

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



Policy and Strategy Committee

10:00	Wednesday, 15 March 2017	Kelvedon HQ GF/01,
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***Please note that this meeting will begin at 10.00 am, or on the rise of the Special meeting of the Essex Fire Authority to be held that morning, whichever is the later.**

Quorum: 5

Membership

Councillor A Hedley
Councillor A Holland
Councillor B Aspinell
Councillor A Bayley
Councillor J Chandler
Councillor M Danvers
Councillor A Erskine
Councillor C Guglielmi
Councillor C Kent
Councillor A Naylor

Chairman
Vice-Chairman

The Essex Police and Crime Commissioner, in his capacity as Chairman of the Emergency Services Collaboration Strategic Governance Board, is invited to attend meetings to offer strategic collaboration information in respect to agenda items.

**For information about the meeting please ask for:
Fiona Lancaster (Committee Officer, Essex County Council)
033301 34573 / fiona.lancaster@essex.gov.uk**

Essex Fire Authority and Committees Information

Meetings of the Authority and its committees are open to the press and public, although they can be excluded if confidential information is likely to be considered.

Meetings are held at Essex County Fire and Rescue Service Headquarters, Kelvedon Park, Rivenhall, Witham, CM8 3HB. A map can be found on the Essex County Fire and Rescue Service's website (www.essex-fire.gov.uk); from the Home Page, click on 'Contact Us'.

There is ramped access to the building for wheelchair users and people with mobility disabilities.

Please report to Reception when you arrive. The meeting rooms are located on the ground and first floors of the building and are accessible by lift where required.

If you have a need for documents in an alternative format, in alternative languages or in easy read please contact the Committee Services Manager (contact details on the front page) before the meeting takes place. If you have specific access requirements please inform the Committee Services Manager before the meeting takes place.

The agenda is also available on the Essex County Fire and Rescue Service website, (www.essex-fire.gov.uk). From the Home Page, click on 'Essex Fire Authority', then scroll down the page and select the relevant documents.

Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

Pages

1 Apologies for Absence

2 Declarations of Interest

To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct.

3 Minutes (part I)

To approve the minutes of the meeting held on 11 January 2017.

5 - 12

Decision Items

4 Budget Review January 2017

To consider a report by the Finance Director & Treasurer (EFA/014/17).

13 - 20

5 Status of EFA (Trading) Ltd

To consider a report by the Finance Director & Treasurer (EFA/017/17).

21 - 24

6 Delta Programme - Closure Report

To consider a report by the Finance Director & Treasurer (EFA/018/17).

25 - 30

7 Day Crewed Housing

To consider a report by the Finance Director & Treasurer (EFA/019/17).

31 - 34

Information Items

8 Date of Next Meeting

To note that the next meeting of the Committee will take place on Wednesday 24 May 2017, at 10.00 am.

9

Urgent Business

To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

10

Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.



Minutes of the meeting of the Essex Fire Policy & Strategy Committee, held on Wednesday, 11 January 2017

Present:

Councillor A Holland Vice-Chairman
Councillor B Aspinell
Councillor A Bayley
Councillor A Erskine
Councillor C Guglielmi
Councillor C Kent
Councillor M McEwen
Councillor A Naylor

The following Officers were present in support throughout the meeting:

Adam Eckley Acting Chief Fire Officer and Acting Chief Executive
Dave Bill Director of Protection, Prevention and Response
Mike Clayton Finance Director and Treasurer
Mark Stagg Director of Transformation
Shirley Jarlett Clerk and Monitoring Officer
Sophie Campion Committee Officer (Essex County Council)

Charles Garbett, Treasurer, Office of the Police and Crime Commissioner was also in attendance

1 Apologies for Absence

Apologies for absence had been received from Councillor A Hedley, Chairman, Councillor J Chandler and the substitute was Councillor M McEwen and Councillor M Danvers.

2 Declarations of Interest

Councillor C Guglielmi declared an interest in agenda item 4 - Draft Budget and Council Tax Proposal as set out below (minute 4 below refers).

Type of Interest
Code

Nature of Interest
Director of EFA (Trading) Ltd

3 Minutes (part I)

The minutes of the meeting held on 2 November 2016 were agreed as a correct record and signed by the Chairman.

Matters arising from the minutes:

- Page 6, minute 3 - On the issue of the Fire Authority considering how it meets its statutory obligations under the Fire Service Act and the costs involved relating to cross-border charging, this issue would be picked up under agenda item 5 (minute 5 refers).
- Page 8, minute 5 - On the issue of some Members feeling that they did not possess the relevant background experience to complete a detailed review of the risks within the Corporate Risk Register, it was explained that the register would also be considered by the Audit, Governance and Review Committee, then by the lead Member on this issue, Councillor Ann Holland and then by the full Essex Fire Authority. It was **Agreed** that following the Election in May training on this issue could be provided to Members if the need was identified.

4 Draft Budget and Council Tax Proposal

The Committee considered report (EFA/001/17) by the Finance Director & Treasurer, which provided the draft revenue and capital budgets for the Authority for 2017/18, information on the budget and business planning process and information on the formula grant settlement, share of national non-domestic rates, council taxbase and collection account for 2017/18.

The budget had been prepared showing figures for a Council Tax increase of 1.99%, following the decision by the Fire Authority in June 2016 to support Option 2 of the service change options.

The efficiency plan, approved by the Authority in September 2016 for the period to 2019/20 had been submitted to Government and accepted and so there was now certainty around Government funding levels up to 2019/20.

The following points arose from consideration of the report:

- It was **Agreed** that a table of which authorities participate in the pooling arrangements relating to national non-domestic rates would be circulated to the Committee. It was confirmed that it was in the interests of the Fire Authority to be in the pool.
- It was confirmed that the agreed plan for service changes was based on an annual increase in Council Tax of 2%.
- As at 13 March 2017 there was £17.0m of useable reserves, some of which was ear-marked. It was confirmed that there was enough to see the Authority through until 2020.

