HUMBERSIDE FIRE AUTHORITY

Fire & Rescue Service Headquarters Summergroves Way Kingston upon Hull HU4 7BB

Telephone 01482 565333

To: Members of the Fire Authority	**Enquiries to:** Alison Finn **Email:** committeemanager@humbersidefire.gov.uk **Tel. Direct:** (01482) 393204 **Date:** 2 March 2023

Dear Member

I hereby give you notice that a meeting of **HUMBERSIDE FIRE AUTHORITY** will be held on **FRIDAY, 10 MARCH 2023** at **10.30AM** at **HUMBERSIDE FIRE & RESCUE SERVICE HEADQUARTERS, SUMMERGROVES WAY, KINGSTON UPON HULL, HU4 7BB.**

The business to be transacted is set out below.

Yours sincerely

Alison Finn

for Lisa Nicholson
Monitoring Officer & Secretary to Fire Authority

Enc.

A G E N DA

Business	Page Number	Lead	Primary Action Requested
1. Apologies for absence	-	Secretary & Monitoring Officer	To record
2. Declarations of Interest	-	Secretary & Monitoring Officer	To declare
3. Minutes of the Authority meeting held on 10 February 2023	(pages 1 - 7)	Chairperson	To approve
4. Minutes of the GAS meeting held on 20 February 2023	(pages 8 - 11)	Chairperson	To receive
5. Questions by Members	-	Secretary & Monitoring Officer	To receive
6. Communications	-	Chairperson	To receive
7. Internal Audit Plan 2023/24	(pages 12 - 18)	TiAA	To approve
8. Treasury Management and Capital Expenditure Strategy 2023/24	(pages 19 - 54)	Executive Director of Finance & S.151 Officer	To approve
9. Pay Policy Statement 2023/24	(pages 55 - 60)	Executive Director of People & Development	To approve
10. Performance Reporting and Service Performance Indicators 2023/24	(pages 61 - 63)	Assistant Chief Fire Officer & Executive Director of Corporate Services	To approve

Business	Page Number	Lead	Primary Action Requested
11. State of Fire 2022 Report	(pages 64 - 68)	Assistant Chief Fire Officer & Executive Director of Corporate Services	To receive
12. Humberside Fire & Rescue Service - Cultural Journey	(pages 69 - 73)	Assistant Chief Fire Officer & Executive Director of Corporate Services	To receive
13. Serious Violence Duty	(pages 74 - 78)	Area Manager of Prevention and Protection	To receive
14. Suggested Scrutiny Topics 2023/24	(pages 79 - 83)	Assistant Chief Fire Officer & Executive Director of Corporate Services	To approve
15. Industrial Action Planning Update	verbal	Deputy Chief Fire Officer & Executive Director of Service Delivery	To receive
16. Chief Fire Officer Update	verbal	Chief Fire Officer & Chief Executive	To receive
B EXEMPT BUSINESS			
The Authority is asked to consider excluding the press and public from the meeting during consideration of the following item on the grounds that it is likely to involve the disclosure of exempt information as defined in paragraphs 1, 3 & 4 of Part 1 of Schedule 12A of the Local Government Act 1972. In making its decision, the Fire Authority is asked to confirm that, having regard to all circumstances, it is satisfied that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.			
17. Early Retirement Application	-	Assistant Chief Fire Officer & Executive Director of Corporate Services	To approve

HUMBERSIDE FIRE AUTHORITY

FRIDAY, 10 FEBRUARY 2023

PRESENT:

Members

Representing East Riding of Yorkshire Council:

Councillors Abraham, Davison, Dennis, Fox, Green, Jefferson, Smith and West

Representing Hull City Council:

Councillors Neal and Nicola

Representing North East Lincolnshire Council:

Councillors Lindley, Shepherd and Swinburn

Representing North Lincolnshire Council:

Councillors Briggs (*Chairperson*), Grant, Sherwood and Waltham MBE

Officers of Humberside Fire & Rescue Service

Phil Shillito - Chief Fire Officer & Chief Executive, Niall McKiniry - Deputy Chief Fire Officer & Executive Director of Service Delivery, Christine Cooper - Executive Director of People and Development, Kevin Wilson - Executive Director of Finance/Section 151 Officer, Jon Henderson - Area Manager Prevention and Protection, Jason Kirby - Area Manager of Emergency Response, Lisa Nicholson - Monitoring Officer/Secretary and Alison Finn - Committee Manager.

Also in attendance:

External Auditor

Gavin Barker - Director - Public Services (Mazars) (presented Minute 7/23)

The meeting was held at Service Headquarters, Hessle.

1/23 APOLOGIES FOR ABSENCE - Apologies for absence were submitted from Jonathan Evison (Police and Crime Commissioner) and Councillors Belcher, Chambers, Dad, McMurray and Patrick.

2/23 DECLARATIONS OF INTEREST - There were no declarations of interest.

3/23 MINUTES - Resolved - That the minutes of the meeting of the Authority held on 2 December 2022 be received as a correct record (subject to Councillor Sherwood being moved to the correct Local Authority).

4/23 MINUTES OF THE GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE - Resolved - That the minutes of the Governance, Audit and Scrutiny Committee meetings held on 1 December 2022 and 23 January 2023 be received.

5/23 QUESTIONS BY MEMBERS - there were no questions by Members.

6/23 COMMUNICATIONS - The following communications were reported:

(i) The draft timetable of meetings for 2023/24 had been circulated for comment prior to the meeting, no comments had been received therefore the timetable would be finalised and added to the website.

7/23 EXTERNAL AUDIT ANNUAL REPORT 2021/22 - Gavin Barker (Mazars) presented the External Audit Annual Report 2021/22 and the follow up letter to the Audit Completion Report from 2021/22.

The Auditor's Annual Report summarised the work undertaken by external auditors for the year ended 31 March 2022. Responsibilities of auditors were defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outlined how auditors had discharged those responsibilities and the findings from its work, a summary of which could be seen below:

- Opinion on the financial statements - the audit report was issued on 29 November 2022. Audit issued an unqualified opinion on the financial statements.

- Value for Money arrangements - Section 3 confirmed that auditors have now completed the work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources and provided commentary on the Authority's arrangements. No significant weaknesses in arrangements were identified and there were no recommendations arising.

- Wider reporting responsibilities - auditors were yet to receive group instructions from the National Audit Office and therefore were unable to issue the audit certificate until this was formally confirmed. The 2014 Act required auditors to give an elector, or any representative of the elector, the opportunity to question them about the accounting records of the Authority and to consider any objection made to the accounts. Auditors did not receive any questions or objections in respect of the Authority's financial statements.

Due to not yet having received group instructions from the National Audit Office, external audit was unable to issue its audit certificate for 2021/22 until this was formally confirmed.

Resolved - That the External Audit Annual Report be received.

8/23 MANAGEMENT ACCOUNTS - PERIOD ENDING 31 DECEMBER 2022 - The Executive Director of Finance/S.151 Officer submitted a report that described the financial direction of the Service and outlined its financial pressures.

The summary estimated outturn position for the current financial year based on information to 31 December 2022 is as follows:

CATEGORY	2022/23 OUTTURN PROJECTION
HFA	
Revenue Budget	£0.004m overspend
Capital Programme	£3.348m spend against £7.292m allocation
Pensions Account	£12.750m deficit

This was the second set of Management Accounts for the 2022/23 financial year and further updates will be brought to the Authority based on the period ending 28/2/23.

