 0 | 2,350 | 2,650 | 0 | 5,000 | 0.35% |
| HSBC | 0 | 0 | 7,000 | 0 | 7,000 | 0.10% |
| Loans to Local Authorities | 5,000 | 0 | 0 | 0 | 5,000 | 0.10% |
| Aberdeen Sterling Liquidity Fund | 0 | 0 | 0 | 5,000 | 5,000 | 0.01% |
| Aviva Investors Sterling Liquidity Fund | 0 | 0 | 0 | 5,000 | 5,000 | 0.01% |
| Coventry Building Society | 3,000 | 0 | 0 | 0 | 3,000 | 0.03% |
| Total Per Deposit Type | 19,950 | 9,940 | 14,650 | 10,000 | 54,540 | 0.10% |
| Average Interest Rate Per Deposit Type | 0.06% | 0.03% | 0.26% | 0.01% | | |

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RESERVES STRATEGY AND ANNUAL REVIEW 2021/22

Background

1. **Statutory Requirement** - Sections 31A, 32, 42A and 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 allowances that should be made for contingencies. The Fire and Rescue Services National Framework for England includes a requirement for all Combined Fire and Rescue Authorities to publish a Reserves Strategy and outlines the detail which should be included.
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' issued in July 2014.
3. **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 an 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.
4. **Annual Review** - Members of the Authority annually review the Reserve Strategy to ensure that it remains relevant and up to date, reflecting the medium to long term needs of the Authority. The Authority holds a number of different reserves, each of which are explained in this Strategy, and all support the prudent and sustainable approach to budget setting, which has existed for many years. Over the years use has been made of Earmarked Reserves to manage spend profiles across financial years, especially when there are large capital build projects in place, however, the Authority has also seen the use of reserves as an aid to support the transformation, improvement and collaboration agenda, which is helping make the service fit for the future.
5. **Reserve Balances** - these 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. As a minimum, there are sufficient balances to support the budget requirements and they provide an adequate contingency for budget risks. The Strategy and the outcome of the annual review of reserves are set out in the paragraphs that follow.

6. **Members Approval** - Members have already agreed 'in principle' the draft Reserve Strategy at the December 2020 meeting of this Authority. The proposal for the level of the General Reserve has been amended (paragraphs 17 and 18 refer). There have been no other changes except for where figures have been updated to reflect the position as set out in the Medium Term Financial Plan. As such Members are now asked to agree this final version for 2021/22.

Reserve Strategy

7. **National Framework Requirements** - The framework is prescriptive over the details that should be included in a Reserve Strategy. It is clear that General Reserves should be held by the Authority and used to balance funding (in exceptional circumstances), support spending priorities and to manage risk. The Strategy should be specific about how the level of the General Reserve has been determined and provide justification if there is a need for the level to be in excess of five percent of the revenue budget. The Strategy should also include details of current and future planned reserve levels, their value and purpose, set out over the timeframe of the Medium Term Financial Plan.
8. **Strategic Context for this Authority** - There are several reasons why this Authority holds a number of reserves, these include, to:-
- mitigate potential future risks such as increased demand and costs;
 - help absorb the costs of future liabilities;
 - temporarily plug a funding gap should resources be reduced suddenly;
 - enable the Authority to resource one-off policy developments and transformation initiatives without causing an undue disruptive impact on Council Tax;
 - spread the cost of large scale projects which span a number of years.

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 medium-term budget plan.

9. **Long-Term Sustainability** - 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, and for the first time in many years a reduction in the council tax base, over the medium term. Due to the fact that funding for future Capital Projects is held within the Infrastructure Reserve, the overall level of Earmarked Reserves held by the Authority is currently still high, but these will reduce significantly as the capital programme progresses.
10. **Types of Reserves** - There are three 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' prior approval.

- (b) **Earmarked Reserves** - are sums specifically set aside to not only provide funds to meet future known or predicted expenditure or liabilities, but to also support the transformation of the service to ensure it is fit for the future. 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 or large scale build projects. Earmarked Reserves are also of use where there may be plans to introduce a policy change or a service improvement which initially requires 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;
- (c) **Capital Receipts** - These are effectively an Earmarked Reserve and as such are set aside for a defined purpose. The value of this reserve is generated from the income receipt from the sale of capital assets and as such these resources can generally only be used for reinvestment in other capital assets. In December 2017 the Government announced the continuation of the capital receipts flexibility programme, for a further three years (to 2021/22), which allows Fire and Rescue Authorities the freedom to use capital receipts to help fund the revenue costs of transformation projects that generate ongoing revenue savings or reduce costs.

11. **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 annually 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.
12. The annual risk assessment looks at the risks in the context of the Authority's overall approach to risk management and internal financial controls. This information is then

used to determine the optimal level of reserve holdings needed to meet the requirements of the contingency and working balance.

13. **Analysis of Need for the Working Balance** - The Authority's General Reserve and Earmarked Reserves are largely cash-backed and as a result any instance of exceptional expenditure or a delay in receiving income is unlikely to lead to the Authority having to borrow temporarily (or go overdrawn).
 - (a) **Expenditure** - 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. The Authority receives its business rate demands in April each year for immediate payment which significantly raises the cash flows out of the Authority in April. Capital expenditure will generally be on large-value assets (and usually planned well in advance) so the timing of these purchases can result in large cash outflows falling in some months. The Firefighter Pension Fund Account is balanced by top-up grant from Government, with any difference between payments made and income received reflected in the Authority's cash position.
 - (b) **Income** - Precepts, business rates and revenue grant payments are paid to the Authority in regular instalments throughout the year.
14. **Earmarked Reserves** - The Authority currently has five Earmarked Reserves, each of which has been set aside for a specific purpose. The relevance of, and balance in, each reserve is reviewed annually and Members are informed of the latest plans for the balances held in such reserves over the medium-term.

Annual Review of Reserves

15. **General Reserve** - Detailed at **Annex A** is the annual financial risk assessment. **Annex A** indicates the likelihood of each risk occurring and the potential financial risk to which the Authority could be exposed. 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. Due regard is therefore given to the likelihood of each risk occurring and the optimum level of the General Reserve.
16. 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. The impact of the pandemic this year has certainly been felt by many suppliers;
- (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;
- (h) Potential financial implications arising as a result Brexit or related negotiations.

17. **Proposal for the Level of the General Reserve** - Taking all of the above into consideration, together with the risk assessment at **Annex A** and the accounting issue detailed in paragraph 18, it is proposed that, at least for the medium-term, the level of General Reserve is maintained at approximately 5% of the base revenue budget.
18. Previously, Members had agreed to maintain the level of General Reserve at approximately 5% of the net revenue budget. The purpose of this change is to negate the impact that the additional Business Rate Reliefs, granted by Government after the 2020/21 budget was set, have on the 2021/22 net revenue budget. As a result of these additional reliefs, billing authorities will recover a large Collection Fund deficit from the Authority in 2021/22, but this will be offset by grant payment from Government which will be received in 2020/21. Consequently, a corresponding transfer from Earmarked Reserves in 2021/22 will reduce the net revenue budget by £3.175m, whilst having no impact on the overall level of funds available to the Authority for 2021/22. As such, it does not seem appropriate to reduce the level of General Reserves purely because of a technical accounting issue that results in a lower net revenue budget for 2021/22. Therefore it is proposed that the General Reserve balance is increased by £50k to £3,760k for 2021/22 and as such Members are asked to agree to this proposal.
19. **Earmarked Reserves** - The Authority currently holds five Earmarked Reserves. **Annex B** details each reserve and provides a brief explanation of the purpose of each reserve and the potential or planned use of the respective reserve. However, in the event that there is a short fall in funding to balance the base budget for a future year, there is the possibility that there would be a draw down from Earmarked Reserves to bridge that funding gap. This will then allow sufficient time to ensure that the permanent base budget reduction that would be required, is sustainable over the medium term.

20. **Earmarked Reserve Balances over the Medium Term - Annex C** sets out the balances, at the current point in time, estimated to be in place at 31 March 2021 (excluding any year-end adjustment for the 2020/21 outturn) and for the medium term. The final movement on Earmarked Reserves for 2020/21 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.

Annual Risk Assessment of the Adequacy of General Reserves

The following % assessments have been applied to the likelihood value to estimate a net impact.

Low Risk (25%) – A risk that is unlikely to occur, or where the organisation has taken steps to mitigate potential risk.

Medium Risk (50%) – A risk that could possibly occur, moderate concern and impact.

High Risk (75%) – Has occurred regularly before or it may have a significant financial impact which the organisation cannot control.

| Likelihood and value of risk £'000 | Net Impact £'000 |
|---|------------------------|
|---|------------------------|

Risk

1. Natural Disasters, National Emergencies and Prolonged Periods of Operational Activity

| | | | |
|-----|---|-----------------|-----|
| 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. | Low 150 | 38 |
| 1.2 | In addition, 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. Government currently covers 100% of eligible expenditure above the threshold but only in limited circumstances will claims against capital expenditure be allowed. | Medium 1,000 | 500 |
| 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 enhanced welfare and protective equipment, plus increased legal claims in the event that service delivery is detrimentally affected. | Medium 250 | 125 |

2. Unanticipated Business or Economic Pressures

| | | | |
|-----|---|--------------|-----|
| 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. Additionally the possibilities of unknown financial impacts, arising in relation to Brexit could have an adverse financial impact on the Service. | Low 2,100 | 525 |
|-----|---|--------------|-----|

| | | | |
|----------------------------------|---|---------------|-----|
| 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 would 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. | Medium 200 | 100 |
| 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. | Low 1,550 | 388 |
| 3. Pension Liabilities | | | |
| 3.1 | The budget provides for two ill-health retirements (one higher tier and one lower tier), but with the increase in normal pension age there is a possibility that this could increase. | High 150 | 113 |
| 4. Inflationary Increases | | | |
| 4.1 | Whilst an allowance has been made for inflation against specific budget lines, the uncertainty surrounding Brexit, Covid-19 and the UK economy might lead to increased inflation. | Low 100 | 25 |
| 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. | Low 3,000 | 750 |
| 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. | Low 500 | 125 |
| 5.2 | Under the Regulatory Reform (Fire Safety) Order 2006, FRAs are responsible for enforcement, and thus the risk of legal challenge to such action could arise, the costs of which could exceed existing revenue budget provision. | Low 100 | 25 |

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. However, if the requirement for such additional resources were excessive, then there may need to be a call on the General Reserve to meet the additional one-off costs. | Medium 1,000 | 500 |
|-----|--|-----------------|-----|

7. Funding Issues

| | | | |
|-----|--|-----------------|-----|
| 7.1 | 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. These areas could expose the Authority to a financial risk as anticipated funding may not materialise. | Medium 1,000 | 500 |
|-----|--|-----------------|-----|

| | |
|--------------------------------------|--------------|
| Estimated Reserve Requirement | 3,714 |
|--------------------------------------|--------------|

Earmarked Reserves

Government Grants Reserve - The Authority has received grants from the Government for funding in support of National Resilience work, Building Safety and for additional costs incurred or a reduction in local funding as a result of the Covid-19 pandemic. 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.

Infrastructure Reserve - This reserve is by far the largest as it is used to fund both revenue and capital investment in infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a programme of investment in station improvements and IT over the medium term. 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 expenditure is incurred and will reduce over the medium term.

Insurance and Resource 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 Insurance Mutual Company. However, this reserve is also used to fund large unexpected in-year inflationary increases in expenditure. For example, the Medium Term Financial Plan contains an assumption for inflationary increases, however if the leaving the EU places a pressure on product prices, we may well see an in-year increase in costs. If this is the case, and there is insufficient flexibility in-year to fund this pressure then this reserve may need to be utilised to meet that shortfall. The Medium Term Financial Plan will then reflect any ongoing impact of the in-year increase.

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.

Service Transformation and Productivity Reserve - This reserve will be used as a one-off funding resource to help pump-prime new transformation initiatives or improvements to the Service which may arise in-year or be planned for future years. It will also help support collaborative initiatives with other blue light services and partner agencies, which is likely to include the procuring of professional project management support. It will also fund a number of fundamental reviews across the Service which will help ensure that it stays fit for the future.

Reserve Balances over the Medium Term

| | Balance at 31.3.20 £'000 | Forecast Net Transfers 2020/21 £'000 | Forecast Balance at 31.3.21* ₁ £'000 | Forecast Balance at 31.3.22 £'000 | Forecast Balance at 31.3.23 £'000 | Forecast Balance at 31.3.24 £'000 | Forecast Balance at 31.3.25 £'000 |
|---------------------------------------|-----------------------------------|--|---|---|---|---|---|
| General Reserve | 3,510 | 200 | 3,710 | 3,760 | 3,890 | 3,960 | 4,040 |
| Earmarked Reserves: | | | | | | | |
| Govt. Grants | 748 | 4,054 | 4,802 | 762 | 151 | 0 | 0 |
| Infrastructure | 26,183 | -532 | 25,651 | 20,490 | 11,371 | 9,763 | 4,981 |
| Insurance and Resource | 1,748 | 0 | 1,748 | 1,748 | 1,748 | 1,748 | 1,748 |
| Rolling Budget | 370 | -41 | 329 | 43 | 0 | 0 | 0 |
| Service Transformation & Productivity | 850 | -46 | 804 | 380 | 274 | 235 | 200 |
| Sub total E. M Reserves | 29,899 | 3,435 | 33,334 | 23,423 | 13,544 | 11,746 | 6,929 |
| Capital Receipts | 9,234 | -1,371 | 7,863 | 5,805 | 5,805 | 5,805 | 6,004 |
| Total Reserves | 42,643 | 2,264 | 44,907 | 32,988 | 23,239 | 21,511 | 16,973 |

Note 1: Forecast Earmarked Reserve balances at 31.3.21 exclude any transfer to reserves that may be required at year end as a result of the forecast underspend on the 2020/21 revenue budget.

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CAPITAL STRATEGY

Background

1. **Statutory Requirement** - A revision to the CIPFA Prudential Code for Capital Finance in Local Authorities was issued in December 2017. It sets key objectives to ensure that decisions made around the capital programme are affordable, prudent and sustainable. A new requirement of the Code is that authorities should produce a Capital Strategy and it sets out an outline of the reporting requirements that should be included. Members last agreed the Capital Strategy at the February 2020 Authority meeting, and as this represents the long-term capital investment for the Authority it has been regularly reviewed and updated as necessary. Members were presented with an updated version for an “in principal” agreement at the December 2020 Authority meeting. Since then the tables have been updated to reflect the latest capital forecasts. The following paragraphs therefore set out the proposed updated Strategy for this Authority. Members are asked to consider and agree this updated Strategy.

2. **Purpose and Principles of the Strategy** - The Capital Programme has been developed following the principles that are laid out in the Capital Budget Strategy which are shown below:
 - To ensure capital resources are aligned with the corporate priorities as set out in the Safety and Wellbeing Plan.
 - To maintain the assets and infrastructure across the organisation.
 - To maintain an affordable 10 year rolling capital programme.
 - To undertake Prudential Borrowing only where there are sufficient monies to meet the full implications of capital expenditure, which include both borrowing and running costs.

Expenditure will be classified as capital if it meets the criteria set in Statute within the Local Government Act 2003 and CIPFA Statement of Recommended Practice. A minimum limit of £10k is applied per programme, expenditure falling below the minimum will be treated as revenue expenditure. The outlay should result in either the acquisition, construction or enhancement of a fixed asset that provides a benefit to the Authority in excess of a year.

Capital programme planning is reviewed and determined alongside the revenue budget planning process within the framework of the Medium-Term Financial Plan (MTFP).

3. **Supporting Plans** - The Authority's Customer and Corporate Plan is supported by a number of strategies which set out the forward look in a number of specific areas. The Customer Engagement and Safety Strategy and the Operational Response Strategy set out the rationale behind each service we provide. The Asset Strategy is a key document for consideration when developing the Capital Strategy as it is important that the Authority ensures that capital resources are directed at its existing assets to ensure that they are of good condition so as to achieve best use of them to deliver a better service. Where assets are identified as surplus to requirements they are disposed of in an appropriate manner, in line with the Authority's Disposal Policy, consequently generating a capital receipt which is, at some future point, used to contribute to the capital costs of asset investments or developments. This overarching Capital Strategy reflects the contents of a number of these supporting strategies, as they define the anticipated investment and development in areas such as the Property Estate, Fleet and IT.

Governance and Funding

4. **Governance and Monitoring** - An important part of the governance arrangements is the frequent monitoring of the agreed capital programme and probably more importantly the transparency, accountability and sustainability of the funding of the agreed programme. As such, members of the Authority are responsible for approving the Capital Strategy which sets out the considerations for such investments. It is a prerequisite that all expenditure incurred in the delivery of the capital programme must be compliant with the defined Financial and Procurement policies and procedures.
5. **Officers Responsibility** - Within the Authority, Corporate Management Board has an overall responsibility for the strategic development, management and monitoring of the capital programme. Wherever appropriate to do so, and more specifically for the larger projects, project boards are established, which consist of a wide range of professional expertise. These groups meet regularly to assess and monitor the progress of the projects to ensure the delivery of the defined capital investment.
6. **Available Capital Funding** - There are a variety of ways in which capital expenditure can be financed, but the main sources are often from a combination of revenue resources / reserves, capital grants, capital receipts and borrowing. There is also the option of leasing, but this will only be considered where it is a viable and cost-effective route to fund the asset in question. A brief explanation for each of these options is described below:
 - a) **Revenue Contributions / Reserves** - The base revenue budget has a level of funding which may be used to support the funding of the capital programme. The Authority also has revenue resources set aside in the Infrastructure Reserve that can be used to fund capital projects.

- b) **Prudential Borrowing** - The Authority can use prudential borrowing to fund capital expenditure provided that such borrowing is affordable, prudent and sustainable over the medium term. A range of calculations (prudential indicators) are completed as part of the annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and the repayment of principal is taken into account when developing the Medium-Term Financial Plan.
- c) **External Capital Grants** - Certain projects may have specific external funding in the form of grants that can be applied for and utilised on the defined capital project.
- d) **Capital Receipts** - The Authority has a large property estate, the majority of which are fire stations, but the estate also includes day crewed houses, a training centre and administrative buildings such as Service Headquarters. The estate is managed by the Head of Property and Facilities and their team, all of whom ensure the buildings are well maintained and fit for their daily use. Where properties are identified as surplus to operational requirements, Members approval is sought for their disposal. Cash receipts which are generated from the asset disposal and which are in excess of £10k, must be used to support new capital investment or to offset future debt or transitional costs. They cannot be used to fund day to day revenue expenditure.
- e) **Lease Finance** - This option of financing may be considered if it is economically viable to do so. Consideration would be taken as to the availability of funding for such a purchase and its implications. However, financing of expenditure through any lease arrangement needs to consider the:
- Value of expenditure;
 - Residual Value of the asset;
 - Life span of equipment matches the funding proposed.