- There had been some early success in recruitment of on-call firefighters which had brought forward planned expenditure with an additional £0.7m of spend in 2017/18.
- It was explained that potential savings from collaboration work with the police had not been included within the budget for 2017/18 as their delivery was outside of the direct control of officers. In response to a question regarding looking at the detail of the potential collaboration work, it was noted that there was a workshop scheduled for 20th January 2017 to discuss the draft initial local business case for joint Police and Fire governance.
- The budget for chief officers in 2017/18 was decreasing to 2, the Chief and Director of Protection, Prevention and Response. Councillor Aspinell expressed his reservation regarding budgeting for only two chief officers whilst the situation with the Chief Fire Officer remained unresolved. It was clarified that this reflects the position of the structure going forward.
- The investment in solar panels on stations was expected to bring in £70K from feed in tariffs in 2017/18. It was **Agreed** that details of the reductions in electricity bills relating to the solar panels would be circulated to the Committee.
- It was confirmed that the replacement of the service workshops was currently paused, but there was provision for this within the budget. Clarification was awaited for utilising space at Kelvedon Park to accommodate Essex Police and the potential for development of a joint workshop facility with the Police.

Resolved:

Members agreed the budget to be submitted to the Fire Authority on 15 February 2017:

	2016/17 Budget	2017/18 Budget
Net Expenditure	£71,304k	£70,113k
Decrease from 2016/17		-£1,191k
Precept	£41,224k	£42,807k
Band D Council Tax Increase from 2016/17	£67.68	£69.03 1.99%

1. A net expenditure budget of £70.113m;
2. A precept of £42.807m;
3. A Band D council tax of £69.03 (an increase of £1.35 or 1.99%);
4. The bands of Council Tax are shown in the following table.

Council Tax Band	2016/17	2017/18 with 1.99% Increase
A	£45.12	£46.02
B	£52.64	£53.69
C	£60.16	£61.36
D	£67.68	£69.03
E	£82.72	£84.37
F	£97.76	£99.71
G	£112.80	£115.05
H	£135.36	£138.06

5. Capital expenditure budget of £11.890m in 2017/18.

5 Budget Review

The Committee considered report (EFA/002/17) by the Finance Director and Treasurer, which reported on the expenditure against budget as at 30 November 2016 and identified and commented on major budget variations. In addition the report included key indicators that act as lead indicators for expenditure across the Authority.

The following points arose from consideration of the report:

- There was an under-spend across pay except for on-call firefighters which had increased in cost.
- In response to a question regarding the capital spend for asset protection, it was explained that there was usually around £2million for major works to ensure that the assets were fit for purpose. There was capital budget for building new workshops and a number of options were being considered, although it was clarified that it was not expected that a large capital project would be fully funded in advance, but would be charged through capital expenditure over the life of the asset.
- It was **Agreed** that appendix with a breakdown of cross-border charges would be circulated to the Committee with a further report on the operational aspects to be brought to a future meeting by the Director for Prevention, Protection and Response
- It was explained that due to the nature of the vehicle maintenance, the height needed to lift the vehicles and access to equipment, the workshop would need to be a permanent site rather than a mobile option.
- It was **Agreed** that the Director for Prevention, Protection and Response would confirm the number of people at the Urban Search and Rescue Station (USAR) [*POST MEETING NOTE: This was confirmed as two watches of 8*]
- The current recruitment process underway in Clacton was not shown within these figures, but once recruitment had been completed and training had started it would be shown on payroll.

Resolved:

1. That the position on the Authority's income and expenditure at 30 November 2016 compared to the updated budget be noted; and
2. That the capital expenditure spend against budget for the period to 30 November 2016 be noted.

6 Office Accommodation at Kelvedon Park

The Committee considered report (EFA/003/17) seeking approval for the Authority to allow the Office of the Police and Crime Commissioner to occupy office accommodation at Kelvedon Park.

The proposal set out the opportunity for the Office of the Police and Crime Commissioner (OPCC) to relocate to the Kelvedon Park site, on a cost-sharing basis. A figure had not yet been agreed.

The following points arose from consideration of the report:

- Members expressed concern regarding fully delegating authority to agree the charges of this proposal without any further Member input.
- The Committee were concerned regarding the lack of detail in the report around the implications of this proposal on issues such as parking at the site and the potentially heightened security risk and any disability access implications to separate areas of the building. In response it was confirmed that there was confidence that the OPCC could comfortably be accommodated within the site and that considering the events that had taken place on the site in the past, this scale of change was not large. It was recognized that the overall security risk would increase due to the PCC being at higher risk, however the security arrangements were being reviewed in light of that.
- Mr Garbett, OPCC, informed the Committee that the PCC was very much looking forward to moving to the site. He also highlighted to the Committee that there were some timing constraints for the move relating to the notice period required and lead in times for contractual agreements if delegation was given.
- The Committee were minded to agree the recommendations if a further recommendation was added to ensure that the Chairman was involved in all aspects of the recommendations.

Resolved:

1. That the potential for alternative uses for the Kelvedon Park site be noted;
2. That the Committee agreed that the Office of the Police and Crime Commissioner may occupy office accommodation at Kelvedon Park;
3. That the Committee agreed that the charges for the provision of the office accommodation and use of facilities will be on a cost sharing basis; and
4. That approval be delegated to the Finance Director & Treasurer to agree the charges with the Office of the Police and Crime Commissioner.
5. That the Chairman of the Fire Authority be involved in all aspects of these

recommendations

7 Date of Next Meeting

It was noted that the next meeting of the Committee would take place on Wednesday 15 March 2017 at 10.00am.

8 Urgent Business

With the agreement of the Chairman an item of urgent business was brought before the Committee relating to the review of the Essex Fire Authority's Constitution.