Further details on all areas were available electronically alongside the agenda papers on the Fire Authority's website at https://humbersidefire.gov.uk/about-us/fire-authority/meeting-documents.

Resolved - That the report be received.

9/23 APPROVAL OF PRECEPT 2023/24 AND MEDIUM-TERM RESOURCE STRATEGY 2023/24 TO 2026/27- The Executive Director of Finance/S.151 Officer submitted a report that proposed the setting of the 2023/24 Precept and Medium-Term Resource Strategy (MTRS) 2023/24 - 2026/27.

The decision on the 2023/24 precept for the Authority had to be taken in the light of a number of significant factors:

- The Government had set a referendum threshold for 2023/24 of £5 or above on a Band D property for Humberside Fire Authority. Therefore, any increase at or above this level would require a Humberside area-wide referendum in support. Clearly, there would be a significant cost attached to any such referendum.

- Secondly, although the Authority had provided for five per cent pay awards in 2023/24 there remained a significant risk that they could be in excess of this.

- Thirdly, the Authority had suffered a historic reduction in Government support over 2011/12 to 2021/22. Much had been done to respond to this, but the fact remained that the Authority has lost circa £11m of its funding from Government over this period. Future funding settlements beyond 2023/24 were likely to be very constrained for unprotected services such as Fire and Rescue.

In broad terms the budget for 2023/24 to 2026/27 was balanced subject to the following:-

- Council tax increases of £4.99 on a Band D property in 2023/24 and 2024/25 and 2.99% in 2025/26 and 2026/27;

- Pay awards of 5 per cent in 2023/24 and 2 per cent in each year from 2024/25 onwards;

- The use of £1.2m funding from reserves during 2023/24 and 2024/25.

The Authority's reserves consisted of the General Reserve (£5.908m at 1 April 2022) and a number of Earmarked Reserves created to meet specific areas of future expenditure (£8.686m at 1 April 2022). Again, as a result of good forward planning by the Authority, the reserves were in a sound position, but they needed to be seen in the context of the current and future significant reductions in Government funding and the major financial uncertainties that still lay ahead.

Proposed by Councillor Smith and seconded by Councillor Lindley; and

Resolved - (a) That the 2023/24 precept (as set out at Appendix 1 of these minutes) be approved at a level of £4.99 higher on a Band D property than the 2022/23 level, and

(b) that the Medium-Term Resource Strategy (2023/24 - 2026/27) be approved.

As required under paragraphs 11 and 12 of Schedule 2 Part 11 of the Local Authorities Standing Orders England Regulations 2001, voting was by way of recorded vote

For: Councillors Abraham, Briggs, Davison, Dennis, Fox, Grant, Green, Jefferson, Lindley, Neal, Nicola, Shepherd, Sherwood, Smith, Swinburn, Waltham and West.

Against: None

Abstain: None

For: **17**

Against: **0**

Abstain: **0**

10/23 FEES AND CHARGES 2023/24 - The Executive Director of Finance/S.151 Officer submitted a report that set out the proposed revised charges for 2023/24.

In accordance with relevant Fire Service Acts, Fire Authorities had the discretion to charge for special services performed (where there was no immediate threat of fire) and for services relating to training, fire safety and administration. The total income for the Fire Authority generated through these sources was circa £1k in 2021/22.

The revised charges proposed at Appendix A reflected the following:-

- Staff related costs – charges were normally uplifted in line with firefighter's pay award. The firefighters pay award for 2022 was yet to be settled but it was proposed that the charge was increased by 6% and adjusted in 2024 to reflect the actual pay award.

- Non staff related costs – charges were uplifted in line with Consumer Price Index (CPI) at September 2022 which was 10.1 per cent.

Fire Service Circular 17/2001 advised Fire Authorities on the charges they could levy when dealing with cases of pension sharing involving serving members of the Firefighter's Pension Scheme or pensioners. The charges for 2023/24 had been uplifted by 7.75 per cent which was a combination of the average green book pay award increase for 2022/23 plus the 2021/22 pay award which had not been settled by the time the 2022/23 charges had been set.

Proposed by Councillor Briggs and seconded by Councillor Abraham, and

Resolved - That the revised charges as attached at Appendices A and B of the report be approved with effect from 1 April 2023.

11/23 MEMBERS' ALLOWANCES 2023/24 - The Deputy Monitoring Officer/Secretary submitted a report outlining a proposed scheme of allowances to be paid to its Members.

The Local Authorities (Members' Allowances) (England) Regulations 2003 made provision for Combined Fire Authorities to establish Member Allowances Schemes from May 2003. The Fire Authority had frozen its basic and special responsibility allowances since 2008/09.

Recognising that Members of the Joint Independent Audit Committee (JIAC) for Humberside Police and the Office of the Police and Crime Commissioner for Humberside were paid an attendance allowance based on the rates set by the Home Office for attendance at Appeals Tribunals, the Authority has agreed that the Independent Co-opted Members of the GAS Committee were paid on a similar basis and that they receive an annual allowance (paid monthly rather than an as attendance allowance) calculated on the same basis as that adopted for the JIAC.

Appendix 1 to the report set out the current Members' Allowances Scheme, as of 1 April 2022. The Authority is asked to consider and approve a Members' Allowances Scheme for 2023/24, a proposal of which was set out at Appendix 2.

The Authority was required to have regard to the recommendations made by any Independent Remuneration Panels in relation to any Authority that had an Independent Remuneration Panel that nominated Members to the Fire Authority. The Members' Allowances Schedule for the four Unitary Authorities in Humberside were available for viewing on the respective Unitary Authorities' websites.

Proposed by Councillor Waltham and seconded by Councillor Sherwood, and

Resolved - (a) That the basic and special responsibility allowances 2023/24 for Members continues to be frozen, and

(b) that the Members' Allowances Scheme for 2023/24, as set out at Appendix 2 of these Minutes, be approved.

12/23 CHIEF FIRE OFFICER UPDATE - The Chief Fire Officer/Chief Executive provided a verbal update.

i. The Authority had received a letter from the Fire Brigades Union regarding the safety of fire fighters in respect of contaminants. The Chief Fire Officer had responded thanking the Union for their positive work on fire fighter safety and advising them of the changes made by the Authority to ensure that safety came first.
ii. The Authority had received a letter from the Minister of State for Crime, Policing and Fire requesting details of the Authority's contingency plans in case of a fire fighter strike. The Chief Fire Officer had responded with the required details.
iii. The Authority had received a letter from Andy Cook (HMICFRS) requesting details of any cases of misogyny or grievances regarding conduct in the Authority. The Chief Fire Officer would be responding that there were no cases to feedback on over the last 12 months but that staff had been reminded of behaviour standards. A freedom to speak up guardian role had also been created within the Authority.
iv. The employers had met with the Fire Brigades Union and made a 7 per cent pay increase offer back dated to July 2022 and a 5 per cent pay increase for 2023/24. The Union would ballot their members on this improved offer and had agreed to delay any strike action until a decision was made on 6 March 2023.
v. The Authority had received five new fire engines which were stationed across the Humber area.
vi. The Hull Falls, Intervention Response, Safety Team (F.I.R.S.T)had been recognised by the Department for Health and Social Care and designated as best practice that should be adopted across the Fire Service nationally. The Chief Officer offered his congratulations to the team for their hard work.

Resolved - That the update be noted.