Capital Receipts Strategy

7. **Statutory Requirement** - The Ministry of Housing of Communities and Local Government's (MHCLG) Statutory Guidance on the use of Capital Receipts requires local authorities to prepare and publish a Strategy before the start of each year, setting out their planned use. It is generally the case that all capital receipts must be utilised to support capital purchases only. However, in March 2016 the Government issued statutory guidance which allowed a variation to this requirement.
8. **Capital Receipts for Revenue Reform** - The Statutory Guidance on the Flexible Use of Capital Receipts allows that the costs that generate ongoing savings may be funded from capital receipts for the following examples of revenue expenditure, sharing back-

office services, service reform, collaboration, driving digital delivery. The guidance and the new flexibility applied for the period 1 April 2016 to 31 March 2019. It was confirmed in the February 2018 Local Government Finance Settlement that the flexibility to use capital receipts to help meet the revenue costs of transformation has been extended a further 3 years to April 2022. The Authority is required to detail any revenue reform costs that may be incurred by 31 March 2022 that it is proposing to fund from capital receipts received between 1 April 2016 and 31 March 2022.

9. **The utilisation of capital receipts** - to fund revenue expenditure as opposed to being used to fund the creation or enhancement of an asset can impact on the Authority's treasury indicators as detailed below:

- Estimated and actual capital expenditure will increase by the amount of the revenue reform costs;
- Balance sheet resources (capital receipts) will reduce by the amount of the revenue reform costs.

Utilisation of capital receipts to fund expenditure that would usually be funded from revenue resources diverts the receipts available for re-investment in existing assets or the creation of new ones. To date the Authority has not utilised the option to use capital receipts to fund revenue reform costs, nor has it budgeted to do so as part of the Medium-Term Financial Plan. If this were to change in the future, it would be considered on a project-by-project basis, and in each case the expected savings/service transformation proposals would be reported to the Authority for their consideration. The forecast capital receipts opening balance for the 2021/22 financial year is expected to be £7.9m with the potential for further receipts in the next few years. These balances will be utilised in future years to help support the funding of the capital programme. They will help smooth out the peaks and troughs of the service demands and provide a balanced capital programme without the need to borrow.

Description of Major Capital Projects

10. **The main capital projects / programmes of work** that are incorporated into the Authority's capital programme are identified below and link into our Operational Response Strategy:

- **Mobile Data Terminals** - This is an operational response I.T project to install data terminals in all of our fire engines and response vehicles as well as Satnavs and tracking devices and is due to be completed during 2021/22.
- **Vehicle Replacements** - We have a comprehensive long-term programme in place to replace our operational fleet of fire engines, specialist vehicles, pool and response cars. The fleet is reviewed on a regular basis to determine any change

in the numbers and types of vehicles that may be needed to facilitate operational capability identified in our corporate plan. More recently in 2019/20 we undertook our first acquisition of dual fuel vehicles and will continue to consider, where appropriate to do so, more eco-friendly products as they become available. Due to the covid pandemic supplier closures have caused delays to the programme resulting in £4.6m of slippage from 2020/21 to future years, relating mainly to appliances and response/pool cars. However, we still expect to take delivery of 9 appliances this financial year with another 6 to be completed early next year, as well as a fleet of small vans and minibuses alongside various specialist vehicles.

- **Building Works** - The Authority's property portfolio consists of in excess of 80 buildings which it aims to maintain in a good condition. Periodically, however, enhancements and improvements to the buildings are undertaken wherever it is appropriate and necessary to do so, not least to ensure that the Service and its operational bases remain fit for the future. Currently a number of reviews are underway to determine property use across the estate. These reviews are in their early stages, but indicative funding requirements have been incorporated into the capital programme, to ensure that any redevelopments could be afforded. Redevelopment of the Ashford site, including the Live Fire facilities, is underway and it is expected that this major work will be completed in early 2023.

11. Every project goes through a robust process of producing a business case, assessing risks and outcomes along with any savings or efficiencies that could be achieved. Projects are appraised after completion and a review of successes and lessons learned are documented.
12. Wherever possible we consider collaboration with our partner organisations, such as Kent Police and SECAMB and progress any other possible collaboration opportunities that may present themselves to enable greater efficiencies and improvements to the service.

Prudence and Sustainability

13. **Capital Expenditure** - The Prudential Code requires that the Authority shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Authority's overall fiscal sustainability.

The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur over the next 10 years, as a minimum. Budget Managers are asked to consider future works and capital expenditure requirements as part of the budget setting process. Usually at this stage the project will have indicative costs associated

to it based on past project expenditure to enable development of the Capital Programme. As the project develops and the objectives and specifications are clearer the indicative costs are refined.

All major acquisitions have a life assigned to them and where appropriate a replacement is included within the Capital Programme based on the historic cost or current market value, whichever is available at that time. As the replacement year moves closer an assessment is made of the business needs and current condition of the asset. The original sums set aside will then be replaced with the revised estimates. This is undertaken on an ongoing basis for vehicles and equipment, IT projects and premises component replacements.

If the cost of a project increases, and additional funds are required and available, a change request is presented to the Project Board for approval. If the agreed amount is significantly increased, it will also be presented to members for approval.

The anticipated capital expenditure for the next 4 years is detailed below, however, it should be noted that the Authority plans to continue to invest in the improvement of its I.T. infrastructure across the organisation, but as most of this will fall as revenue costs, they are not reflected in the Capital Programme below:

Estimates of Capital Expenditure (£'000)

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|----------------------|---------------|--------------|--------------|--------------|--------------|
| Premises | 3,669 | 3,468 | 3,453 | 4,320 | 1,320 |
| IT | 514 | 100 | 290 | - | - |
| Vehicles | 6,223 | 6,370 | 299 | 3,125 | 3,879 |
| Total Planned | 10,406 | 9,938 | 4,042 | 7,445 | 5,199 |

14. **Funding of Capital Expenditure** - All proposed expenditure set out in the Capital Programme is planned to be fully funded from a combination of revenue contributions to capital, capital receipts and the Infrastructure reserve, without the need to borrow. There are currently no allocations of capital grants expected in the near future.
15. **Total Capital Financing Costs** - One of the features of the Prudential Code arrangements is the need to calculate the Capital Financing Requirement (CFR). This figure covers unfunded capital expenditure which has not yet been permanently financed through the revenue account.

| Capital Financing Requirement | 2021/22 | 2022/23 |
|--------------------------------------|---------------------|---------------------|
| Opening CFR | 2,798 | 1,829 |
| Capital Investment | 10,406 | 9,938 |
| Sources of Finance: | | |
| Government Grants | 0 | 0 |
| Revenue contributions to Capital | -2,592 | -2,592 |
| Capital Receipts and Reserves | -7,814 | -7,346 |
| Minimum/Voluntary Revenue Provision | - 969 | - 828 |
| Closing CFR | <u>1,829</u> | <u>1,001</u> |

16. **External Debt** - All borrowings are from the Public Works Loan Board (PWLB) and our current outstanding debt is as follows:

| As at end March | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| £'000s | 1,425 | 1,001 | 701 | 400 | 0 |

Current forecasts identify that the Capital Programme can be fully funded from the revenue resources and relevant reserves, so there are no plans at this stage to undertake any new external borrowing.

17. **Risk Assessments** - The Authority has a sound financial plan in place, to deliver the Capital Programme over the coming years, which includes the use of earmarked reserves, revenue funding and capital receipts. However, the onset of the covid pandemic this year has had a significant impact on the whole economy, with many authorities facing significant levels of unexpected funding pressures. This, alongside the expected Government's Fair Funding Review and the Spending Review, may well have a significant impact on funding resources over the medium term. The Fair Funding Review was intended to examine the distribution methodology of available funding, but this has again been delayed until sometime in the future. The Spending Review, however, was originally expected to take place last year, but circumstances were such that the budget allocations were just rolled forward along with an appropriate inflation allocation, on the basis that it would all take place during 2020. No one expected the economic impact that the covid pandemic caused, and as such the Government understandably has now decided to defer the full Spending Review again and as such the much reduced review focussed on allocations for the 2021/22 financial year only. This does, therefore, leave uncertainty over the future year's level of funding. If any revised calculation impacts negatively on the Authority's funding, then it is likely that there will be a reduced amount of resources available to provide a base level of revenue funding to support the Capital Programme.
18. In order to fully understand the risks and the need to contain the level of borrowing undertaken to minimise the revenue impact, the Authority has now moved away from a short term 4-year capital programme to a longer term 10-year capital programme (attached at **Annex 1**). This will enable the Authority to identify where any funding

shortfalls may arise in the programme that delivers corporate priorities, which may result in actions such as increasing reserves in the short term to provide greater long-term stability to the programme or evaluation of the service needs against the asset strategy. Due to the complex and large-scale nature of capital projects, the original budgets have to be based on estimations that often need revising as the project progresses. This in turn leads to re-phasing of the capital programme in order to keep the overall costs within the agreed bottom line. This is monitored and reported to Corporate Management Board quarterly and any key issues are subsequently reported to members.

19. **Knowledge and Skills** - The Capital and Treasury programmes are managed by a team of professionally qualified accountants with extensive Local Government financial knowledge. A Continuous Professional Development (CPD) is a requirement of various professions and courses are attended to update knowledge on a regular basis. All project teams consist of various professionals, including Surveyors and Accountants and outside professional advice is bought in when required. Periodically Members are provided with relevant training on a range of financial topics, which is either provided by officers or external organisations.

20. **The Director of Finance and Corporate Services** is of the opinion that the current Capital Strategy provides core principles on which to build a capital programme that is affordable, prudent and sustainable.

CAPITAL EXPENDITURE PLAN

The table below shows the 10-year capital expenditure plan for 2020/21 to 2029/30

(All figures are £'000)

| | <u>Budget 2021/22</u> | <u>Budget 2022/23</u> | <u>Budget 2023/24</u> | <u>Budget 2024/25</u> | <u>Budget 2025/26</u> | <u>Budget 2026/27</u> | <u>Budget 2027/28</u> | <u>Budget 2028/29</u> | <u>Budget 2029/30</u> | <u>Budget 2030/31</u> | <u>TOTAL</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------|
| Future Station Development | <u>3,595</u> | <u>3,082</u> | <u>3,133</u> | <u>4,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>19,810</u> |
| Total Station Development | 3,595 | 3,082 | 3,133 | 4,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 19,810 |
| Roofing Works | 50 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 950 |
| Drill Towers | 0 | 90 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 190 |
| Generators | 12 | 38 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 210 |
| Boilers | <u>12</u> | <u>158</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>1,770</u> |
| Total Premises | 74 | 386 | 320 | 320 | 320 | 420 | 320 | 320 | 320 | 320 | 3,120 |
| Total Premises and New Builds | 3,669 | 3,468 | 3,453 | 4,320 | 1,320 | 1,420 | 1,320 | 1,320 | 1,320 | 1,320 | 22,930 |
| Operational Response Project | 514 | 0 | 290 | 0 | 0 | 0 | 290 | 0 | 0 | 0 | 1,094 |
| Printers | <u>0</u> | <u>100</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>100</u> | <u>0</u> | <u>200</u> |
| Total Systems | 514 | 100 | 290 | 0 | 0 | 0 | 290 | 0 | 100 | 0 | 1,294 |
| Appliances | 3,103 | 4,142 | 0 | 3,080 | 3,350 | 0 | 0 | 0 | 0 | 6,955 | 20,630 |
| Specialist Vehicles | 2,777 | 0 | 40 | 0 | 139 | 0 | 744 | 2,851 | 0 | 40 | 6,591 |
| Cars and Vans | <u>343</u> | <u>2,228</u> | <u>259</u> | <u>45</u> | <u>390</u> | <u>228</u> | <u>326</u> | <u>472</u> | <u>403</u> | <u>2,585</u> | <u>7,279</u> |
| Total Vehicles & Appliances | 6,223 | 6,370 | 299 | 3,125 | 3,879 | 228 | 1,070 | 3,323 | 403 | 9,580 | 34,500 |
| TOTAL CAPITAL EXPENDITURE | 10,406 | 9,938 | 4,042 | 7,445 | 5,199 | 1,648 | 2,680 | 4,643 | 1,823 | 10,900 | 58,724 |

| FUNDING | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> | <u>2025/26</u> | <u>2026/27</u> | <u>2027/28</u> | <u>2028/29</u> | <u>2029/30</u> | <u>2030/31</u> | <u>TOTAL</u> |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| CAPITAL Funded from:- | | | | | | | | | | | |
| Contributions from Revenue | 2,592 | 2,592 | 2,592 | 2,592 | 2,592 | 2,592 | 2,592 | 2,592 | 2,592 | 2,592 | 25,920 |
| Infrastructure Reserve movement | 2,861 | 7,346 | 1,450 | 4,853 | 2,607 | (944) | 88 | 1,051 | (769) | 3,304 | 21,847 |
| Capital Receipts Applied | 4,953 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 5,004 | 10,957 |
| Total Capital Funding | 10,406 | 9,938 | 4,042 | 7,445 | 5,199 | 1,648 | 2,680 | 4,643 | 1,823 | 10,900 | 58,724 |

By: Director, Finance and Corporate Services
To: Kent and Medway Fire and Rescue Authority - 23 February 2021
Subject: FINANCIAL GOVERNANCE
Classification: Unrestricted

FOR INFORMATION

SUMMARY

As has always been the case, good financial management is an essential element of good governance. Longer term service planning is critical in ensuring that local service provision is sustainable over the medium to long term. The challenges of the current economic environment are bringing further pressure on Local Government Finances and this, in some extreme instances, could lead to authorities issuing a Section 114 notice, which essentially means that the authority does not have enough income to meet its expenditure requirements, and therefore is not sustainable. Whilst Kent Fire and Rescue Service has always demonstrated good financial management and governance, as concurred by both external and internal reporting, this report sets out an overarching summary of the key financial governance changes that will affect the Authority from the financial year 2021 onwards.

RECOMMENDATIONS

Members are requested to:

1. Agree to the creation of an Audit Committee (paragraph 21 refers);
2. Agree to expand the annual Efficiency Statement to demonstrate our approach to delivering improved value for money whilst ensuring financial resilience across the organisation (paragraph 22 refers);
3. Note the contents of the report.

LEAD/CONTACT OFFICER: Director, Finance – Alison Kilpatrick
TELEPHONE NUMBER: 01622 692121 ext 8262
EMAIL: alison.kilpatrick@kent.fire-uk.org
BACKGROUND PAPERS: None

BACKGROUND

1. The tightening fiscal landscape has placed the finances of some Fire and Rescue Authorities under intense pressure. Good financial management is an essential element of good governance and longer term service planning, which are critical in ensuring that local service provision is sustainable.
2. Authorities are required by Section 32 of the Local Government Finance Act 1992 to set a balanced budget. However, financial pressures within the Fire and the wider Local Authority sector means that there continues to be a risk that Chief Finance Officers (section 151 officers) may need to consider whether they are required to act under section 114 of the 1988 Act, as we have recently seen in the case of Croydon Council. Under Section 114 of the Local Government Finance Act 1988 the Chief Financial Officer (s151 Officer) is required to report, following consultation with the Authority's Monitoring officer, to all the Authority's Members if they believe that expenditure is likely to exceed incoming resources in the current or in any future years.
3. In February 2018 Northamptonshire County Council's Chief Finance Officer issued a 'Section 114' notice, signalling that the Council were not able to produce a balanced budget by the end of the year, as required by law. A subsequent findings report has suggested that warning signs about the 'Councils' financial state by the Chief Finance Officer had been ignored.
4. More recently the External Auditors (Grant Thornton) for Croydon LBC issued a Public Interest Report which highlighted concerns that Senior Officers and Councillors displayed a "collective corporate blindness" to the urgency of the council's financial position and repeatedly failed to act to tackle spiralling overspends. Following the publication of the report it is understood that the Government has undertaken an informal review to identify the issues the council is facing and will therefore propose a number of recommendations, in light of concerns around the council's governance and risk management.
5. Aware of the increasing difficult financial pressures on the Local Authority and Fire Sector, CIPFA has reviewed its guidance and has now issued the Financial Management Code, a mandatory document to be implemented to support good practice in financial management and to assist in demonstrating financial sustainability. The Code came into effect from 1 April 2020 as a shadow year, with full implementation by 31 March 2021.
6. The National Audit office has also reviewed the "Code of Audit Practice" for Local Authorities, Police forces, Fire Services and NHS trusts which applies to financial year ending 31 March 2021 onwards. The Code sets out how External Auditors should conduct audits in the Public Sector following a consultation with stakeholders during 2019/20. It was seen as an opportunity to refocus local audit to offer robust assurance, transparency and accountability for local tax payers.

7. In June 2019 the Government commissioned an independent review of the effectiveness of local audit and the transparency of local authority reporting. Sir Tony Redmond was duly appointed to lead the review and the findings of his review were published during September 2020 with a number of recommendations, some of which would require a legislation change if they are to be adopted.
8. Whilst the Authority has always demonstrated good financial management and governance, as concurred by both External and Internal reporting, this report sets out to provide an overarching summary of the key financial governance changes that affect the Authority from the financial year 2021 onwards.

The Financial Management Code

9. The new Financial Management Code is based on six core principles:
 - **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisational culture.
 - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - Financial management is undertaken with **transparency** as its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
 - Adherence to professional **standards** is promoted by the leadership team and is evidenced.
 - Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection
 - The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
10. Since the Financial Management Code was issued CIPFA has now produced more detailed Financial Management Guidance notes to assist Authorities by providing ideas and suggestions as to how authorities might comply. The Authority's Financial Management Framework was written back in 2019 and is based on CIPFA's key principles of Value for Money, these principles have also been incorporated in the FM Code which are:
 - **Economy** – Spending Less
 - **Efficiency** – Spending well
 - **Effectiveness** – Spending Wisely

- **Equity** – Spending Fairly
11. CIPFA sets out a number of financial management standards that should underpin each of these headings. In 2020 a report was presented to Corporate Management Board on the outcome of an initial self-assessment of compliance. Whilst this highlighted that the Authority has good practices in place, there are a few areas that were identified that could be strengthened and consequently an action plan was agreed to ensure relevant practices are embedded across the organisation in readiness for April 2021. Good progress has been made against the action plan, which includes for example the recent updates to the Code of Conduct and reference to the responsibilities of the Strategic Boards.
 12. **Chief Financial Officer (S151)** - One other key aspect that is highlighted in the FM Code is that which relates to the post of the S151 Officer. The Code points out that they should be suitably qualified, be on the Board of the leadership team but also that they should report directly to the CE. It is very clear that the leadership team is collectively responsible for setting strategic direction and managing the finances of the organisation, but the expectation is that the S151 post holder will lead in coordinating and facilitating a culture of efficiency and value for money.