The Clerk and Monitoring Officer advised that to date very few Members had expressed an interest in being part of a working group to review the Authority's Constitution and encouraged Members to come forward.

During the discussion concern was expressed about whether this was a good use of Member's time due to the business case being put forward for the Police and Crime Commissioner to replace the Fire Authority's role in the governance of the Fire and Rescue Service in Essex. However the Clerk and Monitoring Officer advised that the current Constitution was not fit for purpose and did need to be reviewed in the interim. It was also pointed out that it was recommendation within the Lucas Review to over-haul the Constitution.

The Committee considered that this review would be best undertaken by the Audit, Governance and Review Committee.

It was **Agreed** that:

The Clerk and Monitoring Officer ask the Audit, Governance and Review Committee to undertake the review of the Authority's Constitution.

9 Exclusion of the Press and Public Resolved:

That having reached the view that, in each case, the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following items of business on the grounds that it involved the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972.

[Charles Garbett, Office of the Police and Crime Commissioner, left the meeting at this point].

10 Minutes (part II)

The confidential appendix to the minutes of the meeting held on 2 November 2016 were agreed as a correct record and signed by the Chairman.

11 Urgent Exempt Business

With the agreement of the Chairman an item of urgent exempt business was brought before the Committee relating to an update on the situation regarding the Chief Fire Officer.

There being no further urgent exempt business, the meeting closed at 11.36am.

Signed.....
(Chairman)

Date.....

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

Policy and Strategy Committee

AGENDA ITEM

4

MEETING DATE

15 March 2017

REPORT NUMBER

EFA/014/17

SUBJECT

Budget Review January 2017

REPORT BY

Mike Clayton, Finance Director & Treasurer

PRESENTED BY

Mike Clayton, Finance Director & Treasurer

SUMMARY

This paper reports on expenditure against budget as at 31 January 2017 and identifies and comments on major budget variations. In addition, the report includes key indicators that act as lead indicators for expenditure across the Authority.

RECOMMENDATIONS

Members are asked to:

1. Note the position on income and expenditure at 31 January 2017 compared to the revised budget approved by members on 21 September 2016.
2. Note the capital expenditure spend against budget for the period to 31 January 2017.
3. To approve the carry forward to 2017-18 of a £50K underspend on Community safety activities, this to fund setting up of station based activities in line with our service strategy

BACKGROUND

This table below shows actual expenditure against budget to 31 January 2017.

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	25,724	(185)	-1%	-
On Call Firefighters	4,247	76	2%	-
Control	1,074	(63)	-6%	-
Support Staff	9,921	68	1%	187
Total Employment Costs	40,966	(104)	0%	187
Support Costs	4,242	(270)	-6%	67
Premises & Equipment	7,888	(886)	-10%	1,524
Other Costs & Services	3,324	228	7%	380
Ill health pension costs	1,772	53	3%	-
Financing Items	1,280	(90)	-7%	4
Operational income	(3,299)	(54)	2%	0
Contribution to/(from) Reserves	(3,495)	-	0%	-
Total Other Costs	11,711	(1,019)	-8%	1,975
Total Budget	52,677	(1,123)	-2%	2,161
Total Funding	(60,601)	(19)	0%	-
Funding Gap / (Surplus)	(7,924)	(1,142)		2,161

More detailed figures are provided at appendix 1.

STAFFING

Overall employment costs are £104K (0.3%) under budget for the 10 months to 31 January 2017.

Spend for whole time fire-fighters is £185K (0.7%) under budget, this reflects headcount being lower than budget and the seasonal higher overtime costs to cover the Christmas bank holiday period.

For on-call firefighters, spend is £76K (1.8 %) over budget. This comprises two main elements, actual average headcount at 474 has been consistently below budget at 519 this year, this results in an underspend of c. £198K to January. Activity levels have increased and are higher than both last year and budget, this accounts for an overspend of £274K to date.

Support staff pay is £68K (0.01%) over budget for the 10 months to 31 January. This comprised an underspending of £392K on directly employed staff offset by an overspending of £460K on casual and temporary staff. Directly employed support staff full time equivalent (FTE) headcount was 253.3 at 31 January, this shows a net reduction of 7.4 FTE or 3% since the beginning of the year. A further point worth highlighting is that we now have 34.4 (12%) vacancies against the budgeted establishment. The higher staff turnover for this group reflects a number of factors including uncertainty about future roles in the light of the potential for greater collaboration and integration with Essex Police. There were also 52 temporary Support Staff engaged to the end of January 2017.

Whole-time fire-fighter numbers at 629.5 are 10.5 (2.1%) under phased budget at the end of January.