Calculation of Precept £4.99 Increase on a Band D Property

2022/23 £			2023/24 £
47,623,935	Net Revenue Budget		52,693,448
(9,818)	Add :	Contribution to/(from) General Reserve	(566,953)
-		Contribution to/(from) Earmarked Reserves	-
47,614,117		Net Budget Requirement	52,126,495
	Less :	Exchequer Assistance	
(17,369,534)		Formula Grant	(18,513,927)
(4,748,669)	Less :	Business Rates received from Local Authority	(6,021,273)
(649,858)	Less :	Council tax net collection fund (surplus)/deficit	(370,417)
465,501	Less :	NNDR net collection fund (surplus)/deficit	(165,720)
25,311,557	Amount to be raised from Tax		27,055,157
280896.20	Divided by Tax Base		284491.67
£90.11	**Band D Council Tax**		**£95.10**
1.99%	**Precept Increase over Previous Year**		**5.54%**

2022/23	Tax Band	2023/24	2023/24 Increase over - Year £p	2023/24 Increase over - Month £p
60.07	**A**	63.40	3.33	0.28
70.09	**B**	73.97	3.88	0.32
80.10	**C**	84.53	4.43	0.37
90.11	**D**	95.10	4.99	0.42
110.13	**E**	116.23	6.10	0.51
130.16	**F**	137.37	7.21	0.60
150.18	**G**	158.50	8.32	0.69
180.22	**H**	190.20	9.98	0.83

2022/23 Collection Fund Balances £		2023/24 Precept £	2023/24 Collection Fund Balances £	Total £
340,293	East Riding of Yorkshire	11,652,394	266,720	11,919,114
175,936	Kingston upon Hull	6,179,883	77,305	6,257,188
54,342	North East Lincolnshire	4,347,056	27,238	4,374,294
79,287	North Lincolnshire	4,875,825	(846)	4,874,979
649,858		27,055,158	370,417	27,425,575

HUMBERSIDE FIRE AUTHORITY MEMBERS' ALLOWANCES SCHEME 2023/24 - PROPOSED DRAFT SCHEME FOR PUBLICATION

The Local Authorities (Members' Allowances) (England) Regulations 2003 made provision for Combined Fire Authorities to establish Member Allowances Schemes from May 2003.

The Fire Authority, at its meeting of 10 February 2023, agreed that the allowances for Elected Members be frozen at their current level for 2023/24 as set out below.

	£
1. Basic Allowance (per annum)	
All Members	4,457
2. Special Responsibility Allowances:	
a. The Chair of the Authority	11,137
b. The Vice Chair of the Authority	8,356
c. The Chairs of Committees	561
3. Independent Co-opted Members of the Governance, Audit and Scrutiny (GAS) Committee	
a. Chairperson of the Committee	£1,680/year (£140 per month)*
b. All other Members of the Committee	£1,480.50 each/year (£123.375 per month)*
4. Childcare & Dependant Carer Allowances (per hour)	
a. Childcare	5.80
b. Dependant	10.40
5. Travel Allowances	
a. Car Allowances - In accordance with the National Joint Council for Local Government Services casual user rate:	
Up to 999cc	0.469**
Over 999cc	0.522**
(up to first 8,500 miles per annum, thereafter £0.144*)	
b. Motorcycle	0.240
c. Bicycle (per mile)	0.05
d. Public Transport	Actual Cost
6. Subsistence Allowances	
Actual cost not exceeding	
a. Breakfast - more than 4 hours before 11.00am	6.46
b. Lunch - more than 4 hours including 12noon to 2.00pm	8.92
c. Tea - more than 4 hours including 3.00pm to 6.00pm	3.50
d. Dinner - more than 4 hours ending after 7.00pm	11.03
e. Overnight (covering 24 hours)	
London #	136.40
Outside London	120.42
f. Out of Pocket Expenses (per night)	4.92

Notes

*	*Based on 7 meetings a year it recognises that Members of the Joint Independent Audit Committee (JIAC) for Humberside Police and the Office of the Police and Crime Commissioner for Humberside are paid an attendance allowance based on the rates set by the Home Office for attendance at Appeals Tribunals. The Authority has agreed that the Independent Co-opted Members of the GAS) Committee should be paid on a similar basis, and that they receive an annual allowance (paid monthly rather than an as attendance allowance) calculated on the same basis as that adopted for the JIAC. Mileage and bridge toll costs will continue to be met as before. The only exceptions to the above remuneration arrangements for Independent Co-opted Members of the GAS Committee will be on the very rare occasions when they might be asked to attend training arranged for them in support of their role e.g. Treasury Management training when such attendance will qualify for the one-off £26 hourly rate + travel expenses + bridge tolls. In addition, for attendance at HFA Member Days/HFA meetings, GAS Committee Members will be reimbursed for their travel expenses and bridge tolls.*
**	*Not increased by NJC since 1 April 2010*
#	*Includes Local Government Association and Annual Fire Conferences overnight attendances outside London.*

HUMBERSIDE FIRE AUTHORITY

GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

20 FEBRUARY 2023

PRESENT: Independent Co-opted Members James Doyle (Chair) Chris Brown, Pam Jackson, and Kathryn Lavery.

Officers Present: Matthew Sutcliffe – Assistant Chief Fire Officer & Executive Director of Corporate Services, Steve Duffield – Area Manager Service Improvement, Jon Henderson – Area Manager of Prevention and Protection (in remote attendance), Jason Kirby – Area Manager of Emergency Response, Martyn Ransom – Joint Deputy Chief Finance Officer & Deputy S.151 Officer, Simon Rhodes - Head of Corporate Assurance, Gareth Naidoo – Senior Corporate Assurance Officer, Paul Spurr – Information Governance Officer Lisa Nicholson – Monitoring Officer/Secretary, , and Rob Close – Committee Manager.

Internal Audit (TiAA)

David Robinson – Audit Manager (TiAA)

Councillor Briggs was also in attendance.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull.

PROCEDURAL

12/23 APOLOGIES FOR ABSENCE – Apologies for absence were received from Gerry Wareham.

13/23 DECLARATIONS OF INTEREST – No declarations of interest were made with respect to any items on the agenda.

14/23 MINUTES – ***Resolved*** **–** That the minutes of the meeting held on 23 January 2023 be confirmed as a correct record.

15/23 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA – There were no matters arising.

GOVERNANCE

16/23 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY – The Monitoring Officer/Secretary advised the Committee that the minutes of the 10 February 2023 meeting of Humberside Fire Authority would be circulated to them after publication.

Resolved - That the minutes of the 10 February 2023 meeting of the Humberside Fire Authority be circulated to the Members of the Committee via email.

AUDIT

17/23 DRAFT INTERNAL AUDIT PLAN 2023/24 – The Committee received a report of the internal auditors, TIAA. The Committee was given an overview of the draft internal audit plan for 2023/24 and advised of emerging themes that informed it.

It was clarified that the Service Absolutes Process was the system that monitored how Station and Watch Managers ensured effective management of facilities.

The days allocated for audit topics within the annual plan took into account time for significant testing and a tailored approach. Particular time was made available for newer topics which auditors were not familiar with. Ultimately, until field work commenced on the audits, completion timetables were only estimated.

Resolved – (a) That the Committee endorse the Internal Audit Plan for 2023/24;

(b) That the Committee endorse Bullying, Harassment and Discrimination as the first piece of Audit work for 2023/24.