National Audit Office Code of Audit Practice

13. The Code of Audit Practice sets out what local auditors of Fire Authorities are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. Local Auditors must comply with the Code of Audit Practice. The Code must be reviewed at least every five years and as such this is currently being progressed on behalf of the Authority by Internal Audit. Members will be provided with an update of this review at a future Authority meeting.
14. One of the biggest areas of change within the Code is the Audit that is undertaken in relation to Value for Money. As part of the annual audit of the financial statements Auditors are required to give a separate opinion on Value for Money focussed on ascertaining if the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The 2020 Code sets out a new approach to auditors' work in this area.
15. The structure of the new annual commentary on arrangements the Authority has undertaken to secure value for money has changed. It will now enable Auditors to explain the work they have undertaken during the year and highlight any significant weaknesses they have identified and brought to the Authority's attention, along with their recommendations for improvement. Auditors will also be able to reflect local context and draw attention to emerging or developing issues which may not represent significant weaknesses, but may require the attention of the Authority.

16. When reporting these arrangements Auditors will comment under three specified reporting criteria. They are;-
- a. **Financial sustainability:** how the Authority plans and manages its resources to ensure it can continue to deliver its services, including:
- How the Authority identifies the pressures it is facing and builds these into its plans;
 - How the Authority plans to bridge its funding gaps and identifies achievable savings
 - How the Authority plans finances to support sustainable delivery of strategic and statutory priorities and maintain services
 - How the Authority ensures its financial plan is consistent with other plans such a workforce, capital, investment and other operational planning
 - How the Authority identifies and manages risks to financial resilience e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.
- b. **Governance:** how the Authority ensures that it makes informed decisions and properly manages its risks, including:
- How the Authority monitors and assesses risk and how the body gains assurance over the operation of internal controls, including arrangements to prevent and detect fraud.
 - How the Authority approaches and carries out its annual budget setting process;
 - How the Authority ensures an effective budgetary control system in communicating accurate and timely management information, supports its statutory financial reporting requirements and ensures that corrective action is taken where needed;
 - How the Authority ensures appropriate scrutiny, challenge and transparency on decision making; and
 - How the Authority monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations of interests).
- c. **Improving economy, efficiency and effectiveness:** how the Authority uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How management cost and performance information has been used to assess performance to identify areas for improvement;
 - How the Authority evaluates the services it provides to assess performance and identify areas for improvement;
 - How the Authority ensures it delivers its role within significant partnerships, monitors the performance of significant partnerships, and ensures action is taken where necessary to improve; and
 - Where the Authority commissions or procures services, how the body monitors the performance+ of the service and assesses whether it has been delivered in line with what it procured and ensures that this is done in accordance with laws and regulations.
17. The above changes to the Value for Money audit opinion give a greater focus to long term resilience and longer term planning of Authorities, in particular the ability to identify funding shortfalls through suitable risk management and have robust long term identified savings plans to balance the budget that does not rely on the depletion of reserves.
18. Clearly we will be required to provide far more evidence of how we have achieved value for money, than probably we have done in the past, so the information set out above provides helpful guidance on the aspects we will need to consider. This will be an area that our External Auditors will provide more focus on when they review our accounts closure for 2020/21. As such an action has been developed to clearly identify how we address each of the points detail in paragraph 16 above.

Redman Review

19. The scope of the Redman review was to examine the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting the Authority's annual accounts enables the public to understand this financial information and receive the appropriate assurance that the finances of the Authority are sound. The review received 156 responses to the calls for views of which this Authority was one of them.
20. As a result of the review a number of recommendations have been made for consideration by Government, and as yet have not been formally agreed. Members will be kept updated at future meetings, with regard to whether any or all of these recommendations are confirmed. Those recommendations that would specifically impact this Authority, are as follows:-
- **External Audit Regulation** - A new body, the Office of Local Audit and Regulation (OLAR), will be created to manage, oversee and regulate local audit. A Liaison Committee is to be established comprising of key stakeholders and chaired by MHCLG, to receive reports from the new regulator on the development of local audit.
 - Governance arrangements within authorities be reviewed with the purpose of:

- An annual report being submitted to Full Council/Authority by the external auditor
- Consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee
- Formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.
- All auditors engaged in local audit be provided with requisite skills and training to audit a Fire Authority irrespective of seniority.
- The current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.
- In cases where there are serious or persistent breaches of expected audit quality standards, OLAR has the scope to apply proportionate sanctions.
- External Audit recognises that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice.
- The Deadline for publishing the audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.
- The External Auditor be required to present an Annual Audit Report to the first Full Authority meeting after 30 September each year, irrespective of whether the accounts have been certified; OLAR to decide the framework for this report.
- **Financial Resilience** - MHCLG reviews its current framework for seeking assurance that financial sustainability in each Authority in England is maintained.
- Key concerns relating to service and financial viability be shared between Local Auditors and Inspectorates including HMICFRS prior to completion of the external auditor's Annual Report.
- **Transparency of Financial Reports** - A standardised statement of service information and cost be prepared by each authority and be compared with the budget agreed to support the council/tax precept/levy and presented alongside the statutory accounts.
- The standardised statement should be subject to external audit.
- The optimum means of communicating such information to council taxpayers/service users be considered by each Authority to ensure access for all sections of the communities.
- CIPFA/LASAAC be required to review the statutory accounts, in light of the new requirement to prepare the standardised statement, to determine whether there is

scope to simplify the presentation of local authority accounts by removing disclosures that may no longer be necessary.

21. **Transparency and Accountability:** It is clear from the information detailed above, that key leadership team decisions should be subject to a review by an Audit Committee as this provides those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. Suggested reports to go to such a committee are the Financial Statements and Annual Governance Report, Internal Audit Reports, External Audit Reports, Corporate Risk Register and the Treasury Strategy. The Audit Committee should be independent, but it is accountable to the Authority's governing body. It should consist of appropriately skilled and trained Members and include an independent Member. Consequently to help provide additional assurance and enhance the governance within this Authority, Members are asked to approve the creation of an Audit Committee which would meet between two and three times a year.

Summary

22. Whilst some recommendations arising from the three reports mentioned above will require further legislation to enact the proposal, there are others which are being progressed by Officers to ensure compliance with the proposals from these reviews. Throughout all three reviews there are overarching key themes such as Financial Resilience, Value for Money, Transparency and Accountability. Many of these issues can be captured with the Authority's Efficiency Statement, which is presented to the Authority in April each year. Members are therefore asked to agree that this is expanded to include a section on value for money and financial resilience, which will support and demonstrate our strategic approach to the key themes.

IMPACT ASSESSMENT

23. Currently there are no financial implications arising from this report that cannot be managed within the overall budget.

RECOMMENDATIONS

24. Members are asked to;
- 24.1 Agree to the creation of an Audit Committee (paragraph 21 refers);
- 24.2. Agree to expand the annual Efficiency Statement to demonstrate our approach to delivering improved value for money whilst ensuring financial resilience across the organisation (paragraph 22 refers);
- 24.3 Note the contents of the report.

By: Chief Executive
To: Kent and Medway Fire and Rescue Authority – 23 February 2021
Subject: PAY POLICY STATEMENT 2021/22 AND GOVERNANCE UPDATE
Classification: Unrestricted

FOR DECISION

SUMMARY

Sections 38 to 43 of the Localism Act 2011 requires that the Authority prepares and publishes a Pay Policy Statement for each financial year before the start of that financial year, and this report seeks approval to the Statement for 2021/22.

The report also seeks Members' approval to a new policy covering the Authority's approach to reducing modern slavery in supply chains, in line with the Modern Slavery Act 2015.

It also provides a brief update on data protection issues.

RECOMMENDATIONS

Members are requested to:

1. Approve the Pay Policy Statement for 2021/22 (paragraphs 3 to 4 and **Appendix 1** refer);
2. Approve the Modern Slavery Policy (paragraphs 5 to 8 and **Appendix 2** refer);
3. Note the update in relation to published privacy notices (paragraphs 9 to 10 refer).

LEAD/CONTACT OFFICER: Assistant Director, HR and Learning – Karen Irvine

TELEPHONE NUMBER: 01622 692121 ext 8298

EMAIL: karen.irvine@kent.fire-uk.org

BACKGROUND DOCUMENTS: None

COMMENTS

Pay Policy Statement

1. Sections 38 to 43 of the Localism Act 2011 requires all local authorities to prepare and publish an annual Pay Policy Statement. The requirements in the Act originate from the recommendations set out in the Hutton Review of Fair Pay in the Public Sector. This recognised not only the need for high-calibre leaders but also the requirement for fair levels of pay reflecting individuals' contributions whilst also reassuring the public that this was being achieved. The Authority's proposed Pay Policy Statement for 2020/21 is attached at **Appendix 1**.
2. The Hutton Review expressed concern over pay governance practices, in particular placing an emphasis on the pay and benefits received by Chief Executives. The Act specifically refers to the relationship between these and the lowest-paid employees by requiring that the ratio between the two is identified. Members will be aware that, under the Accounts and Audit Regulations 2015, the Authority is already required to publish, as part of its Annual Statement of Accounts, details relating to senior employee salaries, defined as £50,000 and above. For the purposes of the Pay Policy Statement it is not intended to replicate this information but to provide the necessary link to it through the website.

Proposed Pay Policy Statement for 2020/21

3. The proposed Pay Policy Statement for 2020/21 differs very little from that agreed for 2019/20. Changes have however been made to reflect the current establishment figures and the agreed pay increases for 2020. The Statement also provides Members with the assurance that the Authority currently pays all of its employees an hourly rate above the living wage.
4. Members are requested to agree the Pay Policy Statement for 2020/21, which is attached at **Appendix 1**. Once the Pay Policy Statement has been approved it will be placed on the Authority's website so that it is available for the public to access. There are a number of links to other sources of information shown in the Statement and these will be included when the document has been approved and published.

Modern Slavery Policy

5. Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. To tackle these crimes, the Modern Slavery Act 2015 was introduced.

6. The Head of Commercial and Procurement has been working with Government on the rollout of the Act to the public sector. Alongside the requirement to minimise the impact of modern slavery, all public agencies with a gross revenue budget of greater than £38m will have to publish an annual Transparency in Supply Chains Statement. The law enabling this is due to be enacted imminently.
7. In response, the Modern Slavery Policy has been developed and is attached at **Appendix 2** for Members' comment and approval. The Policy sets out the Authority's zero-tolerance approach to modern slavery, human trafficking and all forms of servitude and forced and compulsory labour in all our own business and relationships, and in any of our supply chains. A statement on the performance of the Authority in meeting the policy will be brought annually to Members, with the first statement due to the next meeting, covering the 2020/21 financial year.
8. Members will also wish to be aware that the Authority's Procurement Policy has undergone cosmetic changes to cross reference to the modern slavery policy.

Other Governance Issues

9. **Data protection privacy notices:** Members will recall that under the Data Protection Act 2018, data controllers (of which the Authority is one) must make it clear the purpose for which they hold and process the personal data of "natural people". To meet this requirement, a suite of Privacy Notices were published in May 2018. These are constantly refreshed as new issues come to light, or new data requirements are established. In addition to the overarching privacy statement, the Authority currently has a total of 32 privacy notices. For Members' information, the current list of privacy notices is as shown in **Table 1** below. Work has already started to convert these to web pages to meet the new accessibility requirements.
10. A new privacy notice has recently been written to cover the data the Authority is processing about employees' health in relation to covid-19. This is time-limited to the duration of the pandemic and all Covid related data will be destroyed at that point, other than sickness records held in the Human Resources system.
11. **Automatic fire alarm policy:** Members will be aware of the project to review attendance at automatic fire alarms, and to treat them as potential near misses, rather than false alarms. It is likely a product of this work will be a new automatic fire alarms policy. However, in the interim the existing policy has been reviewed and remains fit for purpose. It has been republished on the website as a result.

Table 1: privacy notices currently in use

| Number | Title |
|---------------|---|
| 1 | Procurement |
| 2 | Feedback, engagement and consultation - public |
| 3 | Feedback, engagement and consultation - employees |
| 4 | Investigations by other agencies |
| 5 | Data from incidents we attend |
| 6 | CCTV |
| 7 | Telemetry |
| 8 | Specialist image capture |
| 9 | Videos and photos and incidents - members of the public |
| 10 | Videos and photos and incidents - employees |
| 11 | Applications for employment |
| 12 | Employees |
| 13 | Primary employment |
| 14 | Secondary employment |
| 15 | Medical records |
| 16 | Pensions administration |
| 17 | Grievances and employments complaints, including whistleblowing |
| 18 | Leavers |
| 19 | Learning and development |
| 20 | Financial transactions and adjustments |
| 21 | Insurance |
| 22 | Occupancy and tenancy |
| 23 | Information technology |
| 24 | Videos and photographs at events - public |
| 25 | Videos and photographs at events - employees |
| 26 | Safe and well visits and similar services |
| 27 | Interventions - young people |
| 28 | Post-incident support |
| 29 | Feedback, engagement and consultation with businesses |
| 30 | Memorandums of understanding with other agencies |
| 31 | Research and development |
| 34 | Discipline |
| | Employees' health data in respect of covid-19 |

IMPACT ASSESSMENT

12. The draft Pay Policy Statement puts into context, for members of the public, the arrangements the Authority has in place for setting and amending the pay of its employees. The draft Pay Policy Statement meets all current guidance issued by the Government for the production of such documents.

RECOMMENDATIONS

13. Members are requested to:
 - 13.1 Approve the Pay Policy Statement for 2021/22 (paragraphs 3 to 4 and **Appendix 1** refer);
 - 13.2 Approve the Modern Slavery Policy (paragraphs 5 to 8 and **Appendix 2** refer);
 - 13.3 Note the update in relation to published privacy notices (paragraphs 9 to 10 refer).

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**Kent and Medway Fire and Rescue Authority
Pay Policy Statement 2021/22**

Introduction

The Pay Policy Statement has been compiled in accordance with Sections 38 to 43 of the Localism Act 2011. The Act requires Kent and Medway Fire and Rescue Authority to publish a Pay Policy Statement annually. The information contained in this Statement is based on the position as at 31 October 2020, unless otherwise stated. The purpose of a Pay Policy Statement is to provide information to the public on the pay arrangements that apply to employees of the Authority, including the Chief Executive and their direct reports. The Statement also includes information on how decisions to set or change pay are made.

Structure of the Workforce

As at 31 October 2020, 1,545 people worked for us. These employees span various pay groups which perform a variety of roles and have different working patterns to meet our business needs. In its simplest form these are employees who either have an operational role (such as firefighters working on fire stations, 999 operators in our Control Room and technical staff working in specialist areas) and wear a uniform; or those who provide administrative and back office functions such as finance, information technology systems and human resources, and do not wear a uniform. A summary of the numbers in each of these categories is set out below in **Table 1**. Additionally the Authority has a third group of employees, namely the Chief Executive, and three Directors; one of whom is uniformed and the others non-uniformed, which are not shown in the table below.

Table 1: Number of Staff Employed by Category as at 31 October 2020

| Staff Group | Definition | Number of Staff in Group |
|--------------------------------|--|---|
| Whole-time Firefighters | Firefighters who work an average of 42 hours a week to crew stations 24 hours a day either as firefighters located at the station, or as firefighters located at the station during the day and responding from their own homes on an on-call basis at night, or who work in specialist areas such as Building Safety. This figure also includes officers that do not work on fire stations. | 661 (660 full-time equivalents) |
| Control staff | Uniformed staff who handle 999 calls and are based at the Fire and Rescue Control Centre. | 37 (35.5 full-time equivalents) |
| On-call Firefighters | A duty system where firefighters respond from their own homes or workplaces located near to the fire station on an on-call basis. | 514 (full-time equivalents not applicable) |
| Corporate Staff | Staff who typically do not wear a uniform and largely work in administrative and professional support functions. A proportion (48, or 46.24 full-time equivalents) provide fire prevention and road safety advice and offer home safety services and specialist advice for those more at risk | 329 (315.6 full-time equivalents) |

Part 1: Pay

Pay Policy

The overarching framework for pay and conditions of service for staff employed by the Authority is governed by three National Joint Councils (NJC). These are

- the NJC for Local Authority Fire and Rescue Services
- the NJC for Local Government Services
- the NJC for Brigade Managers of Local Authority Fire and Rescue Services.

The principle role of each of these national bodies is to reach agreement on a national framework of pay and conditions of service for authorities to apply locally. Each NJC is made up of people who represent the employers and others who represent employees; the latter typically being trade union representatives. The frameworks of pay and conditions set by each of these national bodies are locally referred to as the Grey Book (generally applies to uniformed staff); the Green Book (generally applies to staff who do not wear a uniform); and the Gold Book (applies to the Chief Executive and three Directors) respectively.

Each NJC acknowledges that its national framework of pay and conditions will need to be adjusted locally to reflect local needs. Where appropriate this will be undertaken through local agreement, with recognised trade unions where they exist, or alternatively through local decision-making processes.

The Equality Act 2010 gives women (and men) a right to equal pay for equal work. The Authority last undertook an equal pay audit in 2017 to ensure that its pay and benefits policy and practice were not being applied inconsistently. There were no areas of concern identified as a result of the audit. An equal pay audit will take place in 21/22 and its outcomes will be reported to the Authority.

From 2017, Regulations included in the Equalities Act 2010 means that any organisation that has 250 or more employees has a legal responsibility to publish and report specific figures about their gender pay gap. The gender pay gap shows the differences in percentage terms in average pay between men and women within an organisation across all types of work/staff groups. (It is not the same as Equal Pay which is the difference between men and women who carry out the same or similar jobs or work of equal value).

Public Sector organisations must provide a snapshot at the 31 March for any given year. We have published our data for the snapshot for 31 March 2020. Our data was [published](#) before the deadline date. The data did not identify any areas for concern, revealing the gap was marginally in favour of women.

Within this data analysis we have also looked at ethnicity and disability pay gap analysis for this year, which currently is not a requirement from Government. This analysis shows our commitment to improving representation across our organisation in terms of protected characteristics which we plan to support through a structured inclusive recruitment strategy, incorporating planned positive action activities across all roles, review our branding and our attraction package, with an emphasis on our flexibility as an employer.

Local Variations to Pay and Conditions of Service

The national pay agreements and the terms and conditions constitute a minimum standard but it is acknowledged that these can be modified through local negotiation to reflect local needs. There is a mechanism in place to agree such changes. However, any changes to the pay or conditions of service of the Chief Executive and/or the Directors must be approved by the Authority's Senior Officer Appointment and Conditions (SOAC) Committee.