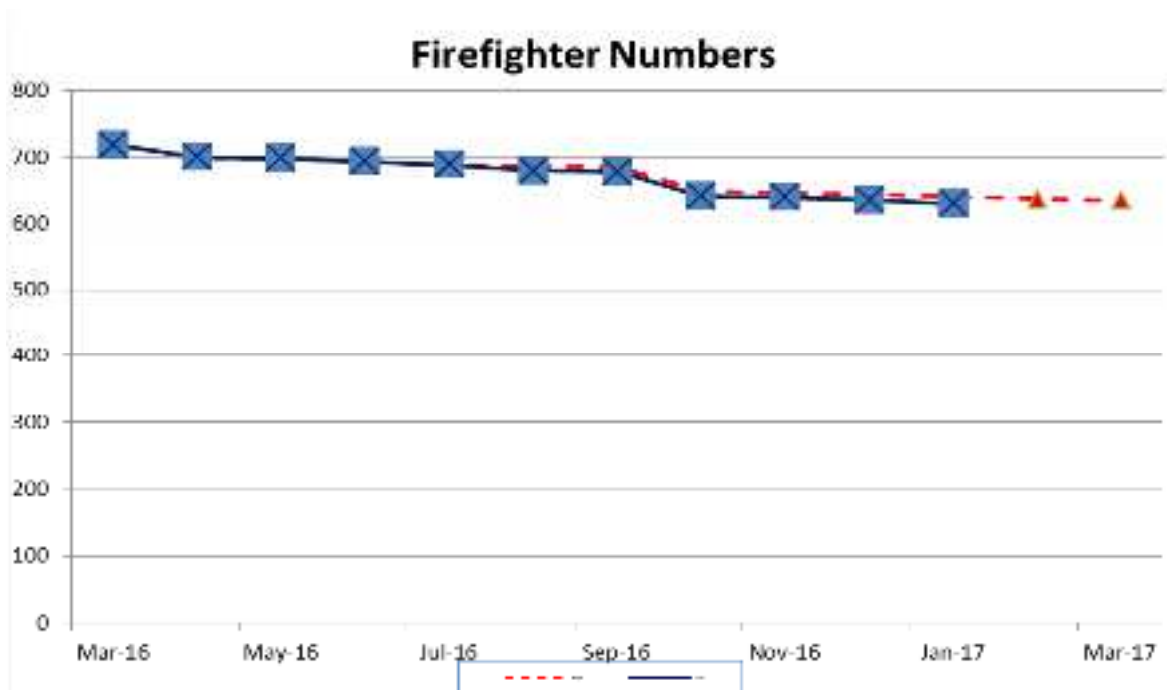
The staffing position at the end of January is summarised below (% figures rounded):

31 Jan 2017	Actual	Phased Budget	Variance	
Wholetime Firefighters - FTE	629.5	640.0	-10.5	-2%
On-Call Firefighters - Headcount	478.0	519.0	-41.0	-8%
Control - FTE	32.8	33.0	-0.2	-1%
Support Staff - FTE	253.3	287.7	-34.4	-12%
Total	1,393.6	1,479.7	-86.1	-6%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 379.25 fire-fighters.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 11 at the end of January. The number of fire-fighters over 50 with more than 25 years' service was 55 at the end of January.

The graph below shows the numbers of whole-time fire-fighters compared to the budget for the year.



WATCH BASED FIREFIGHTERS

The numbers of Watch Based Fire-fighters compared to the target levels set by the Authority are shown below.

Date	Budgeted Rider Resource	OptJmum Rider Resilience Level	Critical Minimum Rider Requirement	Actual Riders	Wholetime Rota Day Working (FTE)	On-Call Firefighters Mixed Crewing (FTE)
31/12/2016	524	500	476	502.0	0.0	0.0
31/01/2017	524	500	476	501.0	0.0	0.0

ON-CALL FIREFIGHTERS

Full details of the on-call numbers are provided in Appendix 2. The table shows that we have a headcount of 478.0 firefighters at 31st January 2017 equal to the 478.0 at 1st April 2016 this reverses the previously reported decline in numbers..

NON-PAY RELATED EXPENDITURE

Non-pay expenditure is £965K underspent for the 10 months to 31 January; in addition operational income is £54K better than budget.

Support costs are £270K (6.0%), underspent for the 10 months to 31 January, the main areas of underspend are travelling and subsistence which is £169K (30.0%) underspent and training at £106K (19.0%) underspent.

Premises and equipment is £886K (10.1%), underspent the main areas of underspend are property maintenance £154K (8.6%), ICT projects £393K (18.1%) and Rent and Rates £156K (13.5%). An assessment of the Rent and Rates paid in previous years resulted in refunds received in January 2017 and the favourable variance against budget.

Other costs and services are £228K (7.4%) overspent; this includes a £317K overspend on legal costs.

FORECAST

The forecast for 2016/17 has been reviewed as part of the 2017/18 budget process and the expected outturn position is shown below:

Description	2016-17 Budget £'000s	2016-17 Forecast £'000s	Forecast Variance £000's
Firefighters	30,963	30,808	(156)
Firefighters - Retained Duty System	5,349	5,480	131
Control	1,364	1,257	(108)
Support Staff	12,381	12,343	(38)
Total Employment Costs	50,058	49,888	(170)
Support Costs	5,005	4,832	(173)
Premises & Equipment	10,529	10,478	(51)
Other Costs & Services	3,736	4,058	322
Firefighters' Pension Scheme	2,097	2,114	17
Financing Items	7,585	3,798	(3,787)
Operational income	(3,894)	(3,864)	30
Contribution to/(from) Reserves	(3,812)	-	3,812
Total Other Costs	21,246	21,416	170
Total Budget	71,304	71,304	0
Total Funding	(71,304)	(71,304)	-

The forecast variance is reported against the revised budget. The forecast includes £263k of higher legal costs, with savings across other budget headings. The main feature of the forecast is the use of £3.7m of the capital receipts reserve to reduce the capital financing charge, this replaces the budgeted use of the general reserve. This is the same approach that was adopted in 2015/16.

Within the overall picture there is an underspend of £50k on the Community Safety budget that is requested to be carried forward to 2017/18 to allow for the support of station based community safety activities.

CAPITAL EXPENDITURE

Capital expenditure for the 10 months to 31 January 2017 is shown in the table below.

Total capital expenditure is £5.0m, the largest item included is £2.7m for new appliances. The figure also includes £1,400K for asset protection and service workshops. Equipment includes thermal imaging cameras (£237K), fire ground radio (£88K), Hydraulic Hose (£122k) and RPE masks and equipment (£35K).

The investment of £242K in information technology relates to the final stages of replacing the MIS system for Community Safety and Fleet Workshops.