FINANCE AND PERFORMANCE

18/23 TREASURY MANAGEMENT AND CAPITAL EXPENDITURE STRATEGY 2023/24 – The Committee received a report of the Deputy Joint Chief Finance Officer and Deputy Section 151 Officer.

The Committee was advised that, as part of the Local Governance Act 2003 and its supporting regulations, the Authority was required to have regard to the CIPFA Prudential Code and Treasury Management Code of Practice to set, on an annual basis, a range of Prudential and Treasury Indicators for the forthcoming three years to ensure that its capital investment plans were affordable, prudent and sustainable. The prudential indicators reported on the Authority's capital plans, minimum revenue provision, the treasury management strategy, and an investment strategy.

Indicator One gave a summary of the Authority's previously agreed and forecasted capital expenditure plans until 2026/27. Indicator Two presented the Authority's Capital Financing Requirements through its borrowing need. Currently, the Authority was under borrowed and there was no expectation for this to change. The newest Prudential Indicator, Indicator Three, was the Liability Benchmark which estimated the Authority's measure for liability for the forthcoming three financial years. Indicator Four gave an expected level of investment from the Authority's current resources. Indicators Five and Six presented the operational boundary and authorised limit for external debt respectively for the Authority. Indicator Seven identified the trend in the cost of capital against the net revenue stream. The Authority's Capital Strategy ultimately focussed investment on refurbishment of current operational assets.

The level of capital expenditure project slippage was agreed at Humberside Fire Authority at its 2 December 2022 meeting. The main delays were seen in fleet replacements; Fleet management was a joint service with Humberside Police operated by a Joint Estate Manager beginning work in March.

Regular updates were received from the Link Group indicating interest rates. The contract for Link Group was to be renewed in the next calendar year.

There were no plans currently to directly audit the service of Hull City Council's administration of the Authority's treasury management function, however there was capacity to amend scopes of the 2023/24 Internal Audit Plan to accommodate this if there was an appetite to in the future.

Resolved – (a) That the Treasury Management and Capital Expenditure Strategy 2023/24 be received;

(b) That an update be given by the Joint Estates Manager on fleet replacement during the next municipal year;

(c) That new members of Committee be offered training on Link.

SCRUTINY PROGRAMME

19/23 SCRUTINY ITEM – GENERAL DATA PROTECTION REGULATION (GDPR) COMPLIANCE – The Committee received a report of the Area Manager of Service Improvement.

The Committee was advised that, in May 2019, an audit of the Authority's management of data protection related matter was conducted by the East Riding of Yorkshire Council (ERYC), to identify how well the Authority was complying with the GDPR legislation that came into force in May 2018.

The subsequent action plan identified areas of improvement and ultimately brought the authority into a position of compliance. As a result, the action plan transitioned to an Information Governance Compliance Assessment mirroring that of the Information Commissioner's Office Accountability Framework.

A recent internal audit review undertaken in November 2022 also demonstrated that the Authority had a robust data protection framework in place to continually monitor compliance against UK GDPR.

Members raised the following points:

Freedom of Information (FOI) Requests – The fluctuation in receipt of FOI requests usually correlated with press coverage of public sector organisations. For example, significant receipt of FOIs was received during the Covid-19 Pandemic. The Authority's current FOI figures were comparable with other Fire Authorities.

Data Protection eLearning – The Service had to ensure that all staff were trained in data protection every two years. Completion of this training was monitored on a quarterly basis and validity had consistently exceeded 95 per cent since February 2021. Due to the anniversary of the biennial refresh having just elapsed, staff validity had temporarily dropped to 87 per cent. The e-learning was mandatory for all staff, including all support staff (such as cleaners). Provision was made by managers for those staff (for example cleaners) that did not have access to Service ICT facilities to periodically undertake their e-learning requirements (such as Data Protection).

Data Protection Training for Elected Members – It was noted that the constituent authorities offered mandatory data protection training for HFA Members.

CCTV – The five areas on the Information Governance Compliance Assessment relating to CCTV were all in progress. Currently, appropriate signage was still outstanding, but this was likely to be erected within a matter of weeks.

Resolved – (a) That the Committee endorses the Authority's commitment to and compliance with UK GDPR;

(b) That a copy of the Data Protection Guide for Staff be circulated to the Committee for information upon publication.

20/23 GAS COMMITTEE SCRUTINY PROGRAMME 2022/23 – The Committee Manager submitted a report summarising the Committee's Scrutiny Programme 2022/23.

***Resolved* –** (a) That an item considering Equality, Diversity and Inclusion Staff Forums be brought to the 3 April 2023 meeting of the Committee;

(b) That the Programme be received.

Following the meeting, the Chairperson of Humberside Fire Authority and the Chief Fire Officer offered the Authority's thanks to Mr James Doyle and Mrs Pam Jackson, for their continued hard work and service to the Committee and presented them with plaques.

INTERNAL AUDIT

tiaa

Humberside Fire and Rescue Service

Internal Audit Annual Plan 2023/24

2023/24

February 2023

DRAFT

OVERVIEW

Introduction

The Audit Plan for 2023/24 has been informed by a risk assessment carried out across our fire service clients and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks, and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Emerging Themes

This year will continue to be another challenging year for the fire service in terms of the macroeconomic and financial environment, spiralling costs and the labour market. We have identified a number of key areas which will individually and collectively affect the sector in various ways; these require consideration when planning internal audit coverage.

Macroeconomic and financial environment: The UK economy has experienced a sequence of significant events including Brexit, the pandemic and the conflict in Ukraine. Further challenges lie ahead as the government seeks to cut spending and raises taxes to plug the gap in the UK's finances. Rapid and increasingly prolonged inflation, rising interest rates, shortages in the labour market and continuing supply chain disruption are leading to increased costs and a challenging financial situation for many.

Increasing wage demands: One of the consequences of the economic situation is demands for significant pay increases to help combat the effect of inflation and a perceived lack of pay progression for over a decade. This has seen strike action taking place or planned by rail workers, postal workers, lecturers, bus drivers and nurses. This will put pressure on organisational budgets and present challenges in recruitment.

Cyber security: This continues to be one of the highest ranked risks for organisations and shows no sign of going away. The widespread move to remote working and increased online service delivery has made organisations more vulnerable to phishing, malware, and ransomware attacks, particularly where there has been a lack of investment in infrastructure.

Climate change: Global warming can lead to physical, operational, financial and reputational risks arising. 'Loss and damage' - the phrase used to describe the destruction being wrought by the climate crisis - will remain high on the agenda. Aside from the obvious environmental impact, climate change can stress local economies, threaten business models and pose widespread disruption to organisations.

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2023/24 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the Fire Service's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

INTERNAL AUDIT PLAN

Audit Strategy Methodology

We adopt a proprietary risk-based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, the regulatory framework, external audit recommendations and previous internal audit work for the organisation, together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. For 2023/24, we have conducted an analysis of the key risks facing the sector and client base more broadly to inform our annual planning. The Audit Strategy is based predominantly on our understanding of the inherent risks facing the Fire Service and those within the sector and has been developed with senior management.

Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS). In 2022, TIAA commissioned an External Quality Assessment (EQA) of its internal audit service. The independent EQA assessor was able to conclude that TIAA 'generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)'. 'Generally conforms' is the highest rating that can be achieved using the IIA's EQA assessment model.

Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Plan remains fully aligned with the key risks facing the Fire Service. We take in to account any emerging or heightened risks that are facing the sector, to ensure that the work of internal audit remains appropriately focused.