Pay Structure

Each category of staff is linked to a pay structure directly linked to a national pay agreement. When the pay agreement has been amended to reflect local needs, Members of the Authority are updated accordingly.

The pay structure for uniformed staff is based on the national pay agreement which is negotiated and issued by the NJC for Local Authority Fire and Rescue Services annually and is based upon six roles. The annual salary within each role is a fixed point salary. This means that unless the employee is promoted, or a national pay award is agreed, the salary will remain unchanged. Employees may move up the pay structure through promotion into a higher role. For an employee to do this they must be approved by their line manager as having demonstrated the type of behaviours and skills required of an employee operating at the higher level through the monitoring of their performance, undergo a development process and then by being successful through interview for a role at the higher level.

The pay structure is different for green book staff. Employees are appointed to a post which has a specific pay grade assigned to it. Within each grade there are between five and six [pay points](#). The experience and skills of the employee are evaluated against the requirements of the job which will then determine the pay point to which they are appointed. Progression to higher pay points within the grade will be dependent on the employee demonstrating continued development and performance against the requirements of the role which is measured through the continuous monitoring of their performance.

Pay Awards 2020/21

An annual pay increase is awarded based on the outcome of the relevant national pay negotiation process. Based upon the decisions taken at a national level by the NJCs relevant to this Authority, the Authority's Green Book staff received a pay award of 2.75% applicable from April 2020. Grey Book Staff received a 2% award effective from 1 July 2020. The pay award for the Chief Executive and Directors is described below.

How are Grades and Roles Determined?

When a post is created or changes significantly it is evaluated in order that it can be matched against the appropriate grade for the role. A job evaluation process is used to determine the grade of a post. The process of job evaluation considers a range of factors relating to the demands of the job, including knowledge necessary to do the job; complexity; level of discretion in, and potential impact of, decision-making; and accountabilities in relation to people, finance and physical resources such as equipment or property. The job evaluation process ensures that the principle of equal pay for work of equal value is met and that the demands required of the post are assessed as objectively as possible. The job evaluation process includes input from trained individuals from across the organisation including union representatives.

The job evaluation process was last reviewed in September 2018. The scheme still follows the principles of the NJC scheme but some factors have been updated to ensure the scheme better relates to specialist/professional roles.

The Authority has an Establishment Group which considers the future needs of everyone that works for us, what posts are needed and which can be deleted. Within this group, where uniformed vacancies arise or will occur at some point in the future, consideration is given to the post being converted from uniformed (Grey Book) to non-uniformed (Green Book) terms and conditions.

Supporting and Encouraging Performance

The Authority supports all employees to develop and perform to the best of their ability. To do this there are management training and procedures such as Supporting Talent and Career Aspiration Conversations which encourage talent management conversations to help individuals to maximise their potential and support their development, engagement and career progression.

Managers support individuals through continuous dialogue therefore giving timely feedback on performance, supporting encouraging and checking regularly on individual's wellbeing. They also offer individual's a more in-depth career conversation, to explore how they would like to progress in the organisation on a longer-term basis. This information is collated through the Talent Bench Review process, which is used to inform succession planning and progression.

The Authority seeks to encourage individuals to own their development with the support of their manager and the organisation. This may be through; the creation of an individual development plan to support performance/wellbeing/progression towards promotion, access to a professional qualification via the Authority's Bursary scheme, Continuous Professional Development (CPD) allocated days or through external and internal events and workshops.

Where there are concerns about performance and an individual becomes subject to the Authority's formal capability procedure, this may have an effect on their pay, and the continued payment of CPD. CPD is designed to recognise and reward experienced employees who are able to demonstrate continuous professional development. It is expected that employees will maintain a high level of continuous professional development and commitment to their job to receive a CPD payment.

The Authority does not currently have arrangements in place for performance related pay as part of its appraisal of performance; neither does it have any arrangements in place for the payment of bonuses.

Market Premiums

In 2018 the Authority introduced the use of market premium payments for the purpose of attraction within recruitment and retention of key staff. The recruitment of certain specialist staff, particularly within the Information Technology (IT) department, has proved difficult with roles being advertised and subsequent applications being poor in quality and quantity. Therefore a procedure to apply market premium was developed and approved through Establishment Group.

Senior Officers

The Authority is required to publish information relating to the pay of its most senior employees, which are defined as those employees whose annual salary is £50,000 or more. This information is [published](#) on an annual basis.

The Senior Officer Appointments and Conditions (SOAC) Committee has a specific remit from the Authority to consider and make decisions about the remuneration and terms and conditions of employment of the Chief Executive and Directors.

Decisions made by the SOAC Committee in the Period up to 31 October 2020.

There were two SOAC Committee meetings held between 31 October 2019 and 31 October 2020 where the approval and recruitment took place for the position of Director of Prevention, Protection, Customer Engagement and Safety. An appointment was made and this person took up this position from 6 July 2020. In addition the following decision was made through correspondence with SOAC Committee Members:-

Pay award for the Chief Executive and Directors – Pay awards in relation to this group of staff will generally follow the recommendations of the NJC for Brigade Managers of Local Authority Fire and Rescue Services. The NJC reached agreement on a pay award for 2020 of a 2% increase on basic pay, effective from the 1 January 2020. The SOAC Committee approved the application of this award to the Chief Executive and Directors.

Ratio between Highest Earner and Average Earnings of the Organisation and Definition of ‘Lowest Paid’

The Authority is required to publish information which expresses as a ratio the difference between the pay of its highest paid employee and the average pay for all other employees. The Authority is also required to publish its own definition of ‘lowest-paid’ employees as it applies to the Authority’s workforce.

The Authority has a range of staff employed on different conditions of service and this means that it has a range of salary levels. Some staff are employed on contracts which are regarded as secondary employment. This means that they are able to undertake their contract in addition to other full-time employment. Specifically this relates to firefighters who work the ‘on-call’ duty system, providing on-call availability from their home or place of work. These employees have full-time work outside the Authority.

The Table below sets out the difference between the pay of the highest paid employee (who is the Chief Executive) when compared to the average pay (total pay divided by the number of employees) of all other employees. The information illustrates that the Chief Executive’s pay is 3.98 times more than the average pay of all other employees as at 31 October 2020.

Table 2: Pay Ratio

| | Oct-19 | Oct-20 | Degree of Change |
|---------------------------------|----------|----------|------------------|
| Chief Executive’s Salary | £154,808 | £157,904 | 2.0% |
| Mean Salary | £38,719 | £39,649 | 2.4% |
| Ratio | 4.00 | 3.98 | -0.02 |

This ratio is calculated by dividing the Chief Executive's salary by the mean salary for other staff (excluding overtime).

The Authority's Definition of 'Lowest-Paid' Employees

The Authority regards its lowest-paid employees to be those employed on its Green Book conditions of employment. These are employees who do not wear a uniform and who work in administrative and corporate function areas. Employees can be employed on grades which range from 2 to 12. The Authority currently only has one Grade 2 posts in its establishment which is an intern placement position. It has removed most of its Grade 3 posts due to a job evaluation process, where it has reviewed its support and administrative roles giving these greater responsibility, therefore increasing the roles to Grade 4.

The Authority recognises that the necessary training and development can be provided in-house over a relatively short period and therefore specific skills or experience are not specified as essential at the recruitment stage. The Authority is committed to supporting all staff to develop and in addition a number of teams have built into their structure, graded progression posts.

The salary range that applies to grade 3 is £19,000 - £21,419. The minimum hourly rate for a grade 3 role is £9.87 per hour, which is greater than the current National Minimum Wage and National Living Wage (£8.72 per hour as at 31 October 2020). The Authority will ensure that with the further increase of the National Living wage in April 2021 that all graded staff will continue to be paid at least the National Living wage.

As at 31 October 2020 there were 6 apprentices working within the support functions of IT, HR, Business Support, Fleet and Property and 18 wholetime apprentices who as part of their two year development plan have been placed on the firefighter apprenticeship standard.

The apprentices are currently paid £5.76 per hour. After the first 12 months, if an apprentice is performing well they will be placed on the national living wage dependent on age.

The Authority has met the requirements under the [Apprenticeship levy](#).

Part 2: Pensions arrangements

Pension Arrangements

The Authority currently administers five occupational pension schemes. There are four schemes for firefighters

- the Firefighters' Pension Scheme 1992 (FPS) (closed to new entrants from April 2006)
- the New Firefighters' Pension Scheme 2006 (NFPS) (closed to new entrants from April 2015)
- the Modified Scheme 1992/2006 (specific to retained firefighters who served between 1 July 2000 and 6 April 2006)
- the Firefighters' Pension Scheme 2015 (FPS 2015)

The employee contribution rates effective from 1 April 2020, determined by statute, currently range from 11.0% to 17.0% for the FPS, 8.5% to 12.5% for the NFPS, 11.0% to 17% for the Modified 2006, and from 11% to 14.5% for the FPS 2015, depending on salary level. Employer contribution rates are 37.3% for FPS, 27.4% for NFPS 37.3% for Modified 2006,

and 28.8% for FPS 2015 of core pensionable pay respectively. The employer's contributions were significantly increased in April 2019 due to the re-evaluation of the schemes.

Each scheme includes discretions which the employer decides how to apply. In November 2014 the General Purposes Committee approved an overarching Pensions Policy which defined five key principles, each of which the Chief Executive must ensure is considered before applying any such discretions on behalf of the Authority. This Policy will be reviewed in 2021 and the key principles will be refreshed considering changing pensions legislation.

Green Book staff have the right to belong to the Local Government Pension Scheme (LGPS). The employee contribution rates for this scheme currently range from 5.5% to 12.5% depending on salary level. However, the employee does have a right to choose to reduce to 50/50 contribution, i.e. reducing their contribution to half, but this does have an impact on their benefits. The employer contribution rate increased from 12.5% to 13.5% from the 1 April 2020.

A new Local Government Pension Scheme (LGPS 2014) came into effect on 1 April 2014. This Scheme is a 'Career Average Revalued Earnings' (CARE) Scheme, unlike the original LGPS which is a final salary scheme. The new LGPS 2014 scheme introduced five employer discretions which were agreed by the General Purposes Committee in November 2014. Generally these discretions lead to enhanced benefits to scheme members, but result in additional costs which fall to the Authority and not to the pension scheme.

Re-engagement of Employees

For Grey Book staff who are members of the Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006) a policy regarding re-employment and the treatment of pensions in payment has been in place since March 2010. This policy is based on the Regulations under each scheme and guidance provided by the Government.

The principal and process of the policy is that any re-employment, for all levels, following retirement, must be to an advertised vacancy, and as a result of a normal open and competitive selection process. Where re-employment is secured, the pension is adjusted (where relevant) so that the combination of pension and new salary does not exceed the individual's salary at the time of their retirement. This adjustment process is called abatement. The process of abatement is not included in the Local Government Pension Scheme regulations and therefore does not apply to Green Book employees.

However, in April 2019 the Authority agreed a discretion to allow abatement not to be applied to specific roles within Business Safety. Following the Grenfell Tower Fire there has been an increased focus nationally regarding the inspection process on fire safety and prevention work conducted by Business Safety teams. Much of this work requires a specialist skill set. The recruitment of qualified personnel in this area has been difficult and a number of qualified staff have recently retired or are due to do so in 2020/21. The loss of these skills from this team would be significant. Therefore a discretion was agreed not to apply abatement to fire safety officers retiring from these specific posts. This discretion will only be for a maximum of two years which will enable the Authority to retain their expertise, whilst new applicants are trained to achieve the necessary technical skill set.

In July 2020 the Authority agreed a further discretion to allow abatement not to be applied to the post of Operational Development Technician PPE (Personal Protective Equipment). This discretion was granted for a maximum of two years. This decision was based on the current post holder's specialist skill set and their use of these skills within the national arena for the Fire Service. Such skills are not readily available within the recruitment market. During the two year period the Authority is committed to train others to acquire the necessary technical skill set.

Commercial and Procurement



Modern Slavery Policy

| | | | |
|--------|-------------|---|------------------------------------|
| Author | Tina Butler | . | Head of Commercial and Procurement |
|--------|-------------|---|------------------------------------|

Introduction

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. To tackle these crimes, the Modern Slavery Act 2015 was introduced.

The following definitions are encompassed within the term 'modern slavery' for the purposes of the Modern Slavery Act 2015:

- 'slavery' is where ownership is exercised over a person
- 'servitude' involves the obligation to provide services imposed by coercion
- 'forced or compulsory labour' involves work or service extracted from any person under the menace of a penalty and for which the person has not offered them self voluntarily
- 'human trafficking' concerns arranging or facilitating the travel of another with a view to exploiting them.

This document sets out the policy on the Authority's zero-tolerance approach to modern slavery, human trafficking and all forms of servitude and forced and compulsory labour in all our own business and relationships, and in any of our supply chains.

Scope

This Policy applies to all staff, volunteers and Members of the Authority.

Service Policy

The Authority is committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business, in any of our supply chains and to be sufficiently trained to identify risks when performing our front line services. This overarching commitment is supported at the highest level and interdepartmental collaboration is used to ensure a harmonised and effective approach.

Our Customers – Working with charitable organisations and our wider business and supply community to facilitate positive action on modern slavery.

Our People - Helping to protect our own employees, volunteers and job applicants from becoming victims of modern slavery through fair recruitment practise, pay and conditions, and having support mechanisms in place such as access to whistleblowing, and an employee assistance programme. It will

also teach everyone that works for us to spot signals of possible modern slavery as they perform their roles.

The Code of Conduct, for our staff, is an endorsement of the Nolan Principles - Principles of Public Life which outlines the ethical standards those working in the public sector are expected to adhere to.

The Authority will from the date of this policy publish annually a Transparency in Supply Chains statement

Legal consequences

This policy is in accordance with the Crown Commercial Service Procurement Policy Notice 05/19.

The Procurement Regulations published by the government have been amended to enable Contracting Authorities to make certain modern slavery offences under the Act as grounds for exclusion of bidders from public procurements.

Further information

1. Section 54 of the Act makes provision for new business measures, which requires companies with an annual turnover above £36m, and carrying out a business, or part of a business in the UK, to develop a Modern Slavery statement, also known as a Transparency in Supply Chains statement, which is to be updated and published annually.
2. Following consultation in 2019, Section 54 of the Act will include provision for all public sector authorities to publish their own annual Modern Slavery statements as of 1 April 2021, and applying to actions taken in the previous financial year. The statement must set out the organisation structure and supply chains, evidence the Authority's own policies, preventative and monitoring measures, set out how risks are identified and addressed within its supply chains as well as plans for continuous improvement.
3. The requirements of the statement are set out as six discretionary areas of reporting in sections 54(5) (a) to (f) of the Act and are mandatory inclusions;
 - a. the organisation's structure, its business and its supply chains;
 - b. its policies in relation to slavery and human trafficking;
 - c. its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
 - d. the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;
 - e. its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate;
 - f. the training about slavery and human trafficking available to its staff.

Training

All staff

4. Mandatory online safeguarding training is provided for all staff, which includes a section on modern slavery. The Authority is in the process of expanding the training for all frontline staff whose work

may bring them into contact with potential victims of slavery. The training will develop knowledge of how to spot the signs of exploitation providing scenario based questions to improve understanding of what it looks like in real life as well as the law around modern slavery. The training will also provide information and learning on what to do if a member of staff comes into contact with a potential victim and explain the internal safeguarding process of how to escalate to the Designated Safeguarding Team who will be the central point for making onward referrals. The training also explores the risks to individuals who have been trafficked and enslaved and find out what support is available through a multi-agency approach and different pathways to refer.

5. Records of who has completed the training will be held in the Authority's learning management system and retained in accordance with the privacy notice on learning and development. The Authority will aim to achieve completion of the training by 85% of staff within three months of the training being made available, taking into account new starters and leavers, and long term sick leave of staff.

Commercial and Procurement Team

6. Specific training will be provided for members of the Commercial and Procurement Team to further develop their skills and knowledge of how modern slavery risks can be addressed during the pre-procurement/specification, selection, award stages of a procurement process and throughout the contract management phase to ensure that all suppliers that we engage with are;
 - fully compliant with the Modern Slavery Act 2015;
 - clear, transparent, accountable and auditable;
 - free from ethical ambiguities
7. Our zero-tolerance approach to modern slavery must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and reinforced as appropriate thereafter.

Governance

8. The Authority's annual statement shall be developed by the Head of Commercial and Procurement in conjunction with the Safeguarding Manager, Human Resources Business Manager and the Assistant Director of Corporate Services. The statement must be approved by the Authority prior to publication each year. Publication of the statement must be no later than six months after the end of the financial year.

Compliance with this Policy

9. The prevention, detection and reporting of modern slavery in any part of our business or supply chains is the responsibility of everyone within the Authority. Individuals are required to avoid any activity that might lead to, or suggest, a breach of this Policy.
10. The Authority encourages openness and will support anyone who raises genuine concerns, even if they turn out to be mistaken.
11. Individuals are encouraged to raise concerns about any issue or suspicion of modern slavery in any parts of our business or supply chains of any supplier tier at the earliest possible stage.
12. If it is suspected that a breach of this Policy has occurred or that it may occur, the individual must report to either their Line Manager or their Human Resources Business Partner or report it in accordance with the Speak Up Policy as soon as possible.
13. If an individual is unsure about whether a particular act, the treatment of workers more generally, or their working conditions within any tier of our supply chains constitutes any of the various forms of modern slavery, they must raise it with the Head of Commercial and Procurement or in their absence Assistant Director Corporate Services as soon as they become aware.

Publication

14. Each Modern Slavery statement must be approved by Corporate Management Board, and the Authority, dated with the financial year it refers to and be made public on the Authority's website and include a link to the statement in a prominent place on the website's home page.