	Original Budget 2016/17 £'000s	Approved Changes £'000s	Revised Budget - 16/3/16 £'000s	Total Spend including Commitments £'000s	Forecast 2016/17 at November 2016
Property					
New Premises					
Service Headquarters	-	-	-	-	-
Service Workshops	1,000	-	1,000	174	400
Other	-	-	-	-	-
Existing Premises					
Solar Panels	300	-	300	42	100
Asset Protection	2,000	-	2,000	1,184	1,700
Asset Improvement Works	-	-	-	-	-
Total Property	3,300	-	3,300	1,400	2,200
Equipment	592	597	1,189	482	598
Information Technology					
Projects > £250k	640	-	640	232	-
Projects < £250k	185	-	185	10	645
Total Information Technology	825	-	825	242	645
Vehicles					
New Appliances	2,255	-	2,255	2,699	2,503
Other Vehicles	851	116	967	219	273
Total Vehicles	3,106	116	3,222	2,918	2,776
Total Capital Expenditure	7,823	713	8,536	5,042	6,219

RISK MANAGEMENT IMPLICATIONS

The review of expenditure against the profiled budget is part of the overall financial control process of the Authority. In exceptional circumstances it allows for budget virements to ensure that under spending against budget heads can be utilised to fund expenditure against other priorities. If virements are not made there is a risk that the Authority will miss out on opportunities to improve performance and meet key objectives during the year. The Authority's reserves are at the upper end of their target range and the Authority is able to fund short term fluctuations in activity from them when necessary.

The review of the management accounts is one control measure to mitigate the risk of overspending the Authority's budget for the year.

LEGAL AND EQUALITIES IMPLICATIONS

There are no direct legal or equalities implications within this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents – including appendices, hardcopy or electronic including any relevant link/s.	
Appendix 1 Management Accounts – January 2017	
Appendix 2 On Call Firefighter Headcount Numbers	
Proper Officer:	Finance Director & Treasurer
Contact Officer:	Mike Clayton Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576109 Mike.clayton@essex-fire.gov.uk

APPENDIX 1 - MANAGEMENT ACCOUNTS – JANUARY 2017

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	25,724	(185)	-1%	-
On-Call Fire-Fighters	4,247	76	2%	-
Control	1,074	(63)	-6%	-
Support Staff	9,921	68	1%	187
Total Employment Costs	40,966	(104)	0%	187
Training	451	(106)	-19%	26
Employee Support Costs	3,396	6	0%	36
Travel & Subsistence	395	(169)	-30%	5
Support Costs	4,242	(270)	-6%	67
Property Maintenance	1,645	(154)	-9%	338
Utilities	433	(59)	-12%	2
Rent & Rates	1,001	(156)	-13%	(16)
Equipment & Supplies	1,220	14	1%	90
Communications	1,133	(41)	-4%	597
Information Systems	1,778	(393)	-18%	468
Transport	678	(98)	-13%	46
Premises & Equipment	7,888	(886)	-10%	1,524
Establishment Expenses	820	12	1%	83
Insurance	483	56	13%	-
Professional Fees & Services	1,804	155	9%	296
Democratic Representation	116	(5)	-4%	-
Agency Services	101	9	10%	-
Other Costs & Services	3,324	228	7%	380
III Health Pension costs	1,772	53	3%	-
Lease & Interest Charges	1,278	(90)	-7%	4
Asset management revenue account	2	-	++	-
Statutory Provision for Capital Financing	-	-	0%	-
Financing Items	1,280	(90)	-7%	4
Operational income	(3,299)	(54)	2%	0
Contributions to/ (from) General Balances	(3,495)	-	0%	-
Total Net Financing Requirement	52,677	(1,123)	-2%	2,161
Revenue Support Grant	(12,508)	(3)	0%	-
National Non-Domestic Rates	(12,937)	(74)	0%	-
Council Tax Collection Account	(711)	58	0%	-
Council Tax	(34,446)	(0)	-8%	-
Total Funding	(60,601)	(19)	0%	-

APPENDIX 2

ON CALL FIREFIGHTER HEADCOUNT NUMBERS

Station	Actual For Jan 2017	Movement since 01 Apr 2016	Joiners since 01 Apr 2016	Leavers since 01 Apr 2016	Transfers In since 01 Apr 2016	Transfers Out since 01 Apr 2016
Billericay	13	(1)	0	(1)	0	0
Braintree	22	(1)	1	(2)	0	0
Brentwood	15	1	2	(1)	1	(1)
Brightlingsea	12	1	1	0	0	0
Burnham	10	(3)	1	(4)	0	0
Canvey Island	17	(1)	0	(1)	0	0
Coggeshall	12	2	1	0	1	0
Corringham	11	(1)	2	(2)	0	(1)
Dovercourt	12	0	0	0	0	0
Dunmow	15	(1)	4	(4)	0	(1)
Epping	14	(1)	0	(2)	1	0
Frinton	15	(2)	0	(2)	0	0
Halstead	21	0	2	(2)	0	0
Hawkeell	14	0	1	(1)	0	0
Ingatestone	12	2	2	0	0	0
Leaden Roding	7	0	0	0	0	0
Maldon	21	0	1	(2)	1	0
Manningtree	14	0	2	(2)	0	0
Newport	10	0	0	0	0	0
Old Harlow	12	(2)	0	(2)	0	0
Ongar	7	1	2	0	0	(1)
Rochford	11	1	3	(2)	0	0
Saffron Walden	21	(1)	0	(2)	1	0
Shoeburyness	12	0	2	(2)	0	0
Sible Hedingham	8	0	0	0	0	0
Stansted	14	0	3	(2)	0	(1)
Thaxted	7	(1)	0	0	0	(1)
Tillingham	10	(1)	1	(2)	0	0
Tiptree	14	2	2	0	0	0
Tollesbury	11	0	1	(1)	0	0
Weeley	15	1	2	(1)	0	0
West Mersea	12	1	1	0	0	0
Wethersfield	10	1	0	0	1	0
Wickford	13	2	2	0	0	0
Witham	21	(1)	2	(3)	0	0
Wivenhoe	13	2	2	0	0	0
Grand Total	478	0	43	(43)	6	(6)

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

Policy & Strategy Committee

AGENDA ITEM

5

MEETING DATE

15 March 2017

REPORT NUMBER

EFA/017/17

SUBJECT

Status of EFA (Trading) Ltd

REPORT BY

Mike Clayton, Finance Director & Treasurer

PRESENTED BY

Mike Clayton, Finance Director & Treasurer

SUMMARY

This paper reviews the status of EFA (Trading) Ltd and seeks approval to make changes to the Company's memorandum and articles of association to change the status of the company to a Community Interest Company and to facilitate anticipated governance changes for the Service.