Internal Audit Plan

Following the risk prioritisation review, the Annual Plan (Appendix A) sets out the reviews that will be carried out, the planned times and the high-level scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Governance, Audit and Scrutiny (GAS) Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of each assignment within the Annual Plan includes: research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and the Humberside Fire and Rescue Service. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where the Fire Service agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Executive Director of Service Support and S151 Officer and will be clearly set out in the terms of reference for the additional review(s).

Release of Report

The table below sets out the history of this plan.

Date plan issued:	9th February 2023

APPENDIX A: ANNUAL PLAN – 2023/24

Quarter	Review	Type	Days	High-level Scope
TBC	Bullying, Harassment and Discrimination	Assurance	6	The review will consider the action taken to minimise instances of bullying, harassment and discrimination, the reporting and investigation processes. The review will also consider promotion of the No Tolerance campaign.
TBC	Enforcement Powers and Priorities	Assurance	6	The review will consider the actions taken by the Fire Service in ensuring that enforcement powers prioritise the highest risks and high-risk premises are visited in line with policy.
TBC	Effectiveness of Systems (used to learn from operational Incidents)	Assurance	6	The review considers the arrangements in place to ensure that debriefs are undertaken in relation to a broad range of operational incidents and that appropriate lessons learned exercises are undertaken and communicated through appropriate channels.
TBC	National Operational Guidance	Assurance	5	The audit will review the effectiveness of NOG implementation against the plan, including staff training and guidance, communication of plans and understanding among staff.
TBC	Service Absolutes Process	Assurance	6	The review will evaluate the consistency in application, value, accuracy, recording and alignment to related performance management measures for the absolutes process. The review will also include the understanding of absolutes among staff.
2	Follow-up (Mid-year)	Follow Up	2	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Fire Service are implementing recommendations, and providing reports to GAS Committee.
TBC	Staff Development	Assurance	6	The review will consider whether the Fire Service is applying appropriate practices related to staff development and talent management including workforce planning, recruitment and staffing strategies, succession management, learning and development and performance development reviews. The review will also assess the effectiveness and communication of the "Pipeline" process.
TBC	Mobile Data Terminal's (MDT) performance	Assurance	6	The review will consider the effectiveness of the Mobile Data Terminals in use on fire engines including the accuracy, and accessibility of information provided through MDT's, training provided to staff and the utilisation of the reporting processes for defects.
4	ICT Management Controls	Assurance	4	The review considers the arrangements for: access security; back up retention periods; email/ internet policy and enforcement; licence monitoring, upgrade controls and protocols for communicating with third parties. The scope of the review does not include consideration of the training needs; or the appropriateness of file sharing.

Quarter	Review	Type	Days	High-level Scope
4	Key Financial Controls	Assurance	7	The review will assess the adequacy and effectiveness of the internal controls in place for managing the following key financial systems. • Creditor Payments; • Payroll; • Treasury Management; • Debtors; • General Ledger; and • Pensions
4	Follow-up	Follow up	2	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Fire Service are implementing recommendations, and providing reports to GAS Committee.
1	Annual Planning	Management	2	Assessing the Fire Service's annual audit needs.
4	Annual Report	Management	1	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1 – 4	Audit Management	Management	6	This time includes: meeting client management, overseeing the audit plan, reporting and supporting GAS Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
		Total days	**65**	

APPENDIX C: INTERNAL AUDIT CHARTER

The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within the Fire Service and defines the scope of internal audit activities. The establishment of the Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the GAS Committee.

Definition of Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Role of Internal Audit

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to the Fire Service's senior management and governing body (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of the risk management, control and governance processes.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS and the IIA standards which are articulated in the International Professional Practices Framework (IPPF).

Scope

All the Fire Service's activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that the Fire Service's management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions; however, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

As well as providing the required level of assurance, TIAA's may engage in consultancy activity that contributes to the overall assurance that can be delivered to the GAS Committee.

TIAA may also conduct any special reviews requested by the Board, GAS Committee or the nominated officer (being the post responsible for the day-to-day liaison with TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of the Fire Service and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems; however, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day-to-day administrative purposes only, TIAA reports to a nominated officer within the Fire Service and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the GAS Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with the Fire Service's management.

Conflict of Interest

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and internal policies, the PSIAS/IIA standards and the Fire Service's requirements.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of the Fire Service and additional time will be required to carry out such testing. The Fire Service is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

Liaison with the External Auditor

We will liaise with the Fire Service's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to ensure that all Internal Audit work is carried out in accordance with these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

Governance, Audit and Scrutiny Committee Responsibility

It is the responsibility of the Fire Service to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

By approving this document, the GAS Committee is also approving the Internal Audit Charter.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and PSIAS/IIA standards.

Progress Reports: Progress reports will be prepared for each GAS Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Follow-Up Reports: We will provide an independent assessment as to the extent that priority 1 and 2 recommendations have been implemented. Priority 3 recommendations are low-level/housekeeping in nature and it is expected that management will monitor and report on implementation as considered appropriate.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and PSIAS/IIA standards. The Annual Report will include a summary opinion of the effectiveness of the Fire Service's governance, risk management and operational control processes based on the work completed during the year.

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory annual awareness training for all staff. To carry out our role effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2013.

Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Performance Measure	Target
Completion of planned audits.	100%
Audits completed in time allocation.	100%
Draft report issued within 10 working days of exit meeting.	100%
Final report issued within 10 working days of receipt of responses.	100%
Compliance with TIAA's audit charter and PSIAS/IIA Standards.	100%

Agenda Item No. **8**

Humberside Fire Authority
10 March 2023

Report by the Executive Director of Finance & S.151 Officer

TREASURY MANAGEMENT MID-YEAR UPDATE REPORT

1. SUMMARY

1.1 This report sets out the Prudential Indicators for Treasury Management and Capital and the Treasury Management Policy Statement proposed for adoption for the financial year 2023/24. The Authority's Constitution requires that the Policy Statement is approved by the full Fire Authority and this responsibility cannot be delegated.

1.2 This report also outlines the recommended policy to be adopted in respect of creating the Minimum Revenue Provision (MRP) for 2023/24, in line with the statutory requirements set out in The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 and 2017.

2. RECOMMENDATIONS

2.1 That Members approve the Treasury Management Strategy Statement for 2023/24 onwards as set out in Appendix 1.

3. BACKGROUND

3.1 Treasury Management, as defined by the Chartered Institute of Public Finance and Accountancy (CIFPA) Code of Practice 2017 is:

''The management of the organisation's investments and cash-flows, its banking and money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks.''

3.2 An updated version of the Code was published in December 2017; this strategy statement has been prepared in accordance with the requirements of the new Code.

4. TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS

4.1 The Local Government Act 2003 and supporting regulations require Authority to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set, on an annual basis, a range of Prudential and Treasury Indicators for the next three years to ensure that its capital investment plans are affordable, prudent and sustainable. This report details the proposed indicators relating to the Authority's Treasury Management activities, capital expenditure and external debt for 2023/24 for Members' consideration and approval.