Supporting Information

| Details | Link to material |
|--|---|
| Crown Commercial Service Procurement Policy Notice (PPN) 05/19 | https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/833280/Modern_Slavery_PPN_05_19_FINAL.docx.pdf |
| Section 54 of the Modern Slavery Act 2015 | http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted |
| Nolan Principles - Principles of Public Life | https://www.gov.uk/government/publications/the-7-principles-of-public-life |
| Statutory Guidance regarding modern slavery: how to identify and support victims | Modern Slavery: Statutory Guidance for England and Wales (under s49 of the Modern Slavery Act 2015) and Non-Statutory Guidance for Scotland and Northern Ireland (publishing.service.gov.uk) |

| | |
|-----------------------------------|---|
| Document Audit Information | |
| Senior Officer Accountable | Tina Butler |
| Authorised by | James Finch |
| Direct enquiries to | Tina Butler |
| Date Implemented | February 2020 |
| Review by | June 2021 |
| Amendments required to | None |
| Related documents [if any] | Speak Up Policy Transparency Policy Safeguarding Guidance Recruitment and Selection Policy |
| Replaced documents | None |
| Security classification | None |
| Version No | 1.0 |
| Version change summary | |

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By: Chief Executive
To: Kent and Medway Fire and Rescue Authority – 23 February 2021
Subject: APPOINTMENT OF MONITORING OFFICER
Classification: Unrestricted

FOR DECISION

SUMMARY

All local authorities are required by law to appoint a Monitoring Officer whose statutory duty is to report to the Authority on any proposed actions which may contravene the law or constitute maladministration. This report makes proposals for the appointment of a new Monitoring Officer for a four year team from the period 1 April 2021 to 31 March 2025.

RECOMMENDATION

Members are requested to:

1. Approve that the Monitoring Officer role is moved to Medway Council with effect from 1 April 2021 (paragraphs 6 and 7 refers).

LEAD/CONTACT OFFICER: Clerk to the Authority – Marie Curry
TELEPHONE NUMBER: 01622 692121 ext 8206
EMAIL: marie.curry@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

Background

1. All local authorities are required by the Local Government and Housing Act 1989 to appoint a Monitoring Officer whose duty is to ensure that the Authority, its Officers and Elected Members maintain the highest standards of conduct in all that they do.
3. In addition to the statutory duty mentioned within paragraph 1 above, the Monitoring Officer would normally carry out other related duties for the Authority and these are captured within the attached Service Level Agreement (SLA).
4. Although the Authority's Monitoring Officer has, for many years, been appointed through Kent County Council (KCC), the Kent Combination Scheme Order which was established in 1997 also allows the Authority to make arrangements with any constituent authority for the use of the services of officers and employees of that constituent authority.

Proposal for Appointment of New Monitoring Officer

5. Mr Benjamin Watts, General Counsel and Monitoring Officer for KCC took over the role as this Authority's Monitoring Officer in April 2018 and the current contract is due to expire on 31 March 2021.
6. Discussions were undertaken with Mr Watts with a view to exploring a renewal of the existing contract. However, the Monitoring Officer felt that he did not have the time nor resources available to continue in his current capacity in providing the level of service and support that was required by this role. As a result of this, a meeting took place with Medway Council to explore whether they have the capacity to deliver the services of the Monitoring Officer role, on behalf of this Authority. Initial discussions with Mr Perry Holmes, Chief Legal Officer and Monitoring Officer at Medway Council were very positive however since those discussions, Mr Holmes has informed us that he will in fact be leaving Medway Council at the end of April 2021 to take up a role within another authority area. Despite Mr Holmes's departure, Members are still requested to agree that the Monitoring Officer role for this Authority will be undertaken by the appropriate officer at Medway Council with effect from 1 April 2021.
7. Whilst this report still requests Members to approve that the Monitoring Officer function is undertaken by Medway Council, we are not in a position at this point in time to provide Members with a name of that appointed officer for the period after Mr Holmes leaves Medway Council. Once the replacement has been appointed then we

will be in a position to confirm who this will be. Members will therefore be provided with an update at April's meeting.

Contractual Arrangements

8. If the Authority approves that the Monitoring Officer function is moved to Medway Council then this will be covered under the new Service Level Agreement attached for information at Appendix 1. This will be for a four year period, but will be reviewed on an annual basis.

IMPACT ASSESSMENT

9. The contract with Medway Council will cost approximately £7k per annum, for which budget provision already exists, and is subject to annual increase in line with inflation. No payments are made directly to the appointee by the Authority in respect of this work.

RECOMMENDATION

10. Members are requested to:
 - 10.1. Approve that the Monitoring Officer role is moved to Medway Council with effect from 1 April 2021 (paragraphs 6 and 7 refers).

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Service Level Agreement

Between

Kent and Medway Fire and Rescue Authority (KMFRA)

and

Medway Council

for the provision of a Monitoring Officer Service

1. Definition of Service Requirement

- 1.1 Every Local Authority has a legal duty to appoint a Monitoring Officer. The duties of this post are set out under section 5 of the Local Government and Housing Act 1989, and amended by schedule 5, paragraph 24 of the Local Government Act 2000.
- 1.2 This role is an appointment of the Authority and has the specific duty to ensure that the Authority, its officers and elected members maintain the highest standards of conduct in all that they do. The Monitoring Officer will be able to advise and support on conflict of interest issues, support in difficult circumstances and investigate any formal complaints. The Monitoring Officer should also have the appropriate skills to mediate, counsel and in addition to the formal grievance processes, can intervene on an informal basis which can have a positive impact on the culture of the council. This Service Level Agreement therefore sets out the provision for the requirement of this service. The term shall be four years from the date of this agreement, reviewed annually to ensure that performance is being met from both parties. It will be procured under the provisions set out in the Combination Scheme Order 1997.

2. Specification of Service Provider Responsibilities

- 2.1 Medway Council as the service provider shall provide a Monitoring Officer Role to Kent and Medway Fire and Rescue Authority as specified below:
 - i) To report to the Authority in any case where they believe any proposal, decision or omission by the Authority may constitute a reportable incident (being any matter which, in their opinion, has given rise to or is likely to or would give rise to any illegality, maladministration or breach of statutory code under Sections 5 and 5A of the Local Government and Housing Act 1989);

- ii) To investigate any matter which they have reason to believe may constitute, or where they have received an allegation that a matter may constitute, a reportable conduct issue in relation to a Member;
- iii) To advise on any changes which may be needed to the Authority's Code of Conduct for Members; to advise Members on interests and conduct; and to advise on the grant of non-pecuniary dispensations;
- iv) To exercise the Authority's powers to grant dispensations to Members under section 33 of the Localism Act 2011;
- v) To maintain the Register of the interest of all Members from Constituent Authorities under the Kent Combination Scheme Order 1997;
- vi) To help ensure that Members and officers of the Authority are fully aware of their obligations in relation to probity;
- vii) To regularly review the Authority's Standing Orders, Regulations, Codes and procedures to ensure they are up-to-date and comply with statutory and best practice requirements;
- viii) To review all reports submitted to the Authority and respond back to the Clerk, in a timely manner, confirming that no proposals or decisions detailed within those reports breach the law or amount to maladministration;
- ix) To provide an annual monitoring report to the Authority on any activities undertaken in line with the Service Level Agreement as well as attend at least one Authority meeting per municipal calendar year;
- x) To hold regularly review meetings with either the Chief Executive or the Director, Finance and Corporate Services, and the Clerk to the Authority to identify areas where the Authority can be improved or better protected and to review best practice between both parties;
- xi) Respond to any correspondence sent by the Authority within five working days unless that correspondence is marked as an urgent response is required and therefore this should be received within 24 hours;
- xii) To provide advice to Members and Officers, in a timely manner, as required in pursuit of a legal decision. This will include timely responses to a request for specific information in relation to the statutory requirements of formally closing the financial accounts each year.

3. Service Purchasers Responsibilities

- 3.1 Kent and Medway Fire and Rescue Authority as the service purchaser shall provide/undertake the following:

- i) The right of access to all relevant documents and information held by or on behalf of the Authority, including documents and information held by any officer or Member of the Authority as set out in its Publication and Retention Scheme, and the published privacy notice on Investigations by Third Parties. For clarification, this right does not extend to documents and information held by or on behalf of any political party represented on the Authority;
- ii) The right of access to any meetings of officers or Members (or both) of the Authority, whether or not such meetings include any other persons. This right does not extend to any meetings held by or on behalf of any political party represented on the Authority;
- iii) The right to require any officer or Member of the Authority, or any contractor of the Authority, to provide an explanation of any matter under investigation;
- iv) A right to report to the Authority, including a right to present a written report and to attend and advise orally;
- v) The right to require the assistance of any officer of the Authority in carrying out an investigation
- vi) A power to agree a local resolution to any complaint of maladministration or of breach of the Authority's Code of Conduct for Members, in consultation with the Chief Executive, subject to subsequent report to the Authority;
- vii) The right of access to the Chief Executive and to the Director, Finance and Corporate Services;
- viii) The right, after consultation with the Chief Executive, to notify the Police, the Authority's auditors and other regulatory agencies of their concerns in respect of any matter and to provide those agencies with information and documents to assist them with their statutory functions;
- ix) The right to obtain, at the Authority's expense, legal advice on any matter which they believe may be a reportable incident, and sufficient financial resource for this.

4. Fees and Commencement Date

4.1 Kent and Medway Fire and Rescue Authority as the service purchaser agrees to;

- i) In October each year, pay the annual fee for the services of the Monitoring Officer which equates to approx. £7k (subject to any inflation costs) and within the required timeframe.
- ii) Agree in advance with the Monitoring Officer any work that is deemed outside of this Service Level Agreement at a cost of an agreed hourly rate and prior to any work being undertaken.

- iii) The commencement of this agreement is from the 1 April 2021.

5. Sub-contracting

- (i) The service provider shall not assign, sub-contract or in any other way dispose of the agreement or any part of it without prior approval from the Authority. Sub-contracting any part of the agreement shall not relieve the service provider of any of its obligations or duties under the agreement.
- (ii) The service provider shall be responsible for the acts and omissions of its Subcontractors as though they are its own. Where the Authority has consented to the placing of sub-contracts, copies of each sub-contract shall, at the request of the Authority, be sent by the Monitoring Officer to the Authority as soon as reasonably practicable.

6. Termination

- (i) Either party may terminate this agreement at any time by giving three months prior written notice.

By: Clerk to the Authority
To: Kent and Medway Fire and Rescue Authority – 23 February 2021
Subject: MEMBERS' ALLOWANCES SCHEME 2021/22
Classification: Unrestricted

FOR DECISION

SUMMARY

This report proposes formal re-adoption for 2021/22 of the existing Members' Allowances Scheme.

RECOMMENDATION

Members are requested to:

1. Formally re-adopt for 2021/22 the existing Members' Allowances Scheme as set out in **Appendix 1** (paragraph 2 refers).

LEAD/CONTACT OFFICER: Clerk to the Authority – Marie Curry
TELEPHONE NUMBER: 01622 692121 ext 8291
EMAIL: marie.curry@kent.fire-uk.org
BACKGROUND PAPERS: None

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

2. The Authority last agreed a review of its Members' Allowances Scheme in June 2017 where it was agreed to adopt the new scheme to cover the whole of the four-year period from 1 November 2017 to 31 October 2021. No changes are therefore proposed to the Scheme for 2021/22. The existing Scheme is attached for Members' approval at **Appendix 1**.

IMPACT ASSESSMENT

3. 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 2021/22.

RECOMMENDATION

4. Members are requested to:
 - 4.1 Formally re-adopt for 2021/22 the existing Members' Allowances Scheme as set out in **Appendix 1** (paragraph 2 refers).

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

SCHEME OF MEMBERS' ALLOWANCES PAYABLE FROM 1 NOVEMBER 2017 TO 31 OCTOBER 2021

Basic Allowance for 1 April 2021 to 31 March 2022: £1,511.66 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 (SRAs) for 1 April 2020 to 31 March 2021:

| Post-holder | % of Chairman | Allowance (per annum) £ |
|-------------------------|----------------------|--|
| Chairman | 100 | £19,823.93 |
| Vice-Chairman | 40 | £7929.57 |
| Opposition Group Leader | 30 | £5947.17 plus £300 for every Member above two. |

Notes:

- (1) Members may only receive one SRA at any one time no matter how many offices within the KMFRA that Member may hold.
- (2) Basic Allowance and SRAs will be increased by the same percentage, and on the same dates, as the annual pay award to the Authority's 'Green Book' (non-uniformed) staff.
- (3) Allowances may be rounded up or down where necessary for payment purposes.

Travel and Subsistence Allowances

Members' Private Vehicles

Mileage is reimbursed at Her Majesty's Revenue and Customs (HMRC) 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 Clerk.
- (4) Members' private vehicle mileage is reimbursed at the HMRC 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 – 23 February 2021
Subject: INFORMATION UPDATE
Classification: Unrestricted

FOR INFORMATION

SUMMARY

This information update covers the following topics:

- A.** Pandemic Update (paragraphs 1 – 10 refer);
- B.** Inspection Update (paragraphs 11 - 16 refer and **Appendix 1**);
- C.** Performance Update (paragraphs 17 – 26 refer);
- D.** Operational Update (paragraphs 27 - 32 refer);
- E.** Prevention, Protection, Customer Engagement and Safety Update (paragraphs 33 – 62 refer);
- F.** Freedom of Information and Publication scheme update (paragraphs 63 - 69 refer);
- G.** European Union Transition update (paragraphs 70 - 72 refer)
- H.** Outcomes of Safety Plan (paragraphs 73 - 81 refer);
- I.** Pensions Board Update (paragraph 82 and **Appendix 2** refer).

CONCLUSION

Members are requested to:

1. Consider and note the contents of the report.

COMMENTS

Background

A. Pandemic Update

Lead/Contact Officer: James Finch, Assistant Director, Corporate Services
01622 692121 ext 8453, james.finch@kent.fire-uk.org

1. A new national lockdown was announced in early January 2021. This led to the further closure of schools and non-essential businesses. Kent and Medway has experienced some of the highest rates of infection, and it is believed the new variant originated in the area before spreading quickly across the country. Changes to the lockdown are unlikely before the spring half term, and may continue into the later part of the spring.
2. However, there is positive news with the roll-out of a vaccination programme, focusing initially on the most at risk groups. At the time of writing 2.5m had received their first dose of a vaccine. By the end of September 2021, the Government has committed that everyone will have had at least one dose. This is a huge logistical challenge for all agencies involved in the work.
3. Members will be aware that vaccinations are beginning to be rolled out across Kent and Medway, alongside an expansion of testing facilities. Kent firefighters and Corporate Teams' staff will be supporting the vaccination effort. Firefighters will not physically be administering the vaccines themselves, but we will be doing roles around support, planning, logistics etc which the NHS need [called healthcare assistants] and secondment arrangements are in the process of being finalised. Firefighters engaged in co-responding activities have access to vaccination via the South East Coast Ambulance Service.
4. It is important that Members have a sense of the scale of the support being given by the Authority to partners across Kent and Medway and the community, whilst at all times also maintaining its own statutory duties. Below is a list of all the Covid-19 related partner support it is currently doing – mostly it is in support of the South East Coast Ambulance Service or the NHS but also our partners in local authorities too:
 - a) Home birth support – we will on request transport midwives under blue lights from hospitals to home births;
 - b) Delivery of O₂ cylinders – this has been undertaken on a number of occasions, usually out of hours, to move cylinders from bulk drop to make ready centres. This offer is open to repeat as required;
 - c) Firefighters driving ambulances began on Thursday 14 January, with eight firefighters in the first tranche, and a second group being identified to be trained. A Kent Fire and Rescue Service site is being used as the training venue;

- d) We are mobilising fire engines (including non-co-responders) to cardiac arrests when are the South East Coast Ambulance Service is busy – this reduces their attendance by one ambulance, allowing that one to attend other calls;
- e) Any fire engine will attend lower category calls to the South East Coast Ambulance Service with a single paramedic to release an ambulance for other calls;
- f) Our Technical Rescue Team is on standby to support specialist ambulance teams;
- g) Our Fleet engineers are available to assist with ambulance breakdowns on request;
- h) Our Support to the South East Coast Ambulance Service make ready centre at Paddock Wood continues on an ad-hoc basis following our significant efforts earlier in the pandemic which Members have been previously advised of;
- i) Our driving examiner is to start to undertake driving tests for South East Coast Ambulance Service as DVLA centres are closed (or have limited capacity). This is to give new South East Coast Ambulance Service staff the right licence type to legally drive ambulances;
- j) Access if it is required is available to our face fit testers and equipment to assist ambulance personnel as required when fitting face masks;
- k) Our Liaison Officer was deployed to the South East Coast Ambulance Service's call handling centre when their waiting call numbers were high to maximise the value of our support;
- l) We continue to support co-responding which is business as usual for many of our crews as well as premises sharing to allow South East Coast Ambulance Service crews welfare breaks and pre-position vehicles in our communities;
- m) Firefighters are delivering pulse oximeters in the East Kent NHS area and we are ready to support in Dartford, Gravesham, Swanley, Medway and West Kent when requested;
- n) Firefighters assisted in the opening of mass vaccination site in Folkestone, Tonbridge and Gravesend which will have enormous value to the communities in those areas;
- o) Working with partners across the public and voluntary sector, we supported a mass tracing event over four days in Maidstone beginning 2 February 2021, linked to the South African Covid-19 variant.

5. Members may also wish to note these heart-warming stories – our work supporting the homeless in partnership with Porchlight over Christmas, and ongoing work to support older members of the community.

[Children help KFRS spread Christmas cheer to the homeless - Kent Fire and Rescue Service \(fire-uk.org\)](#)

[Porchlight support over Christmas](#)

6. Members of the Education Team are also providing support to parents involved in home-schooling, and two examples are available from the links below.

[If you're looking for something to do at... - Kent Fire and Rescue Service | Facebook](#)

[It's time for our mid-week arts and... - Kent Fire and Rescue Service \(facebook.com\)](#)

7. www.thebyrnes.co.uk also seeks to support teachers and parents with alternative materials to encourage positive behaviours relating to home safety.
8. Since the reintroduction of a national lockdown the Authority has strengthened the presence of the ongoing Covid-19-19 safety and reassurance messaging. This has included the reintroduction of 'Kent Together' content and messages about reassurance and information sharing. As part of this work, the Authority has continued to help share vital safety messages from partner agencies, including Kent County Council and Public Health England.
9. We are exceptionally proud of the efforts made by everyone that works for us during this extraordinary times.

The Future

10. The Pandemic has meant the vast majority of corporate staff have worked from home since 23 March 2020. We are now discussing with them making home working for a period of their working week part of their new adjusted normal. In support of this we are developing plans to reconfigure part of the Godlands estate whilst it is mostly empty of staff to make it more open planned, which encourages integration and discussion between teams. This can then be replicated at other sites over time.

B. Inspection Update

Lead/Contact Officer: James Finch, Assistant Director, Corporate Services
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11. Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services wrote to the Authority on 15 January to provide further information about their plans for starting the second round of fire and rescue service inspections. They will continue with remote inspection activity only while national restrictions are in place.