RECOMMENDATIONS

It is recommended that Members;

1. Agree the proposals for consideration by the full Authority in April 2017.

BACKGROUND

This report looks at two areas that could potentially change the structure of the Authority's Trading company. The first is consideration as to whether the company should alter its articles and become a Community Interest Company. The second is the impact of a proposal from the Police and Crime Commissioner for Essex for changes to the governance structure of the Authority.

STRUCTURAL CHANGE

The main area of change to be considered by the Authority is around the status of the Trading company. There is a strong business case to support the change in the company to a Community Interest Company. Such a change will require changes to the Memorandum and Articles of Association.

Community Interest Companies post-date the formation of EFA (Trading) Ltd and have been adopted by a number of fire and rescue services for their trading activities. The key benefit is that profits can be applied directly to the community interest defined for the company, and that external charitable funding can also be sought to support projects related to the

community interest. Companies such as EFA (Trading) that are limited by shares can apply to be re-registered as a Community Interest Company.

The development of the definition of the community interest will also need to be informed by the views of our partners. It will need to be framed in broad terms so that we have the potential to also seek charitable funding for activities supported by funding from the Community Interest Company.

The change may also bring forward potential new community safety trading activities that fall outside the existing approved trading activities for the Fire Authority.

GOVERNANCE CHANGES

Members are aware that the Police and Crime Commissioner for Essex has drawn up a local business case with a recommendation that he replaces the Fire Authority in the governance of the fire and rescue service in Essex. The impact of this on the governance of EFA (Trading) Ltd is that the additional flexibility is needed for the definition and appointment of Directors. At present the Articles prescribe a minimum of three Directors, two of whom shall be A (Member) Directors and one of whom shall be B (Officer) directors. A B Director is required to be present for the Board to be quorate. It is proposed that this distinction is removed and flexibility to reduce the number of Directors is introduced.

The Fire Authority is the sole shareholder in EFA (Trading) Ltd and holds 94,100 shares with a nominal value of £1 in the company. At 31 March 2016 the company had net assets of £64k, the company has traded profitably in recent years. The governance transfer will be by statutory instrument and it is expected that all the employees contracts of employment, assets, liabilities, legal rights and responsibilities of the Fire Authority will be transferred to a new employer, the Police, Fire and Crime Commissioner as a new and separate legal identity from the role in relation to the Police Service. This will include the shareholding in EFA (Trading) Ltd.

The existing powers for the Fire Authority to trade are provided for under a statutory instrument the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009, this allows for any Fire and Rescue Authority created under either a combination order under the 1947 Act, or the 2004 Act to trade. Schedule 1 to the Policing and Crime Act extends the 2004 Act to include Police, Fire and Crime Commissioners.

There are also a number of restrictions in the Articles that need to be considered. The Articles provide for the appointment of two categories of Directors – Members and Officers. Proposals to amend the articles to remove this distinction will need to be agreed by the Authority to provide maximum flexibility going forward.

FINANCIAL IMPLICATIONS

The work to effect the changes will be carried out by existing staff as part of their normal duties. There is the potential to utilise the changed structure of the company to gain external support for key community safety activities.

RISK ANALYSIS

The new structure of the company does bring a small additional risk of governance failure because of the role of the Commissioner for Community Interest Companies.

LEGAL IMPLICATIONS

The changes to the company structure are a matter for the Fire Authority as the owner, and will need to be made by special resolution. Legal advice will be taken to ensure that the changes comply with company law and the regulations concerning Community Interest

Companies. The cost of the change will be met by the Authority. The changes proposed will also provide flexibility to manage any change in the governance of the Fire and Rescue Service.

USE OF RESOURCES

The change provides opportunities for the use of the profits from trading activities. In other Authorities the Community Interest Companies have been established that are independent of the Authority. This approach is not suggested here so that the Fire Authority retains control of the activity.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
List of background documents (not attached):	
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Contact Officer:	The Finance Director & Treasurer, Mike Clayton Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

Policy & Strategy Committee

AGENDA ITEM

6

MEETING DATE

15 March 2017

REPORT NUMBER

EFA/018/17

SUBJECT

Delta Programme – Closure Report

REPORT BY

Mike Clayton, Finance Director & Treasurer

PRESENTED BY

Mike Clayton, Finance Director & Treasurer

SUMMARY

This paper seeks approval to close the Delta (MIS Replacement) Programme.

RECOMMENDATIONS

It is recommended that Members;

1. Note the successful delivery of the programme at a cost of £1,383k;
2. Agree the closure of the programme.

BACKGROUND

In March 2014 Members approved an ICT Programme to replace the Service's Management Information System (MIS) with a modern contact relationship management (CRM) system and a fleet maintenance system. Following completion of the procurement process the authorised programme cost was increased by the Policy & Strategy Committee in January 2015. The authorised programme cost was £1,373k.

The Management Information System (MIS) was originally developed for the Service in 1987. The system did not support the core infrastructure and database strategy adopted by the Authority and was resource intensive to use and maintain. The replacement of the MIS modules began in 2006 with the implementation of SAP for the people based systems. The replacement of the system was a key recommendation of the ICT Strategy adopted by the Authority in 2009 and proposals to replace the last four modules were included in the programme.