4.2 The suggested strategy for 2023/24 in respect of the following aspects of the treasury management function is based upon the S.151 Officer's views on interest rates, supplemented with leading mark forecasts provided by the Authority's treasury management advisors and support from the treasury management team within Hull City Council. The strategy covers:

- limits in force which will limit the treasury risk and activities of the Authority;
- the Treasury Management and Prudential Indicators;
- the current treasury position;
- prospects for interest rates;
- the borrowing requirement strategy;

- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- the MRP strategy;
- policy on use of external service providers

4.3 The 2003 Act, revised Investment Guidance issued 2010 and the updated CIPFA Code also require that Members give consideration to the Authority's Annual Investment Strategy, setting out how investments will be managed and the priorities for security and liquidity of those investments as well as the Annual Borrowing Strategy; these have also been incorporated into this report.

4.4 In addition, it is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital decisions. This therefore means, that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

a. increased interest charges from additional borrowing and;

b. increased running costs from new capital projects

are limited to a level that is affordable within the projected income of the Authority.

Financial Implications

4.5 The approach outlined within the report is aimed at achieving effective and efficient management of the Authority's financial resources and reflects a prudent approach to the management of financial risk for the Authority.

4.6 The Authority forecasts to have an under-borrowed position in relation to long-term borrowing of £0.911m at the end of 2022/23 which will save in the region of £10k in interest in each year until the borrowing is taken.

Risk & Legal Implications

4.7 The Authority must comply with the requirements of the CIPFA Code of Practice on Treasury Management 2017 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017. This report ensures such compliance.

4.8 The formulation and application of a prudent Treasury Management Policy and MRP provision ensures that the Authority effectively manages financial risks such as exposure to interest rate changes and liquidity risk whilst minimising borrowing costs and maximising investment income. It further ensures that sufficient levels of resource are set aside for the repayment of debt. Effective treasury management is key to making the best use of the Authority's financial resources and thus the successful delivery of its Strategic Plan.

4.9 Treasury Management is an integral part of the financial management of the Authority with Prudential Indicators providing a framework for the Authority to monitor key elements of its financial position. Utilising approved Borrowing and Investment Strategies, the Executive Director of Finance & S.151 Officer will seek to minimise borrowing costs and maximise investment income whilst adopting a prudent approach to the Authority's exposure to market risks, especially given the current economic situation.

5. EQUALITY IMPLICATIONS

5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change.

6. CONCLUSION

6.1 Members are requested to consider and approve the 2023/24 Treasury Management Strategy Statement for 2023/24 onwards.

Kevin Wilson
Executive Director of Finance &
S.151 Officer

Officer Contact

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Background Papers

Medium-Term Resource Strategy 2023/24 to 2026/27 – report to Fire Authority 10 February 2023
Treasury Management Mid-year Update Report 2022/23 – Report to Fire Authority December 2022
CIPFA Prudential Code (Revised 2011) and November 2012 and 2017 update
The local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 and 2017

Abbreviations

CIPFA	Chartered Institute of Public Finance and Accountancy
MRP	Minimum Revenue Provision

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

Humberside Fire Authority 2023/24

HUMBERSIDE
Fire & Rescue Service

Safer Communities Safer Firefighters

INTRODUCTION

Background

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low-risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide 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. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet a risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

> *"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

Reporting requirements

Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full Authority fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

Treasury Management Reporting

The Authority is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first and most important report is forward looking and covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid-year treasury management report based on period ending 30th September – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, the Authority will receive quarterly update of Prudential Indicators as part of the Management Accounts based on periods ending 30th June and 31st December.

An annual treasury report – This is a backward-looking document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Authority. This role is undertaken by the Governance, Audit and Scrutiny Committee.

Treasury Management Strategy for 2023/24
The strategy for 2023/24 covers two main areas:

Capital issues
- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Authority;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Training will be arranged as required.

Treasury management consultants

The Authority uses Link Group, Treasury solutions as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions always remains with the Authority and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

THE CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2026/27

The Authority’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members’ overview and confirm capital expenditure plans.

Capital expenditure – Indicator 1

This prudential indicator is a summary of the Authority’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Total	**3.348**	**7.327**	**2.847**	**3.707**	**3.565**

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements, which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Capital receipts	-	-	-	-	-
Capital grants	-	-	-	-	-
Capital reserves	-	-	-	-	-
Revenue	1.157	2.000	1.500	1.500	1.500
Net financing need for the year	**2.191**	**5.327**	**1.347**	**2.207**	**2.065**

The Authority’s borrowing need (the Capital Financing Requirement) – Indicator 2

The second prudential indicator is the Authority’s Capital Financing Requirement (CFR). The CFR is simply 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 so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset’s life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority’s borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. The Authority had £1.029m of such schemes within the CFR as at 31st March 2022.

The Authority is asked to approve the CFR projections below:

£m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Capital Financing Requirement					
Underlying CFR	19.080	23.469	23.320	23.908	24.141
Other LT Liabilities*	1.013	0.996	0.977	0.956	0.933
Total CFR	**20.093**	**24.465**	**24.297**	**24.864**	**25.074**
CFR as a % of BR	**42.20%**	**46.93%**	**45.19%**	**44.84%**	**43.61%**
Movement in CFR	**1.373**	**4.372**	**(0.168)**	**0.567**	**0.210**

Movement in CFR represented by					
Net financing need for the year (above)	2.191	5.327	1.347	2.207	2.065
Less MRP/VRP and other financing movements	(0.818)	(0.955)	(1.515)	(1.640)	(1.855)
Movement in CFR	**1.373**	**4.372**	**(0.168)**	**0.567**	**0.210**

This table shows CFR increasing to circa 45% of our Budget Requirement (BR).

*IFRS16 Leases comes into effect from 2024/25. The impact of this is yet to be established and will be reviewed throughout the year.

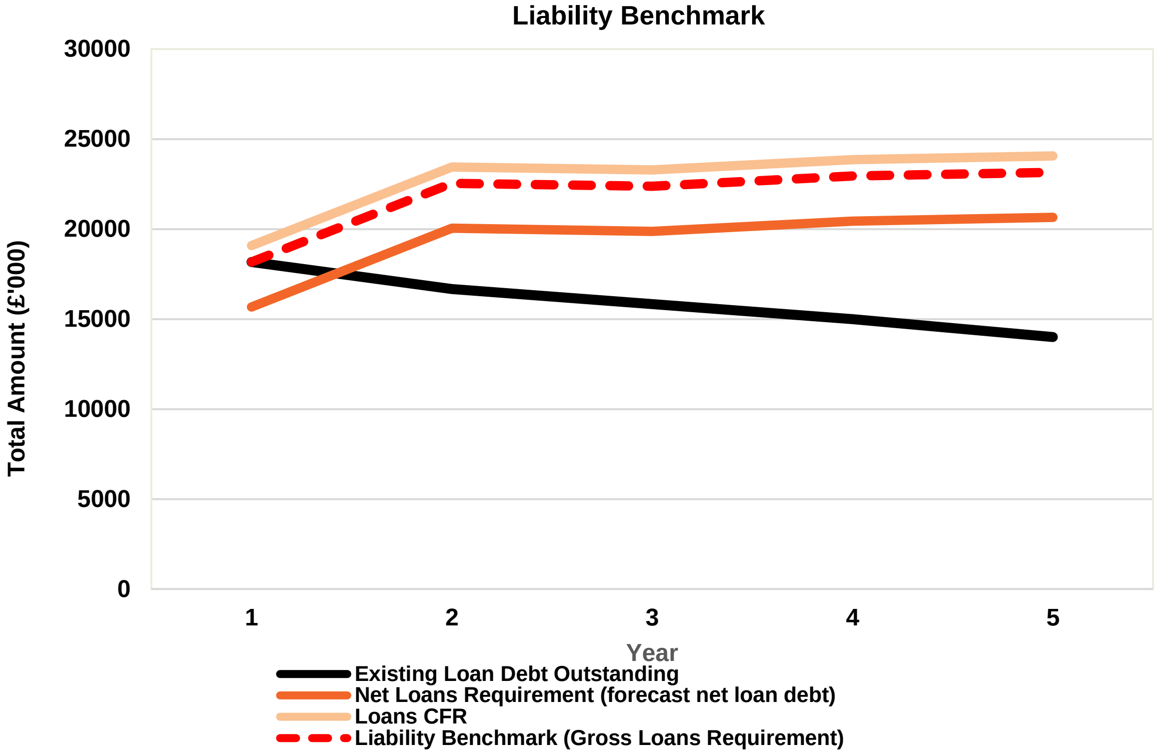
The Authority's Liability Benchmark – Indicator 3