12. For tranche three fire and rescue services, of which Kent Fire and Rescue Service is one, the timeline as set out for Members at the last meeting remains. The self-assessment template will be adjusted to provide the opportunity to give an update about the action taken following the Covid-19-19 inspection.
13. Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services will be conducting a staff survey for all staff that work for English fire and rescue services. This survey will be circulated prior to each service inspection, starting in February 2021 preceding the first tranche of inspections.
14. Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services intended to publish three reports in Spring 2021.
 - a) Covid-19-19 – national report and 44 service reports: reports was published 00:01 Friday 22 January 2021. Kent Fire and Rescue Service's letter is attached at **Appendix 1** for Members' information, and is a very positive affirmation of the actions taken by the Authority since March 2020. The national report is available from:

<https://www.justiceinspectors.gov.uk/hmicfrs/publications/the-fire-and-rescue-services-response-to-the-Covid-19-19-pandemic-in-2020/>
 - b) London Fire Brigade/Grenfell Tower Inquiry phase 1 recommendations report: 10 February 2021. This will be brought to a future meeting for Members' information; and
 - c) State of Fire and Rescue 2020: early March 2021 (tbc). This will be brought to a future meeting for Members' information.
15. **Staff survey:** As part of the Covid-19 inspection last autumn, Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services carried out a staff survey. The results have now been published. We are pleased that so many of the survey responses were positive, especially:
 - More than 90% of everyone that works for us feels their wellbeing is supported;
 - More than 84% of colleagues feel they have a voice in the workplace;
 - the overall experience of working for Kent Fire and Rescue Service is good.
16. Officers are looking closely at the results to see where any further support needs to be given.

C. Performance Update

Lead/Contact Officer: James Finch, Assistant Director, Corporate Services
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Summary of Performance

17. This update provides Members with an overview of the Authority's performance between April and December 2020/21 as well as performance against the three-year average targets for the period 2018-21¹.
18. So far this year 26,690 emergency calls were received in the Authority's control room which is lower than levels seen in the previous year. The Authority has attended 3,724 fires so far this year which is an increase of 10.6% when compared to the same period the previous year. This increase is attributed to a larger number of accidental grassland and rubbish fires in the summer period than seen the previous year. The three-year average projection for the 2018-21 period is 4,350 which is higher than the target of 4,091.
19. Accidental fires accounted for 61% of the total fires attended so far this financial year and, as a result of these fires, seven people have died and 79 people have suffered fire related injuries. There has also been one fatality and eight slight injuries reported as a result of deliberate fires this year.
20. In recent years the Authority has reported the lowest ever number of accidental fires in the home. So far this year 424 incidents have been attended which is higher than the levels seen in the previous years. The current projection for the medium term period (2018-21) is 538 which is 1.6% better than the target. As we continue through the autumn and winter period of the year the number of accidental fires in the home will likely increase but this is a recurring trend and the projections have taken this into account.
21. The Authority has attended 514 road traffic collisions so far this financial year which is 232 fewer than the same period in the previous year. We have seen a reduction in road traffic collisions in each month compared to the previous year which includes a large reduction during the lockdown periods; the months of April and May had only a third of the expected levels activity for those months and November had half the expected levels. As a result of these incidents 19 people have died and 70 have been seriously injured.
22. So far this year 73.8% of life-threatening incidents were reached within 10 minutes and 84.6% within 12 minutes. Overall performance is higher than the targets set for these indicators. Members will recall that the targets for these indicators were changed for the 2020/21 financial year to 71% and 82% respectively.

23. Whilst the Authority's response times to incidents has improved so far this year, it is important to note that due to the pandemic more on-call fire engines have been available during the day time period due to firefighters being furloughed from their primary employment, which when combined with lower levels of incident activity at the beginning of the year has had an influence on the performance for these indicators.
24. The Authority aims to have an average of 50 fire engines available day and night across the County. The number of fire engines available is heavily influenced by the availability of on-call firefighters and can therefore fluctuate over a 24 hour period. So far this year the average number of fire engines available has been 40 during the day (9am-6pm) and 53 in the evening (6pm to 9am). Of the 40 available during the day, 26 of these are full-time fire engines and the remainder on-call.
25. So far this year, 3.05% of all contracted hours have been lost due to sickness. Operational staff have lost 3.70% of contracted hours to sickness and Corporate teams staff have lost 1.47%. We did not see sickness levels change significantly during the first lockdown period, however these levels have increased in recent months which is a reflection of the increased presence of Covid-19 across Kent and Medway.
26. **Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995:** RIDDOR-reportable injuries are those that the Authority is required to report to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995. So far this year two RIDDOR-reportable injuries have been recorded, meaning no additional incidents have been recorded with the time period considered by this report.

D. Operational Update

Lead/Contact Officer: Chris Colgan, Director, Operations
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Recent Incidents of Interest

27. There has been a number of significant incidents, which are worthy of being brought to Members' attention.
28. **House fire, Bell Lane, Smarden – initial call 07.20 hrs, 18/12/2020:** After hearing unusual noises in the loft space, the occupiers went outside the property to investigate and saw smoke percolating from the roof tiles. Such was the speed of the development of this fire, that when the firefighters arrived they were faced with a fully developed fire in the roof space and first floor of this large detached property. At the height of the fire, six fire engines, a height vehicle and a bulk water carrier were in attendance. While firefighting was underway, crews consulted with the occupiers and prepared a salvage plan. Following this, firefighters undertook salvage operations, successfully removing a considerable number of the occupiers' possessions and furniture from the property. The severity of the fire resulted in the complete destruction of the roof and first floor. This limited the ability to undertake a full fire investigation due to the weakened structural integrity of the house. However, it is believed that the fire was

caused due to extensive heat build-up in the chimney, which was fed from the ground floor log burner. Over an extended period this caused heat transfer to combustible material or structural elements within the attic space, leading to a fire which then spread throughout the roof void.

29. **House fire, St Georges Avenue, Sheerness – initial call 17.39 hrs, 25/12/2020:** The Authority's control room was alerted by a careline service after they had received notification through the automatic activation of a smoke alarm in the property. Two fire engines attended and firefighters in breathing apparatus entered the property and rescued an unconscious adult female from the ground floor. The firefighters commenced CPR until the arrival of The South East Coast Ambulance Service paramedics who confirmed that the casualty was sadly deceased. Currently it is believed that the most likely cause of the fire was smoking materials. However it is not possible to provide further information at this time as this incident is still under investigation and subject to a Coroner's Inquest.
30. **House fire, Goodall Close, Gillingham – Initial call 11.54 hrs, 01/01/2021:** The initial call was made by the occupier's carer, who reported that when she opened the door to the house, she was confronted with a large amount of black smoke. Prior to the firefighters' arrival, the carer had been calling the name of the occupier but had received no answer. When firefighters arrived, they found the whole building filled with smoke, but it was still unknown whether anyone was inside the property. Firefighters in breathing apparatus entered the property and found a deceased adult male in the lounge. They extinguished a smouldering fire in this room and then used positive pressure ventilation (large, high-powered fans) to clear the house of smoke. A fire investigation was undertaken, which identified that the fire most likely originated on the sofa in the lounge and was caused by discarded smoking materials.
31. **Flat fire, Pudding Lane, Maidstone – Initial call 07.21 hrs, 05/01/2021:** This was a fire in a one bedroom flat located on the fourth floor of a five storey block of flats. Six fire engines and a height vehicle attended this incident. Firefighters wearing breathing apparatus entered the building, made their way to the flat where the fire was located where they forced their way in through the locked front door and rescued an unconscious adult female. The firefighters administered CPR before handing over to the South East Coast Ambulance Service paramedics for further treatment. The casualty was then flown to a London hospital by air ambulance. The flat was extensively smoke damaged, with the fire damage was limited to the fridge freezer and sofa. An investigation was undertaken by police crime scene investigators, supported by the Authority's Fire Investigation Team. This identified the area where the fire originated as being in the region of the fridge-freezer, which was located in an open plan kitchen-living area. In addition, smoking materials were found in the debris during the excavation of this part of the flat. Until an investigation of the fridge-freezer has been completed, smoking materials cannot be ruled out as potential cause. Kent Police has instructed forensic investigators to conduct a scientific investigation of the fridge freezer to determine whether an electrical fault in

this appliance was the cause of the fire. At the time of writing, the Authority is still waiting to receive an update from Kent Police on the outcome of this.

32. **Building fire, Napier Barracks, Folkestone – initial call 14.42 hrs, 29/01/2021:** Members will be aware of a fire at Napier Barracks that attracted local and national media attention. The main fire was located in one of the residential blocks and had been started as a result of unrest. There was a large multi-agency response to the incident which included eight fire engines and a command team. All of the residential blocks were searched and thankfully no-one was injured by the fire. The fire was extinguished by 2100 and we remained in attendance to provide a watching brief until the early evening of the following day. The incident remains under investigation by the Police.

E. Prevention, Protection, Customer Engagement and Safety Update

Lead/Contact Officer: Jon Quinn, Director, Protection, Prevention, Customer Engagement and Safety 01622 692121 ext 7806, jon.quinn@kent.fire-uk.org

33. This section of the report provides Members with an update on the current activities, campaigns and initiatives within the Building Safety; Customer Safety; Customer Experience and Behaviour Change; and Engagement Teams.

Collaboration and Inclusion Team Update

34. **Equality of Access Case Studies:** The Collaboration and Inclusion team has produced another equality of access paper, the latest being on Asian communities. We are receiving feedback from key stakeholders nationally currently. Once finalised it will be added to the suite of equality documents, detailed below for Members' information:
- Equality of access to services and actions to see us as an employer of choice for the LBGT+ communities
 - Equality of access to services and actions to see us as an employer of choice for the Roma community.
 - Equality of access to services and actions to see us as an employer of choice for the Gypsy and Traveller communities.
 - Equality of access to services and actions for the rehomed homeless.
 - Equality of access to services and actions to see us as an employer of choice for people who have a learning disability.
 - Equality of access to services and actions to see us as an employer of choice for people who are neuro-divergent.
 - Equality of access to services and Actions to see us an employer of choice for Emerging and Migrant communities.
 - Equality of access to services and employment for people who suffer with dementia and other memory loss conditions.
 - Equality of access to services and actions to see us an employer of choice for the Asian communities.

35. Key recommendations and findings are added to an action plan. The Collaboration Team are the gatekeepers of this action plan and will support the service to make changes to allow equality of access to those identified. This will feed into the Authority's people plan, due to be presented to the Authority in April 2021.
36. **Pride in Care Chartermark Award:** Opening Doors London is the biggest LGBT+ charity providing information and support services specifically for LGBT+ people over 50 in the UK. They have done extensive research, in partnership with other organisations such as Stonewall and the NHS and found older LGBT+ people are more reliant on social care services than heterosexual people, that they tend to be single, are often estranged from their families and have no children. The reliance on social care services could be a marker of an enhanced requirement for our services, proportionally to similar aged heterosexual people.
37. We are aiming to become the first UK fire and rescue service to secure the Pride in Care quality standard. We know from our work with Dementia Friends that working towards standards like these become much more than ticks in boxes - they provide real purpose and ultimately better services to our customers. This quality standard will scrutinise our practices and our policies to help us assure good quality care and support for older LGBT+ people. It will cover a range of areas including:
- Customer Service
 - Policy and Procedures
 - Recruitment and Training
 - Publicity and Promotion
 - Safety and Security
38. We are part way through our staff completing a Pride in Care survey that will provide Opening Doors London with a detailed report of our staff's views on LGBT+ and particularly the older population. The requirement is to ensure 70% of the workforce complete the survey, currently we are at 55% of the workforce.
39. **Embracing Difference Together Virtual Conference:** Wednesday 3 February 2021 marked the second of our Embracing Difference Seminars. Due to the Covid-19-19 restrictions, this event was a webinar hosted using Microsoft Teams. It included inspirational speakers, including guests from the Home Office. It focused on
- Intersectionality – understanding what it is and seeing this within LGBT+ communities
 - Bisexuality - as an identify that is often overlooked
 - Considering the needs of our older LGBT+ customers

Customer Safety Update

40. During the ongoing pandemic, Safe and Well visits carried by our specialist team have continued. In December 2020 station Home Fire Safety visits completed by firefighters were paused due to the pandemic and were replaced by telephone assessments

instead. Firesetter interventions have been taking place virtually whilst schools are closed and, though school referrals are low, we have seen an increase in referrals from Social Services, Child and Adolescent Mental Health Services and specialist provision supporting young people with Education Health and Care Plans. Visits to the high risk young people are being planned in their education setting, which follow Covid-19- 19 guidelines.

41. The Education Team has delivered its first virtual sessions as part of the blended learning programme. While schools have been closed, the team have been updating home learning activities. Filming is taking place for a Home Learning Fire Safety Session. This will be used to promote the learning resources section on our website and shared with schools who in turn can promote via their remote learning platforms. This provides an opportunity to reinforce key safety messages reaching more families across Kent and Medway.

Building Safety

42. **Legislative Framework:** Members received an overview of the new fire safety bill and the building safety bill at the last meeting of the Authority. Due to the pandemic there has been some delay to their introduction and this is currently expected to come into force early 2022.
43. **Team Structure and Leadership:** Members will wish to be aware Suzanna Chisholm has been appointed as the new lead for Building Safety following a recruitment process. Suzanna joined the team 12 years ago as one of the first non-uniformed inspectors and has been a valuable member of the team ever since. The latest cohort of eight inspectors in the Fire Risk Inspection Team have completed their Level 3 Diploma in Fire Safety and are on target to complete the level 4 Diploma by April 2021. The restructure of the Fire Engineering Team has been successfully completed. This restructure is in preparation for the introduction of the Building Safety Bill and includes a number of new roles as well as the creation of an engineering hub. The department has also successfully recruited three new inspectors, two of which will work within the Fire Engineering Team focusing more on building regulation matters than fire safety enforcement. They will join the team in early March 2021.
44. A revised agreement between the Authority and Kent and Medway Housing Authorities has been prepared. This is to improve joint working practices between Local Authority Housing Teams and Building Safety to ensure the best possible outcome to keep people safe in premises where both the Housing Act 2004 and the Fire Safety Order 2005 apply.
45. In spite of the challenges presented by the pandemic, building safety is on track to deliver on the Building Risk Review into tall residential buildings by December 2021. The Authority is working with building owners where there are compliance issues and providing safety messages to occupants. The team is continuing to conduct pre-planned fire safety inspections as part of their risk-based inspection programme and is meeting their statutory consultation duties, despite the given challenges.

Engagement Update

46. **Audience Research and Focused Recruitment:** Over the last few months the Authority has carried out research to understand how we can better reach under represented audience groups when it comes to recruiting people for jobs or volunteer roles that are currently underrepresented. This research is now forming part of our work to develop refreshed and focused job advertising, with also a focus on website page development. The customer journey through recruitment will be refreshed reflect the new refreshed brand 'Together'.

Customer Safety Campaigns

47. **Grass Fire Prevention:** Work will shortly start on a campaign to prevent grass fires, focusing on three core audiences – young people currently engaged with the fire setters school programme, farmers and awareness for the general public. The campaign is set to run from April to September this year, and a variety of channels and methods will be used to reach the target audiences.
48. **Smoking:** Working with public health partners at Medway Council and Kent County Council, the Authority is set to launch a collaborative campaign in the spring to highlight the dangers of smoking at home, and to encourage smokers to do so outdoors. Research is underway to help shape the campaign.
49. **Building Safety Webpages Refresh:** A review of existing Building Safety information has been undertaken to remove any ambiguity. The refreshed web pages are now live and will be transferred to the Authority's new public website, which is due to be launched in autumn 2021.
50. **'Together' Magazine:** A new twice-yearly magazine will be launched in March 2021 targeted at customers who receive a Safe and Well or Home Fire Safety visit. The first magazine will be used as a pilot to gauge feedback and to help develop further editions. The concept was developed following customer feedback and aims to include behaviour change advice, support, reassurance as well as customer stories, puzzles and features. The magazine will be called 'Together' with the tagline of 'Creating a safer Kent and Medway' – which ties to the new refreshed brand.
51. **Online Open Days:** The Authority will also be repeating the Online Open Days, which were shown on social media last summer. The product gave young people an opportunity to learn about fire safety, supporting and reinforcing messages already established by school visits from the Authority's Education Team. Later in 2021, the Authority will be looking to develop a permanent online open day product which will be housed on the new website, which will include behaviour change and gamification at the heart to help engagement.

Volunteer Update

52. The Authority launched a round of volunteer recruitment in January 2021 to increase numbers from 40 to 60. As part of the drive to increase the number of volunteers, new role descriptions were developed with the aim of creating greater inclusion and diversity within the team. The recruitment campaign will be featured on Facebook during January – February.

Customer Experience and Behaviour Change Update

53. The Customer Experience and Behaviour Change Team supports a wide range of initiatives and programmes, especially within prevention, protection, customer engagement and safety. This has enabled the Authority to continue its innovative approach to customer service and ensuring its initiatives are evidence based and evaluated.
54. A new model was developed as part of the recent review of safe and well visits to ensure the highest risk households are targeted. The model was based on secondary research which identified literature from around the world, as well as analysis of local fire data. Additionally, analysis has now been undertaken by the Kent Public Health Observatory to identify health issues associated with the risk of fires in the home. The findings from this analysis support the targeting model and will inform future iterations.
55. The Customer Experience and Behaviour Change Lead is supporting ongoing national discussions with Public Health England which will hopefully allow further data sharing for research and targeting of interventions such as home fire safety visits. He is also supporting the development of a national on-line home fire safety tool in conjunction with the Fire Kills team at the Home Office.
56. Another current area of focus is the education programme for children and young people. The team are researching the behaviours and motivations of children of all ages and have recently completed a literature review for pre-school children. These insights will be used to support the continuing development of effective educational programmes in Kent and Medway, but the findings are also being shared nationally. As each age group is reviewed new programmes will be piloted and evaluated as part of a cycle of continuous improvement. Progress in carrying out primary research with schools has been impacted by Covid-19-19 restrictions but this has allowed time to carry out secondary research including literature reviews.
57. The most common place for accidental dwelling fires to start is in the kitchen. Research is underway to identify the behaviours which lead to these fires and what would motivate people to adopt safer behaviours. The results will be used to design a campaign for later this year.
58. The team has recently recruited a new Customer Experience Manager who is reviewing the plan for supporting the continuous improvement of customer service throughout the organisation. The plan will include work to gain greater customer insight

which will be used to build personas and customer journey maps. She is also reviewing how we can use customer advocates to support this work and continue to build a customer centric culture.