These modules were:

1. Workplace Fire Safety;
2. Community Fire Safety;

3. Water; and
4. Fleet & Equipment.

At the start of the programme the following critical success factors were identified:

- The introduction of a financially stable software partner or partners;
- Increased software integration enabling wider access to key data;
- Each solution is fully adopted by the user groups identified by the programme;
- Use of modern application and infrastructure architecture aligned to ICT's strategy making it easier and cheaper to develop, test, deploy and maintain future enhancements;
- Exploitation of software and hardware solutions in each sponsors department; and
- No loss of data and/or functionality without prior SRO and/or Project Sponsors approval;

The following organisational improvements were expected:

- Increased throughput and reduced operating costs, e.g. better time and resource management through the introduction of mobile working solution(s);
- Intuitive user experience enabling ease of adoption and on-going training; and
- Greater exploitation of data across the Service strengthening business intelligence

PROGRAMME DELIVERABLES

The original timeline for the Programme was for completion by the end of December 2015. However, due to the complexities of the requirements it was agreed at the Programme Board meeting in April 2015 to extend the target for completion to Q1 2016. In the November programme board meeting, due to the unavailability of Water Services staff for testing, it was agreed to remove Water Services from the initial implementation and to bring this project after the completion of the Safer Communities Project.

It was therefore decided to phase the implementation of the programme into two phases:

PHASE 1 – MIS DECOMMISSION FOR COMMUNITY SAFETY AND FLEET WORKSHOPS

The Tranman system (Transport Management System) at Fleet and Equipment Services went live on 25th January 2016. The implementation of CRM for Technical Fire Safety and Community Safety went live on March 30th 2016. This allowed us to meet the primary objective of removing the risk of using MIS within the organisation for all but the Water Services Department (4 users).

Through negotiations with the suppliers we greatly reduced the licencing costs we incurred to run MIS and the associated database from the 1st April 2016, allowing us to realise the bulk of the financial benefits associated with the programme. Apart from the Water Service team all user accounts were disabled and the system set to read-only.

An associated activity of extracting static data from MIS was undertaken for those areas that still required the data within the system such as Finance, HR, Learning &

Development and Health and Safety. This enabled us to remove their need for read only access to the system.

At this point a support contract for the CRM system was put in place to provide ongoing support and minor enhancements to the system.

PHASE 2 – MIS DECOMMISSION FOR WATER SERVICES, TRANMAN INTERFACE COMPLETION AND BA INTEGRATION AND ONGOING BENEFITS REALISATION FOR COMMUNITY SAFETY

Phase 2 had 4 distinct projects:

- Water Services Implementation of CRM;
- Ongoing Benefits realisation for Safer Communities;
- Implementation of Breathing Apparatus functionality within Tranman; and
- Implementation of interfaces into Tranman

The implementation of the BA functionality was delivered in July 2016 removing the reliance and risk of managing the BA equipment on a spreadsheet and allowing for greater integration with other workshops function.

CRM went live for Water Services with the implementation of the Spatial Data Store interface and mastering of hydrant risk data from CRM on 17th November, removing their reliance on MIS.

The project to deliver the ongoing benefits was closed on the 1st December and delivered the outstanding products from the original programme.

FUTURE DEVELOPMENT

The system will continue to be developed to meet the changing needs and priorities of user departments including work related to ongoing collaboration activity between ECFRS and Essex Police.

- Hoarding;
- Juvenile Fire setters;
- Safeguarding;
- Firebreak & Fire Cadets;
- Events;
- Volunteers (non-HSV activity);
- Provision of Operational Risk Information;
- Mobile Data Terminal Interface; and
- Tactical Fire Plans

LESSONS LEARNED

Formal lessons learned meeting for the Tranman and CRM projects were held between the project team and the key stakeholders. The detailed project closure report includes over 20 lessons learnt from the programme.

FINANCIAL IMPLICATIONS

The overall budget for the Programme was £1,373,000 and a virement of £38,000 from Community Safety to cover the data cleansing work was also made available. The total capitalised final spend figure was £1,278,000 and total revenue spend was £105,000 giving a total spend of £1,383,000.

Net revenue savings achieved were £125k per annum giving a payback on the investment of 10.2 years. In addition significant non-cashable benefits for the user departments have been identified that will lead to lower future staffing costs. These are listed in Appendix 1.

RISK MANAGEMENT IMPLICATIONS

The programme risks were actively managed. The contract with the original supplier was terminated when concerns about their ability to deliver the solution were evident. The programme plan was managed to ensure support from user departments and engagement in the development of the software.

LEGAL IMPLICATIONS

There are no outstanding legal issues.

USE OF RESOURCES

The development and implementation of two systems was a significant undertaking and has delivered a wide range of benefits to the Service.

ENVIRONMENTAL IMPLICATIONS

The hosting of the new systems in the “cloud” has reduced the Authority’s carbon footprint.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper: Appendix 1 – Benefits Realisation	
List of background documents (not attached):	
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Benefits Realisation

Benefit Description	Target Value	Target Date	Achieved Date
Reduction in annual maintenance costs (for software and database licences)	£125,000	Dec 2015	Apr 2016
Replacement with Common off the Shelf (COTS) solution in line with ICT strategy	Non-Cashable	Dec 2015	Apr 2016
Real-time data recording for jobs (labour, parts, remote working on station)	Non-Cashable	Dec 2015	Jan 2016
Improved Management reporting / business intelligence as a result of better data recording (repair type, down-time, schedule of rates vs actual labour)	Non-Cashable	Dec 2015	Apr 2016
Eliminating manual repetitive processes with automated solution	Non-Cashable	Dec 2015	Apr 2016
Directly interfacing with HR and Finance systems for accurate and efficient data exchange (ensuring data integrity).	Non-Cashable	Dec 2015	Jan 2017
Improved asset tracking by including additional work streams (BA, Tech Services)	Non-Cashable	Dec 2015	July 2016
More straightforward ways of marrying TFS, CS, and WS activities with the proposed technology. Reducing silo working.	Non-Cashable	Dec 2015	Nov 2016
Reduced risk to the Public and operational teams through the delivery of Risk information identified by TFS, CS and WS activity in a matter of minutes	Non-Cashable	Dec 2015	Nov 2016
Enabling true mobile working through the provision of modern mobile devices and a system designed to take advantage of the capabilities they offer	Non-Cashable	Dec 2015	Nov 2016
Opportunities for new streamlined business processes, requiring less paperwork generation and manual hand-offs between teams	Non-Cashable	Dec 2015	Nov 2016
Data collected will enable greater insights/MI around work throughput that will provide the opportunity to evaluate the effectiveness and opportunities to improve prevention work in the future.	Non-Cashable	Dec 2015	Nov 2016