59. The team continue to engage with external customers to establish what people want and expect from the Authority. This approach was used recently to develop the new Customer Promise. Surveys are being undertaken, with both internal and external customers, through the Institute of Customer Services. The findings of the surveys will be used to benchmark the Authority against similar organisations to establish its level of customer service and identify opportunities for improvement.
60. The first of these surveys has now been completed and when comparing the results with the UK Customer Satisfaction Index (UKCSI), a national barometer of customer satisfaction, it show that the Authority is performing extremely well in terms of its quality of its customer services. The overall score calculated from the survey is 95.3 (out of 100), which is well above the UK all-sector average of 77.0, the local public services average of 75.3 and the fire service average of 74.5 according to the UKCSI. The Authority scored exceptionally highly across all areas tested, including customer experience, ethos, emotional connection and ethics.
61. Another standardised measure used in the survey is the Net Promoter Score. Against this measure the Authority scored 92.6 which is exceptionally high and substantially above the UK all-sector average of 20.7 or the local public services average of 15.9. Finally, the survey identifies the amount of effort customers need to access services provided by the Authority. Against this measure a low score is better. The Authority scored just 2.9, indicating customers could easily access its services, compared to the UK-all sector average of 4.8 and the local public services average of 5.2.
62. The next stage, which is already underway, will be to complete a second survey with Authority employees. This survey will identify the maturity of a customer centric culture and processes within the Authority. These areas are where there is most likely to be the greatest opportunity for improvement to internal and external customer service. Once both surveys are complete it will be possible to identify the actions needed to achieve the ServiceMark accreditation which is awarded by the Institute of Customer Service to high performing organisations.

F. Freedom of Information Update

Lead/Contact Officer: James Finch, Assistant Director, Corporate Services
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63. As part of the Authority's commitment to transparency and good governance, a regular update is brought to Members' attention on the number of Freedom of Information requests received by the Authority along with more detailed information about the way such requests have been processed.
64. A total of 178 of Freedom of Information requests have so far been received in 2020/21 (up to and including 19/01/2021). For comparison, for 2019/20 the Authority

received 263 of Freedom of Information requests. All of Freedom of Information requests received so far in 2020/21 have been dealt with within the statutory limit of 20 working days (starting with the first working day after the request was received).

65. Two Subject Access Requests have so far been received in 2020/21 (up to and including 19/01/2021). All Subject Access Requests received in 2020/21 have been dealt with within the statutory limit (from the day the Authority receives the request [whether it is a working day or not] until the corresponding calendar date in the next month).
66. **Revised Code of Practice for Freedom of Information Requests:** In 2018, the Cabinet Office published a revised Code of Practice for Freedom of Information requests. The Code of Practice provides guidance for public authorities on best practice in meeting their responsibilities under Part 1 (right of access to information) of the Freedom of Information Act. This Code of Practice is designed to be considered alongside the current guidance on best practice published by the Information Commissioner's Office.
67. Section 8 of this Code of Practice covers publication schemes and provides more specific guidance on two areas which supplements the existing guidance published by the Information Commissioner's Office. These are: Compliance Statistics and Senior Executive Pay and Benefits. With Compliance Statistics, the intention is for authorities to provide more detailed information on their performance in handling Freedom of Information requests. Unless otherwise stated, the information should be published on a quarterly basis and include the following:
- The number of requests received during the period;
 - The number of the received requests that have not yet been processed;
 - The number of the received requests that were processed in full (including numbers for those that were met within the statutory deadline, those where the deadline was extended and those where the processing took longer than the statutory deadline);
 - The number of requests where the information was granted in full;
 - The number of requests where the information was refused in full;
 - The number of requests where the information was granted in part and refused in part;
 - The number of requests received that have been referred for internal review (reported annually).
68. The requirement is for this to be reported on a quarterly basis in line with central Government and the Authority is fully compliant with this. The reporting periods are as follows:
- Q1: April to June
Q2: July to September
Q3: October to December
Q4: January to March

69. An update is brought to Members' attention as part of the Information Update Report that forms part of each agenda for the Authority. This means the data are normally reported five times a year which exceeds requirements of the Code. **Table 1** presents the current update for 2020/21:

Table 1: Reporting against the revised Code of Practice 2020/21

| | 2020/21 | | | |
|--|---------|----|----|-----|
| | Q1 | Q2 | Q3 | Q4* |
| The number of requests received during the period | 43 | 58 | 59 | 18 |
| The number of the received requests that have not yet been processed | 0 | 0 | 2 | 16 |
| The number of the received requests that were processed in full | 43 | 58 | 57 | 2 |
| The number of requests where the information was granted in full | 26 | 39 | 43 | 2 |
| The number of requests where the information was refused in full | 1 | 11 | 3 | 0 |
| The number of requests where the information was granted in part and refused in part | 16 | 8 | 11 | 0 |
| The number of requests received that have been referred for internal review | 0 | 0 | 0 | 0 |
| Number of subject access requests** | 1 | 1 | 0 | 0 |

* Q4 is currently incomplete as it covers the period from 01/01/2021 to 19/01/2021

**Although this is not a requirement in the Code, it is reported to Members.

G. European Union Transition Update

*Lead/Contact Officer: Lee Rose, Assistant Director, Channel Tunnel and Resilience
01622 692121 ext. 8959, lee.rose@kent.fire-uk.org*

70. On 20 December 2020, the French Government made the decision to close the border between the UK and France due to concerns relating to the new strain of Covid-19-19. This meant that all freight and passenger vehicles could not cross the border and would have to wait in Kent. It was also the case that both the port of Dover and Eurotunnel were particularly busy in December 2020. The plans and arrangements developed to be in place for the UK's exit from the European Union had to be brought

in earlier to cope with the large numbers of vehicles in the county. The Kent Resilience Forum Partners worked closely with government departments and were able to put traffic management plans in place and considering the severity of the traffic did an excellent job. Grant Shapps the Secretary of State for Transport wrote to thank the Kent Resilience Forum personally for the work on 4 January 2021.

71. When the French border was reopened the French Government required a negative Covid-19 test for anyone travelling across the Channel. This resulted in two testing sites at Manston Airport and Sevington Inland Border Facility being established at pace to test all the lorries that were there. The Kent Resilience Forum requested military assistance with this activity and the military have been and are still operating at both sites testing thousands of lorry drivers each day. The Authority's officers were a key part of the Strategic and Tactical coordination groups for this response ensuring that our response capability was maintained and support was provided to our partners as required.
72. The UK left the EU at 11pm on 31 December 2020. This required freight and tourists to change paperwork and customs processes to cross the border to France, in addition of course the Covid-19 testing of freight drivers continued. Extensive planning by the Kent Resilience Forum has been put in place and whilst the freight levels have been considerably below average at the port of Dover and Eurotunnel in the first weeks of January, they are starting to rise and are expected to return to historical levels in the last week of January. The traffic management and Covid-19 arrangements are working well and with a legal requirement for freight drivers to have a Covid-19 test before they enter Kent coming into force on 23 January 2021 it appears that the traffic management arrangements have worked as intended without significant disruption to residents or the delivery of public services.

H. Outcomes of Safety Plan

Lead/Contact Officer: James Finch, Assistant Director, Corporate Services
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73. In the midst of a global pandemic, the Authority agreed a Safety and Wellbeing Plan update for consultation with the public at its meeting held on 15 October 2020. This short document gave an overview of current performance, and outcomes delivered for the public, and sought feedback from five questions. Consultation ran from 26 October 2020 to 22 January 2021. One question related to the level of the Council Tax precept, and this has been considered earlier on this agenda. Consequently, this section gives Members feedback on the methodology deployed and the remaining questions that were asked, as well as comments made on the level of the proposed Council Tax precept.
74. The Plan itself is less controversial than previous Plans, and the communications used to support it reflects this. A variety of methods were used to promote the Update and survey including promotion on the Authority's website, promotion via email to residents and businesses who have signed up for the Authority's e-newsletter, including all

parishes through the Kent Association of Local Councils network, and a number of promoted posts on social media platforms. The closing date was extended from 8 January 2020 as advised to Members at the October meeting of the Authority, with additional promotion via Facebook to encourage additional responses.

Results and Analysis

75. It should not perhaps be a surprise that a very minimal response rate was achieved for this exercise despite all best endeavours of the Authority. It is felt likely that members of the public especially had other issues at the forefront of their minds at the time consultation was open. However, the Facebook post reached a large number of people (14,229 people with 99 likes/comments/shares), and resulted in 536 post clicks - of which 240 were direct link clicks to the webpage and in total 635 engagements with the post (liking, or sharing, or commenting). The targeted gov delivery email went to 880 recipients, and was opened 386 times, but only resulted in 17 click throughs to the website. The total number of respondents to the questionnaire itself is shown in **Table 1** below.

Table 1: Total number of respondents

| Customer group | Number of responses |
|---|---------------------|
| A member of the public | 16 |
| Representing a business | 0 |
| Representing a stakeholder or community group | 0 |
| KFRS staff | 18 |
| Grand Total | 34 |

76. No printed copies of the Safety and Wellbeing Plan was sent out.

Responses to Questions

77. The first question asked stated “we have provided information on what we did during the early part of the pandemic to support the vulnerable and shielding in the community. Before reading this information, were you aware that your fire and rescue service undertook this role?”. The majority of respondents to that statement (78%) responded yes. This indicates to some degree the success of the #kenttogether campaign which the Authority instigated.
78. Using a sliding scale of 0 to 100, customers were next asked to rate whether they felt the current Kent Fire and Rescue Service cost in the Council Tax (example cost based

on a band D property) represented good value. Overwhelmingly, customers agreed that it was, with more than 73% giving a rating of 90 or more.

79. Customers were then asked for feedback about options for next year's Council Tax contribution. The options were:
- Option 1: Freeze council tax for a year
 - Option 2: Increase council tax by an amount just under the currently proposed referendum limit of 2%, which is an increase of just under 3p a week for an average band D household
 - Option 3: If there is flexibility to do so*, would you agree to an increase of up to £5 per year (just under 10p per week) for an average band D household.
80. Nearly two thirds of respondents selected option 3 which was the largest potential increase, while a quarter of the responses indicated that customers would prefer no increase in the Authority's Council Tax. Comments where they were made were generally more negative about any proposed increased, focusing on pressures on household incomes.

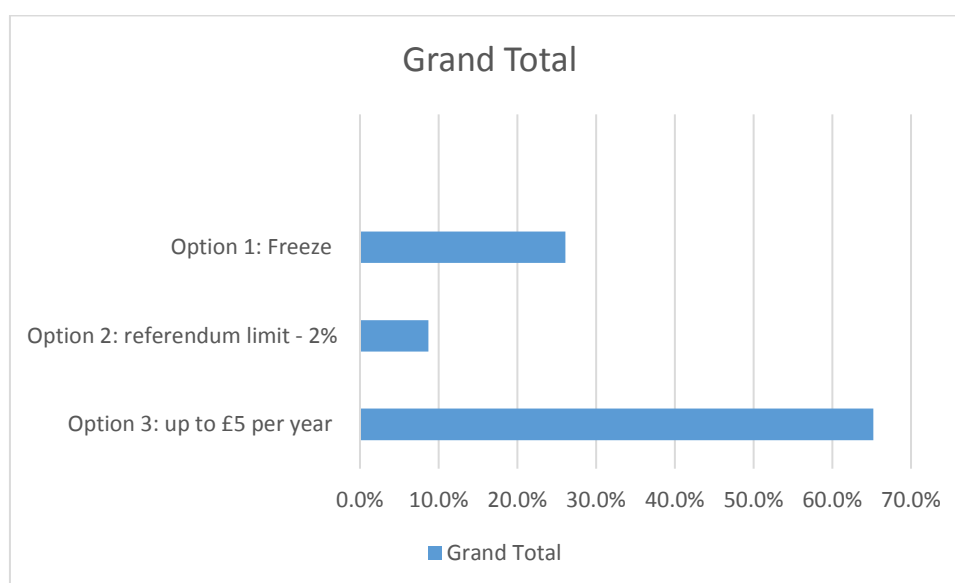


Figure 3: Percentage of customers selecting each Council Tax option.

Concluding Comments

81. It cannot be hidden from Members that the response rate to this process was very low. Regardless of the statutory duty to consult, and the attempts made to publicise this process, it simply did not register with the public nor staff, and this should not be a surprise in the current climate. Based on the sample size there is little that can be drawn from the process in terms of firm conclusions that would stand up to the scrutiny of statistical analysis. However as a pattern in terms of the level of the Council Tax the figures are proportionally in line with previous outcomes from exercise of this nature.

I. Pensions Board Update

Lead/Contact Officer: Lee Rose, Assistant Director, Channel Tunnel and Resilience (Chair of the Pension Board) 01622 692121 ext. 8959, lee.rose@kent.fire-uk.org

82. Members will recall that, in accordance with the Public Service Pensions Act 2013, the Authority established a Pension Board in relation to the Firefighters' Pension Schemes comprising representatives of both the employer and employees. To ensure that Members are kept informed of the issues discussed and can be reassured that the Authority is complying with its duties under the Act, Minutes of the Pension Board meetings are routinely reported to the Authority. Accordingly, the Minutes of the last meeting of the Authority's Pension Board are attached at **Appendix 2** for Members' information.

IMPACT ASSESSMENT

83. There are no cost implications arising directly from this report.

CONCLUSION

84. Members are requested to:
- 84.1 Consider and note the contents of the report.



Promoting improvements
in policing and fire & rescue
services to make everyone safer

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Email: zoe.billingham@hmicfrs.gov.uk

Zoë Billingham BA Hons (Oxon)
Her Majesty's Inspector of Fire & Rescue Services
Her Majesty's Inspector of Constabulary

Ann Millington
Chief Executive
Kent Fire and Rescue Service

Councillor Nick Chard
Chair
Kent and Medway Fire and Rescue Authority

22 January 2021

Dear Ms Millington and Cllr Chard,

COVID-19 INSPECTION: KENT FIRE AND RESCUE SERVICE

In August 2020, we were commissioned by the Home Secretary to inspect how fire and rescue services in England are responding to the COVID-19 pandemic. This letter sets out our assessment of the effectiveness of your service's response to the pandemic.

2. The pandemic is a global event that has affected everyone and every organisation. Fire and rescue services have had to continue to provide a service to the public and, like every other public service, have had to do so within the restrictions imposed.

3. For this inspection, we were asked by the Home Secretary to consider what is working well and what is being learned; how the fire sector is responding to the COVID-19 crisis; how fire services are dealing with the problems they face; and what changes are likely as a result of the COVID-19 pandemic. We recognise that the pandemic is not over and, as such, this inspection concerns the service's initial response.

4. I am grateful for the positive and constructive way your service engaged with our inspection. I am also very grateful to your service for the positive contribution you have made to your community during the pandemic. We inspected your service between 7 and 18 September 2020. This letter summarises our findings.

5. In relation to your service, Kent Police declared a major incident on 24 March 2020, which was ratified by Kent's local resilience forum (LRF) shortly thereafter.

6. In summary, the service has adapted and responded to the pandemic effectively. A pandemic flu exercise in 2018 (Operation Domino) simulated the challenges that COVID-19 has brought to fire and rescue services. The learning from that exercise has been instrumental in the

service being able to adapt quickly to the crisis, not least the success of the transition to IT-enabled home working.

7. A constructive relationship between senior leaders and union/staff association representatives has meant the service was able to move quickly to provide a new range of services outside of normal core functions. For more than a decade, the service has had arrangements in place to respond to medical emergencies for South East Coast Ambulance Service NHS Foundation Trust (SECAMB). As the pandemic intensified, the service increased its level of commitment to SECAMB. Firefighters have been trained to drive ambulances should the need arise and the service is providing ongoing logistics support to SECAMB. The service also supported the health, social care and charity sectors with the supply and fitting of personal protective equipment (PPE), foodbank distribution, and the delivery of meals for Age UK.

8. Senior leaders communicate well with frontline staff, who believe that their wellbeing and safety is taken seriously. A national logistics hub was also created to supply other fire services and service providers with clinical PPE.

9. We recognise that the arrangements for managing the pandemic may carry on for some time, and that the service is now planning for the future. To be as efficient and effective as possible, Kent Fire and Rescue Service should focus on the following areas:

(a) It should determine how it will adopt for the longer-term, the new and innovative ways of working introduced during the pandemic, to secure lasting improvements.

(b) It should consider whether the shared plans it uses, such as the Kent Resilience Forum (KRF) pandemic flu plan, are comprehensive enough to meet the specific needs of the service and its community. If not, the service should make sure the plans change to reflect these needs.

(c) It should determine what steps it could take to align itself more closely with the National Fire Chiefs Council's (NFCC) guidance on protection.

Preparing for the pandemic

10. To manage the pandemic, the service activated its business continuity plans, along with a pandemic flu plan it jointly developed with KRF. All plans had been reviewed and were up to date. The service's business continuity plans make provision for an unforeseen shortfall of staff. This is whether the shortfall is caused by a pandemic or another unforeseen event, for example, adverse weather.

11. The plans were detailed enough to enable the service to make an effective initial response, but, understandably, they didn't anticipate and mitigate all the risks presented by COVID-19. The service and KRF have reviewed the plans to reflect the changing situation and what has been learned during the pandemic.

12. The business continuity plans include details of the services that will be maintained should there be an abnormal loss of staff. These are referred to as 'degradation arrangements'. They cover prevention, protection, response and support functions. In response to the pandemic, a sterile 'fall back' facility has been incorporated into the 999-control room, risk assessments have been developed for 'new' services and 'new ways of working' and training methods have been adapted to limit physical contact.

Fulfilling statutory functions

13. The main functions of a fire and rescue service are firefighting, promoting fire safety through prevention and protection (making sure building owners comply with fire safety legislation), rescuing people in road traffic collisions, and responding to emergencies.

14. In the main, the service has adapted its services in line with guidance from the NFCC. It has continued to respond to calls from the public and attend emergencies. In relation to fire protection, the service temporarily suspended safety audits, contrary to national guidance.

15. This decision was made on the premise that remote audits would undermine the integrity of its fire safety programme. This service's position followed legal advice, which it shared with the NFCC.

Response

16. The service told us it attended fewer incidents between 1 April and 30 June 2020 than it did during the same period in 2019.

17. The overall availability of fire engines was better during the pandemic than it was during the same period in 2019. Between 1 April and 30 June 2020, the service's average overall fire engine availability was 73.7 percent compared with 58.7 percent during the same period in 2019. We were told that this was as a result of lower sickness levels among crews and an increased number of on-call firefighters being available to respond to emergencies as a result of being furloughed from their primary employment. Less training also meant that more firefighters were available for shifts.

18. The service didn't change its crewing models or shift patterns during this period.

19. The service told us that its average response time to fires improved during the pandemic compared with the same period in 2019. This was due to an increased availability of fire engines crewed by on-call firefighters. This may not be reflected in [official statistics recently published by the Home Office](#), because services don't all collect and calculate their data the same way.