Benefit Description	Target Value	Target Date	Achieved Date
It will allow Functional teams in different areas of work to collaborate on the same system, facilitating the sharing of critical, timely information. The system will be a single data source and will ensure that data is not duplicated either in multiple storage locations or requiring multiple entry points for the departments it will support.	Non-Cashable	Dec 2015	Nov 2016
Focussing on the Technical Fire Safety (TFS), Community Safety (CS) and Water Services (WS) areas, the new solution will have a beneficial impact not only to these departments but also Operational teams throughout ECFRS in the timely availability and delivery of key risk information, as well as upgraded mobile hardware for those personnel engaged in TFS, CS, and WS activity.	Non-Cashable	Dec 2015	Nov 2016

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

AGENDA ITEM

Policy and Strategy Committee

7

MEETING DATE

REPORT NUMBER

15 March 2017

EFA/019/17

SUBJECT

Day Crewed Housing

REPORT BY

Mike Clayton, Finance Director & Treasurer

PRESENTED BY

Mike Clayton, Finance Director & Treasurer

SUMMARY

This paper seek approval to delegate to Officers powers to dispose of day crewed housing in support of the 2020 programme objectives.

RECOMMENDATIONS

It is recommended that Members;

1. Note the importance of day crewed staff in the conversion of appliance crewing at those fire stations to On-Call;
2. Note the benefit of current day crewed staff remaining in service with secondary On-Call contracts;
3. Note the legal advice concerning the disposal of Fire Authority property; and
4. Delegate authority to the Acting Chief Fire Officer to dispose of day crewed housing in support of 2020 programme objectives.

BACKGROUND

There is an existing delegation (from September 2014) to the Chief Fire Officer allowing the disposal of empty day crewed housing. In June 2016 the Authority approved a programme of service changes that will see the crewing of fire appliances at the current day-crewed fire stations convert to On-Call from 2018 onwards. The support of the

existing firefighters employed on the day crewing system will be an important factor in the speed and success of this change. In addition, the retention of key skills through the process will also help ensure a successful transition.

Firefighters at day-crewed fire stations either occupy Authority owned housing or receive a rent allowance. Under previous assurances provided these arrangements will remain until 31 March 2020. After that date the requirements for wholetime firefighters at the day-crewed fire stations will have concluded. For firefighters who expect to remain in the Service after 2020 the position regarding housing for themselves and their families is a significant concern. The flexibility to allow the Authority to dispose of housing to the existing firefighter occupants is therefore a key consideration in the delivery of the 2020 programme of changes at these fire stations.

HOUSING DISPOSAL ISSUES

The Authority will need to comply with the law in the disposal of the housing stock owned by the Authority. The preferred option is to firstly offer the occupied properties to the existing occupying firefighters at the market value.

It is also desirable for the existing day crewed firefighters to continue in a secondary On-Call contract after the conversion – the opportunities to incentivise this are being explored.

TAXATION ISSUES

At present statutory exemptions mean that the provision of day crewed housing on a rent free basis is not a taxable benefit. One part of the test (Section 99(2) ITEPA 2003) is that it is the type of employment is one of the kinds of employment in the case of which it is customary for employers to provide living accommodation for employees. There is a risk that the result of this part of the test may change before 2020, or that this statutory exemption may end. Should such circumstances occur the Authority will need to decide how to manage the impact of the change.

FINANCIAL IMPLICATIONS

The disposal of the housing will give rise to a capital receipt for the Authority. In total the capital receipts are expected to be between £3m and £4m.

RISK ANALYSIS

The support of firefighters at the day crewed fire stations could be a key factor in the success of the changes to crewing at these stations. The adoption of an inflexible approach could increase the risks of the 2020 programme.

LEGAL IMPLICATIONS

The Authority can dispose of its property according to its general power under Section 5A Fire and Rescue Services Act 2004 and has a discretion to deal with the property in a manner it considers appropriate. The exercise of this discretion is informed by the Authority's fiduciary duties in respect of public funds and the general 'best value' duty conferred on the Authority by Section 3 Local Government Act 1999.

In practical terms, selling the properties at market value is likely to be in accordance with the Authority's duties. The market value of the land includes the value of any building on

it and its development potential. The valuation should consider the land as individual units and also as multiple units. The Authority will have broad discretion as to the identity of the people to whom it offers the properties for sale. Based on the information provided, offering the property in the first instance to its current occupants appears comfortably to fall within the range of that discretion.

In principle, Section 5A Fire and Rescue Services Act 2004 could arguably provide the basis for the Authority to make loans to assist in the purchase of land, provided it was of the view that such loans are appropriate in relation to carrying out its functions and purposes. However, there are a number of significant difficulties with making loans such that the Authority would need to approach the exercise of the general power for this purpose with great caution and in accordance with any applicable financial regulations.

In the event the provision of accommodation is taxable, it will not meet the criteria for a PAYE settlement agreement with HMRC.

USE OF RESOURCES

The use of the housing in support of the delivery of the 2020 programme objectives would help to minimise the programme risks and ensure the maximisation of the value of the Authority's assets.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
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List of background documents (not attached):	
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