20. The service had good arrangements in place to make sure that enough call handlers were available to receive 999 calls and dispatch fire crews to incidents. This included retaining a number of staff on 'standby' at home in case there were unexpected sickness absences. The service also created a sterile secondary facility in the control room complex in case the main site had to be closed because of contamination.

Prevention

21. The NFCC issued guidance explaining how services should take a risk-based approach to continuing prevention activity during the COVID-19 pandemic. The service adopted this guidance.
22. The service conducted fewer home fire safety and safe and well checks than it would normally undertake. It reviewed which individuals and groups it considered to be at increased risk from fire as a result of the COVID-19 pandemic.
23. Operational fire crews continue to provide safe and well checks, but only at premises they attended while responding to an incident. The service's list of vulnerable persons has been re-prioritised. It now includes those perceived to be at a greater risk of harm because of the pandemic.
24. The service decided to continue offering face-to-face visits for those most in need and when there was no other viable way of engaging with them. In these cases, it provided specialist prevention officers with suitable PPE.
25. As an alternative, triaging an individual's needs on the telephone is proving to be successful. In suitable cases, this provides the service with the opportunity to direct residents to online resources. The service continues to provide a telephone service to its cohort of potential 'fire setters', who are deemed to be more vulnerable as a consequence of the pandemic.

Protection

26. The NFCC issued guidance on how to continue protection activity during the COVID-19 pandemic. This includes maintaining a risk-based approach, completing desktop audits and issuing enforcement notices electronically. After requesting its own legal advice, the service decided not to follow this guidance and suspended fire safety audits for a limited period.
27. The service explained to us that this decision was based on concerns about the extent to which audits could be done 'remotely' to a high enough standard. The service's position is that an audit needs to be done in person to bring the 'situational awareness' that is essential to this specialist work.
28. The service also told us it doubted that it was possible, without a physical inspection, to judge whether the 'compartmentation' of a building would be effective in breaking the spread of fire.
29. As a consequence, for an eight-week period from 18 March 2020, the planned protection audit was stopped. During this period, the service lead for protection kept in touch with those responsible for fire safety in their known high-risk premises by mail and social media. Fire safety officers were also available 24 hours a day to respond to reports of fire hazards in buildings and assist operational crews attending fires in commercial premises. However, this activity is less than what we would expect and not in line with national expectations.

30. The fire safety audit programme has since resumed, and statutory notices are again being issued for premises that are unsafe. The backlogged audits caused by the suspension have been rescheduled within the timescales set out in the programme. We recognise that the decision to operate outside of national guidance is a matter for the service, but it involves risk.

31. The service has continued to engage with those responsible for fire safety in high-risk premises that have cladding similar to that at Grenfell Tower, in particular, premises where temporary evacuation procedures are in place.

32. A site for a Nightingale hospital has been identified in the county at Detling Showground. Although no final decision has been made on whether it will be built, the service has worked with interested parties to advise on fire safety measures.

Staff health and safety and wellbeing

33. Staff wellbeing was a clear priority for the service during the pandemic. It proactively identified wellbeing problems and responded to any concerns and further needs. Senior leaders actively promoted wellbeing services and encouraged staff to discuss any worries they had.

34. Most staff survey respondents told us that they could access services to support their mental wellbeing. Support put in place for staff included occupational health services, mental health webinars, wellbeing seminars, counselling and one-to-one meetings with line managers. Line managers made themselves more available to support staff working from home.

35. Staff most at risk from COVID-19 have been identified effectively. Working with the service's occupational health doctor, the service developed a 'COVID risk estimator' for all members of staff. Staff were invited to enter their personal data (age, general health condition, ethnicity, gender etc) on a screening matrix. The risk 'score' was cross-referenced to an individual's role and the risk it carries of contracting COVID-19.

36. The COVID risk estimator has proved to be an effective means of establishing not only someone's likelihood of contracting COVID-19, but also the likely consequences of the infection for the individual. High scoring members of staff have access to a tailored support programme. The risk estimator is helping the service to make informed decisions about which staff should return to the workplace and when. The risk tool has also been shared with the NFCC and has been adopted by other fire and rescue services.

37. The service is also taking innovative steps to safeguard its workforce against the long-term impacts of COVID-19. The chief medical officer has devised a six-minute walk test for staff who are returning to work after contracting the virus or experiencing symptoms. Any individuals who have difficulty with this test are automatically referred to occupational health for ongoing monitoring. We also note that the service has made extra provision for staff with pregnant partners or family members with health conditions.

38. The service made sure that firefighters were competent to do their work during the pandemic. It has adapted its training curriculum to reduce risks of contamination. This includes ensuring that theory-based training is completed away from the workplace and that practical training is conducted with smaller groups of firefighters.

39. The service assessed the risks of new work and responsibilities to make sure its staff had the skills and equipment needed to work safely and effectively, including those working from home.

40. The service has taken a lead role nationally for the provision of PPE. It established a PPE logistics hub with Kent County Services (a trading arm of the county council). Over 400 suppliers were subject to 'due diligence', market testing and technical certification. The hub has provided 6 million items to the public services sector in Kent and is the single point of procurement for UK fire and rescue services.

Staff absence

41. Absences have decreased compared with the same period in 2019. The number of days or shifts lost due to sickness absence decreased by 29 percent between 1 April and 30 June 2020, compared with the same period in 2019.

42. The service updated its absence policy so that it could better manage staff wellbeing and health and safety, and make more effective decisions on how to allocate work. This included information about 'return to work' procedures after self-isolation, testing requirements and pay entitlement for COVID-19-related absence. Data is routinely collected on the numbers of staff who are either absent, self-isolating or working from home.

Staff engagement

43. Most staff survey respondents told us that the service provided regular and relevant communication to all staff during the COVID-19 pandemic. The service developed a range of communication channels as part of its COVID-19 communications strategy. These were established in the first week of lockdown and involve webinars for large audiences, wellbeing seminars and regular virtual team meetings.

44. Most on-call firefighter survey responders told us that they received more communication during the pandemic than in normal times. Popular means of keeping in touch with staff included emails, virtual huddles and messaging services. Peer support was also available through the service's wellbeing network. Virtual quizzes and coffee mornings were an innovative means to maintain relationships between staff and overcome the negative effects of social distancing.

45. The service intends to maintain changes it has made to its ways of working in response to COVID-19. The service is evaluating some of these with a view to making them 'business as usual' in the future. These include virtual meetings, which avoid unnecessary travelling and bring environmental benefits; wellbeing seminars, which are popular among the workforce; and remote working, which brings the benefits of a better work/life balance.

Working with others, and making changes locally

46. To protect communities, fire and rescue staff were encouraged to carry out roles beyond their core duties. This was to support other local blue light services and other public service providers that were experiencing high levels of demand, and to offer other support to its communities.

47. The service carried out the following new activities: delivering essential items to the vulnerable; fitting face masks for NHS and social care staff in high-risk environments; delivering PPE and other medical supplies to NHS and social care facilities; and providing training in the prevention and control of infection in care homes and hospices. Firefighters have also been trained to drive ambulances should the need arise.

48. A national 'tripartite agreement' was put in place to include the new activities that firefighters could carry out during the pandemic. The agreement was between the NFCC, National Employers, and the Fire Brigades Union (FBU), and specifies what new roles firefighters could provide during the pandemic. Each service then consulted locally on the specific work it had been asked to support, to agree how to address any health and safety requirements, including risk assessments. If public sector partners requested further support outside the tripartite agreement, the specifics would need to be agreed nationally before the work could begin.

49. The service consulted with the FBU and the Fire Officers' Association to implement the agreement. There were also extra requests for work by partner agencies that fell outside the tripartite agreement. These included delivering meals on behalf of Age UK, as many of their staff were self-isolating; delivering prescriptions to vulnerable residents on behalf of the district councils; and assisting with the distribution of supplies to foodbanks. These additional services were continuing at the time of the inspection.

50. All of the new work undertaken by the service as part of the tripartite agreement is being completed in line with agreed time schedules. A 'tasking cell' has been established to manage requests for assistance from other organisations. This provides a single point of contact in the service to receive and allocate tasks efficiently and effectively.

51. No extra allowance is paid to staff who volunteer for a new role. However, they are paid for the additional hours they work for external organisations. For example, non-operational fire and rescue service staff working for SECamb might work longer hours than they usually would, and so would be paid for the additional hours they worked.

52. It is the role of managers in the tasking cell to monitor requests for assistance from external organisations. Additional spending is scrutinised at director level, and the supply of additional services is reviewed as part of the service's COVID-19 governance arrangements. This includes regular 'dip sampling' of additional spending to ensure that it is allocated to the correct budget code.

Local resilience forum

53. To keep the public safe, fire and rescue services work with other organisations to assess the risk of an emergency, and to maintain plans for responding to one. To do so, the service should be an integrated and active member of its LRF. The service is a member of the Kent LRF (KRF).

54. The service is an active member of KRF. The chairing of KRF's strategic co-ordination groups is shared between the service, Kent Police and the county council. KRF is supported by a number of operational 'cells' that support its overall strategy to manage COVID-19. The service is supporting these cells – for example the death process management group, which ensures that the county's mortuaries are not overrun. The service's director of prevention, protection, customer engagement and safety has been prominent in shaping KRF's brand identity – 'Kent Together'. As a hashtag, Kent Together has been used nearly four million times as part of promoting the services offered by KRF.

55. Of note was the working of the multi-agency information cell (MAIC). This has been established by the service on behalf of KRF and has made a positive contribution. The MAIC is staffed by Kent fire and rescue personnel and plays a pivotal role in collating accurate, up-to-date information relating to the pandemic. Senior personnel commanding any crisis will always be more effective if they have access to reliable information. The MAIC provides senior KRF leaders with current, 'at a glance' data relevant to COVID-19 (for example, care home infections and mortality rates). It also acts as a single point of receipt for the multiple requests from HM Government for information and data. Its staff have become adept at identifying the key individuals in Kent's public services who can deal with these requests. This means that the supply of information and statistics can be maintained without distracting KRF's senior leaders, who remain focused on managing the pandemic.

Use of resources

56. The service's financial position has not been significantly affected by COVID-19. It has made robust and realistic calculations of the extra costs it has faced during the pandemic. It has also forecasted the likely effect of COVID-19 on the local economy, its impact on council tax and business rates and the consequences for the service's revenue budget.

57. Its main extra costs are PPE supplies, sanitising products and additional costs incurred by on-call firefighters providing services as part of the tripartite agreement. The service understands the effect this will have on its previously agreed budget and anticipated savings. Where possible, it has exploited opportunities to make savings during this period and used them to mitigate the financial risks it has identified. This includes surpluses that have accrued because of reduced travel and conferencing costs.

58. The service has received £1.6m of extra government funding to support its response. It spent this money on PPE supplies, overtime for wholtime firefighters, and supporting the functions of KRF. It has shown how it used this income efficiently, and that it mitigated against the financial risks that arose during this period.

Ways of working

59. The service changed how it operates during the pandemic. The lessons learned from Operation Domino in 2018 have been useful in this regard. The rollout of technology in the service has meant that many functions could continue with staff working remotely. For example, the ability to operate the payroll away from the workplace was tested as a part of Operation Domino. It was found that some adjustments were needed and so, for example, widescreen monitors were purchased to support home working. Forward planning has meant that the service was in a good state of readiness for the COVID-19 pandemic.

60. The benefits of a reliable IT infrastructure, combined with creative thinking, has meant that the service has been able to maintain recruitment despite the pandemic. Changes to recruitment mean that online testing and competency interviews, by means of video, now form the first two modules of new procedures. This means that only applicants successful on both of these modules progress to practical exercises and fitness testing. Because of this, only those candidates with the required aptitude will advance to the latter stages of recruitment procedures. As a consequence, 'wastage' in recruitment has been reduced and practical tests for smaller groups of candidates minimise the risk of infection.

61. The senior leaders had positive feedback from staff on how they were engaged with during the pandemic. As a result, the service plans to adopt these changes in its usual procedures to help promote a sustainable change to its working culture.

Staffing

62. The service had enough resources available to respond to the level of demand during the COVID-19 pandemic, and to reallocate resources where necessary to support the work of its partner organisations.

63. Arrangements put in place to monitor staff performance across the service were effective. This meant that the service could be sure its staff were making the best contribution that they reasonably could during this period. Extra capacity was identified and reassigned to support other areas of the service and other organisations.

64. As well as performing their statutory functions, wholetime firefighters volunteered for extra activities, including those under the tripartite agreement. Additional services were also allocated to on-call firefighters in recognition of the fact that some of them were furloughed by their main employers, which made them more available than usual.

65. The additional responsibilities for on-call staff included both tripartite and non-tripartite tasks. The service's position is that the opportunity to do additional paid duties justly rewards on-call firefighters and recognises the sacrifices they make in their personal lives to protect local communities. The service also made good use of non-operational staff who volunteered to help vulnerable residents in a variety of ways.

Governance of the service's response

66. Each fire and rescue service is overseen by a fire and rescue authority. There are several different governance arrangements in place across England with the size of the authority varying between services. Each authority ultimately has the same function, which is to set the service's priorities and budget and make sure that the budget is spent wisely.

67. The chair of Kent and Medway Fire and Rescue Authority was actively engaged in discussions with the service, including its chief executive, on the service's ability to discharge its statutory functions during the pandemic.

68. The service regularly updated the fire and rescue authority about how it was responding to the pandemic and the extra activities of its staff. This included work carried out as part of the tripartite arrangements. The fire and rescue authority put arrangements in place to give its members relevant and regular information about how the service responded to the pandemic. It made use of technology and held meetings virtually.

Looking to the future

69. During the pandemic, services were able to adapt quickly to new ways of working. This meant they could respond to emergencies and take on a greater role in the community by supporting other blue light services and partner agencies. This provides an opportunity to use these experiences during COVID-19 as a platform for lasting reform and modernisation. Likewise, the service has shared its COVID risk estimator and other services have benefited from it.

70. The service has had a productive, longstanding relationship with SECamb. The pandemic has strengthened this relationship. The service has responded to more paramedic emergencies and has driven ambulances during the crisis. It has also expanded its programme of 'ambulance experience' shifts, which provides work shadowing opportunities and helps firefighters adapt to paramedic responsibilities.

71. The service is exploring opportunities for a joint logistics, storage and distribution facility with SECamb. This has the potential to reduce costs and improve services for both organisations.

72. Of national interest to us is the joint work with Kent County Council to establish a PPE logistics hub. At the height of the crisis, the hub purchased clinical PPE in accordance with regulatory safety standards and best value. The hub supplies millions of items to public services in the county and provides fire services nationwide a reliable procurement framework to source PPE.

Next steps

73. This letter will be published on our website. We propose restarting our second round of effectiveness and efficiency fire and rescue inspections in spring 2021, when we will follow up on our findings.

Yours sincerely,

Zoë Billingham

Her Majesty's Inspector of Fire & Rescue Services

Her Majesty's Inspector of Constabulary

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MINUTES OF PENSION BOARD MEETING AGM

2 February 2021

Present:

| | |
|-----------------------|--|
| Lee Rose | KFRS (Employer Representative) Chair |
| James Finch (JF) | KFRS (Employer Representative) |
| Danny Barrett (DB) | FBU (Employee Representative) |
| Lawrence Pater (LP) | FOA (Employee Representative) |
| Jon Davis (JD) | FRSA Deputy (Employee Representative) |
| David Broughton (DBr) | FBU Deputy (Employee Representative) |
| Karen Irvine (KI) | Assistant Director, HR and Learning |
| Mark Rist (MR) | Assistant Director, Response |
| Marie Curry (MC) | Business Support Manager/ Clerk to the Authority |

Apologies:

| | |
|--------------|---|
| Dylan McEvoy | FRSA Representative (Employee Representative) |
|--------------|---|

| | |
|---------------------|-------------------|
| NEXT MEETING | Date: 11 May 2021 |
| | Venue: Skype |
| | Time: 10.00 |

1. Appointments to the Board

It was agreed that Lee Rose will continue as Chair of the Board, with James Finch as Vice Chair.

Employee Representatives and their Deputies to the Board are confirmed as follows:

FBU

Danny Barrett – Employee Representative

David Broughton – Deputy

FOA

Lawrence Pater – Employee Representative

Karen Pointer – Deputy

FRSA

Dylan McEvoy – Employee Representative

Jon Davis – Deputy

Action: MC to circulate the Terms of Reference for the Board for Representatives to note.

2. Declarations of Interest on Items on the Agenda

No interests were declared.

3. Minutes of the Last Meeting held on 13 November 2020

The minutes of the last Pension Board meeting held on 13 November 2020 were agreed.

4. Pension Board Action Log - Update on Progress

KI explained that she, along with colleagues in Finance, go through the action log periodically to review the open actions and add any that are raised through the LGA bulletins. KI said that the majority of the actions on the log have now been completed. KI said that there is one outstanding action in relation to the McCloud vs Sargent case which can not be progressed until further guidance is received. However she assured members of the Board that as soon as this information is available she would circulate. KI reiterated that the log is available on the Pensions Sharepoint site for Board members to view at any point.

5. LPP Monthly Report

KI presented the Risk and Compliance Report which is a new report introduced by LPP. The report covers compliance, complaints, trends and breaches in relation to the service LPP is providing to the Authority. KI also said that she has chased LPP for the report which details the number of memberships to the various schemes as requested at a previous meeting by DB. KI said as soon as this is received she will circulate this. KI added that it is the intention to bring both reports to the Board on a quarterly basis. **Action: KI**

LR said that he welcomed the transparency of the report.

6. Update on Cases

McCloud vs Sargent

KI said that as previously mentioned, she is still waiting on further guidance, however she did say that the groundwork in terms of the collation of data has been done so that as soon as the Remedy has been completed things can then move forward.

O'Brien Case

KI said that she had met with LPP to see if there was anything that could be progressed in relation to this case whilst waiting for an outcome. KI said that LPP has now invested in some new software that is helpful in tracking down last known addresses should someone leave the Service before an outcome is reached. KI did ask the Employee Reps to assist, where they can, if they are aware of anyone who still remains part of their union memberships but are no longer serving, so their contact details can be updated and contact can be made when required. DB/LP/JD agreed. JF reiterated that from a data protection perspective that consent must be given by individuals if their information is going to be shared which was noted by all.

Goodwin Case

KI said there is no further update at this stage.

IDRP Cases Update

KI said that there is one case pending on receiving further information and a Stage 2 Appeal underway with the Hearing taking place later in February which was noted.

7. AOB

Pension Return

KI informed the Board that the annual Pension return was submitted back to the Pension Regulator before the required deadline.

Training

Following a request made by DBr about training for the Board, it was agreed that a training session be arranged for all Board members as part of a future meeting. Suggestions should be forwarded to KI. **(Action: KI/MC)**