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

- **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
- **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

The graph below shows that the Authority is currently slightly internally borrowed and this will increase over the next few years. The Authority will actively monitor interest rates and determine the most advantageous time to take actual long-term borrowing. Short-term borrowing may be used until borrowing rates become more attractive.



Core funds and expected investment balances – Indicator 4

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Fund balances / reserves	14.517	13.300	11.001	10.821	11.699
Capital receipts	0.030	0.030	0.030	0.030	0.030
Total core funds	**14.547**	**13.330**	**11.031**	**10.851**	**11.729**
Working capital*	(2.500)	(2.500)	(2.500)	(2.500)	(2.500)
(Under)/over borrowing	(0.911)	(5.800)	(5.492)	(5.908)	(6.141)
Expected investments	**11.136**	**5.030**	**3.039**	**2.443**	**3.089**

*Working capital balances shown are estimated year-end; these may be higher mid-year

TREASURY MANAGEMENT PRUDENTIAL INDICATORS 2023/24 – 2026/27

The capital expenditure plans set out in this section provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the annual investment strategy.

Current portfolio position

The Authority's estimated treasury portfolio position at 31 March 2023, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
External Debt					
Debt at 1 April	19.069	18.169	17.669	17.828	18.000
Expected change in Debt	(0.900)	(0.500)	0.159	0.172	-
Other long-term liabilities (OLTL)	1.029	1.013	0.996	0.977	0.956
Expected change in OLTL	(0.016)	(0.017)	(0.019)	(0.021)	(0.023)
Actual gross debt at 31 March	**19.182**	**18.665**	**18.805**	**18.956**	**18.933**
The Capital Financing Requirement	**20.093**	**24.465**	**24.297**	**24.864**	**25.074**
Under / (over) borrowing	**0.911**	**5.800**	**5.492**	**5.908**	**6.141**

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Executive Director of Finance & S.151 Officer reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: limits to borrowing activity

The operational boundary – Indicator 5

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt	31.500	31.500	31.500	31.500
Other long-term liabilities	3.500	3.500	3.500	3.500
Total	35.000	35.000	35.000	35.000

The authorised limit for external debt – Indicator 6

This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Authority. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all authorities' plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following authorised limit:

Authorised limit £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Debt	36.500	36.500	36.500	36.500
Other long-term liabilities	3.500	3.500	3.500	3.500
Total	40.000	40.000	40.000	40.000

Prospects for interest rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 6 February 2023. These are forecasts for certainty rates, gilt yields plus 80 bps.

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 19.12.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Additional notes by Link on this forecast table: -
Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession

of rate increases. Bank Rate stands at 4% currently but is expected to reach a peak of 4.5% in H1 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.5%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium, and longer end of the curve in equal measure now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy, and rent/mortgage payments.

PWLB RATES

1. The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
2. We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

1. The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

1. **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

2. **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

3. **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

4. **Geopolitical risks,** for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea, and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

1. The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.

2. **The Government** acts too quickly to cut taxes and/or increases expenditure considering the cost-of-living squeeze.

3. **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

4. Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.

5. Projected **gilt issuance, inclusive of natural maturities and QT,** could be too much for the markets to comfortably digest without higher yields consequently.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10bps as follows: -

Average earnings in each year	
2022/23 (remainder)	4.00%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.
Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

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 flow 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.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Executive Director of Finance & S.151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Authority in the next Treasury Management report.

Policy on borrowing in advance of need

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward 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.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates. All rescheduling will be reported to the Authority, at the earliest meeting following its action.

New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

Approved Sources of Long and Short-Term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●

UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

ANNUAL INVESTMENT STRATEGY

Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority's investment policy has regard to the following: -

a) DLUHC's Guidance on Local Government Investments ("the Guidance")
b) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
c) CIPFA Treasury Management Guidance Notes 2021

The Authority's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the DLUHC and CIPFA place 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 creditworthy 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 on both a micro and macro basis and in relation to 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 consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

- **Other information sources** used will include the financial press, share price 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.

- This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 4 under the categories of 'specified' and 'non-specified' investments.

    a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
    b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

- **Non-specified investments limit.** The Authority has determined that it will limit the maximum total exposure to non-specified investments as being 10% of the total investment portfolio.

- **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in the creditworthiness policy.

- **Transaction limits** are set for each type of investment in the creditworthiness policy.

- This authority will set a limit for its investments which are invested for **longer than 365 days**.

- Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.

- This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

- All investments will be denominated in **sterling**.

- As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23).

Creditworthiness policy

The primary principle governing the Authority's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Authority will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Authority's prudential indicators covering the maximum principal sums invested.

The Executive Director of Finance/S.151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Authority for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Authority may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Authority will only use banks which:
  - a) are UK banks; and/or
  - b) are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA-

  and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):

  - a) Short Term – F1;
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above;
- Building societies - The Authority will *use* all societies which:
  - a) Meet the ratings for banks outlined above;
- Money Market Funds – £1m limit (each). Subject to £3m maximum;
- Local authorities, Police and Fire and Crime Commissioners - £2m limit (each);
- Debt Management Office (DMO) - £no limit.

Use of additional information other than credit ratings. Additional requirements under the Code require the Authority to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Authority's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long-term Rating (or equivalent)	Money Limit	Transaction Limit	Time Limit
Individual Banks 1&2 higher quality	**F1+**	**£3m**	**£3m**	**364 days**
Individual Banks 1&2 medium Quality	**F1**	**£2m**	**£2m**	**364 days**
Individual UK Building societies	**F1+**	**£3m**	**£3m**	**364 days**
Individual UK Building societies	**F1**	**£2m**	**£2m**	**364 days**
Local authorities/Police, Fire and Crime Commissioners		**£2m**	**£2m**	**364 days**
Money Market Funds	**AAA**	**£1m (each)**	**£1m (each)**	**liquid**

The proposed criteria for specified and non-specified investments are shown in the appendices for approval.

Country and sector limits

Due care will be taken to consider the country, group and sector exposure of the Authority's investments.

The Authority has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in the appendices. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
In addition:

1. limits in place above will apply to a group of companies;
2. sector limits will be monitored regularly for appropriateness.

Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations.
The current forecasts are for the Bank Rate to reach 4.5% in Quarter 2 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2022/23 (Remainder)	4.0%
2023/24	4.4%
2024/25	3.3%
2025/26	2.6%
2026/27	2.5%
Years 6 to 10	2.8%
Years 10+	2.8%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Authority is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days is £nil			
£m	**2022/23**	**2023/24**	**2024/25**
Principal sums invested for longer than 365 days	£m	£m	£m
Current investments as at 31.03.23 in excess of 1 year maturing in each year	Nil	Nil	Nil

Investment risk benchmarking

This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of SONIA (Sterling Overnight Index Average).

End of year investment report

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

Day to day Treasury Management

Kingston Upon Hull City Council manage the Authority's treasury management functions under the terms of a service level agreement in accordance with the approved Annual Treasury Management Strategy.

APPENDICES

(a) Prudential and treasury indicators and MRP statement

(b) Interest rate forecasts

(c) Economic background

(d) Treasury management practice 1 – credit and counterparty risk management

(e) Approved countries for investments

(f) Treasury management scheme of delegation

(g) The treasury management role of the section 151 officer

(h) Capital Strategy

Appendix 1

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2023/24 – 2026/27 AND MRP STATEMENT

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital expenditure

Capital expenditure £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Total	**3.348**	**7.327**	**2.847**	**3.707**	**3.565**

Minimum revenue provision (MRP) policy statement

The Authority is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the Authority to approve **an MRP Statement** in advance of each year. A variety of options are provided to authorities, so long as there is a prudent provision. The Authority is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former DLUHC regulations (option 1);
- **Based on CFR** – MRP will be based on the CFR (option 2).

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction). There are 2 options available under this method which are as follows:
  - i. Equal Instalment Method (option 3a)
  - ii. Annuity Method (option 3b)
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4).

These options provide for a reduction in the borrowing need over approximately the asset's life.

As a result of guidance that was recently issued a review was undertaken during 2020/21 to move to the annuity method (option 3b).

Repayments included in annual PFI or finance leases are applied as MRP.
The Authority has historically made Voluntary Revenue Provisions (VRP) of £772k.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators:

Ratio of financing costs to net revenue stream – Indicator 7
This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

%	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Ratios	3.03%	2.81%	3.75%	3.84%	4.07%

The estimates of financing costs include current commitments and the proposals in this budget report.

Maturity structure of borrowing
Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2023/24 – Indicator 8		
	Lower	**Upper**
Under 12 months	0	15%
12 months to 2 years	0	15%
2 years to 5 years	0	30%
5 years to 10 years	0	60%
10 years and above	0	80%

Appendix 2 - Interest rate forecasts

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

<u>Appendix 3</u> – Economic Background

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.
Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.5%	2.0%	4.25%-4.50%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	10.7%y/y (Nov)	10.1%y/y (Nov)	7.1%y/y (Nov)
Unemployment Rate	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have almost completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.22. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.

However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – DECEMBER 2022

In December, the Fed decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

Having said that, the sentiment expressed in the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

Appendix 4

TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS:
(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	**Use**
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies	F1	In-house

Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	**Use**	**Max % of total investments**	**Max. maturity period**
UK part nationalised banks	UK sovereign rating or Short-term F1, Sovereign rating AA-	In-house	**50%**	**364 days**
Banks part nationalised by high credit rated (sovereign rating) countries – non UK	Sovereign rating or Short-term F1, Sovereign rating AA-	In-house	**50%**	**364 days**

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Money Market Funds	AAA rated	In-house

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Authority. To ensure that the Authority is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: The Authority will not make investments longer than 1 year

TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Authority to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Authority adopted the Code on 15/02/2010 and will apply its principles to all investment activity. In accordance with the Code, the Executive Director of Corporate Services and S.151 Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year*,* covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments that the Authority will use. These are high security (i.e. high credit rating, although this is defined by the Authority, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year;
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Authority is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum Short Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Authority has set additional criteria to set the time and amount of monies which will be invested in these bodies.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The Authority will not use these types of investments.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Authority receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion 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 immediately by the Executive Director of Finance/S.151 Officer, and if required new counterparties which meet the criteria will be added to the list.

<u>Appendix 5</u>

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

1. Australia
2. Denmark
3. Germany
4. Netherlands
5. Norway
6. Singapore
7. Sweden
8. Switzerland

AA+

9. Canada
10. Finland
11. U.S.A.

AA

12. Abu Dhabi (UAE)
13. France

AA-

14. Belgium
15. Qatar
16. **U.K.**

THIS LIST IS AS AT 19.12.22

Appendix 6

TREASURY MANAGEMENT SCHEME OF DELEGATION

Fire Authority

i. receiving and reviewing reports on treasury management policies, practices and activities;

ii. approval of annual strategy;

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment;
- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Appendix 7

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

1. recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
2. submitting regular treasury management policy reports;
3. submitting budgets and budget variations;
4. receiving and reviewing management information reports;
5. reviewing the performance of the treasury management function;
6. ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
7. ensuring the adequacy of internal audit, and liaising with external audit;
8. recommending the appointment of external service providers;
9. preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
10. ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
11. ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
12. ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
13. ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
14. ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
15. provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
16. ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
17. ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
18. creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:-
    a. *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

Appendix 8

CAPITAL STRATEGY

1. Introduction

1.1 There is a new requirement on local authorities (including fire authorities) to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about a small number of authorities borrowing substantial sums (relative to their budget) to invest in commercial property, often outside the area of the authority concerned.

1.2 There is also a new requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). Given that HFA makes no such investments, a strategy has not been prepared.

1.3 This Appendix sets out the proposed capital strategy for approval.

2. Capital Expenditure

2.1 The Authority's capital expenditure plans are approved by the HFA, as part of the budget report each year.

2.2 The capital programme is usually restricted to:-

b) Investment in operational buildings – e.g. fire stations and administrative offices;

c) Renewal of operational fleet;

d) New and replacement firefighting equipment;

e) Investment in ICT.

2.3 The Authority's Constitution sets out the delegations to the Chief Fire Officer & Chief Executive on the delivery of the capital programme.

2.4 Capital expenditure on **buildings**, where funded from the capital programme, is principally directed to maintaining the fitness of the operational estate. Major property investments are considered as part of the overall estates strategy and are approved annually at the December HFA meeting.

2.5 Expenditure on the **renewal of the operational fleet** is directed by the replacement programme approved by the HFA. This is considered and approved each year at the December HFA meeting.

2.6 Capital expenditure on **firefighting equipment** ensures equipment is replaced when it has reached the end of its useful life or has become technologically obsolescent. It also enables the Service to invest in new technology.

2.7 Capital expenditure on **ICT** is determined by the ICT replacement programme which is approved annually at the December HFA meeting.

2.8 Monitoring of capital expenditure is carried out by the Strategic Leadership Team; Governance, Audit and Scrutiny Committee and the HFA. Reports are presented on four occasions during the year and at outturn.

2.9 HFA does not capitalise expenditure, except where it can do so in compliance with proper practices: it does not apply for directions to capitalise revenue expenditure.

2.10 Forecast capital expenditure is:-

End of:	£000
22/23	3,348
23/24	7,327
24/25	2,847
25/26	3,707
26/27	2,565

3. Financing of Capital Expenditure

3.1 HFA funds capital expenditure from the revenue budget, capital receipts and prudential borrowing.

3.2 Prudential borrowing is used to fund capital expenditure, within the limits prescribed within the Annual Treasury Management Strategy Statement. This is reviewed annually for affordability.

3.3 HFA measures its capital financial requirement, which shows our underlying need to borrow for a capital purpose. This is shown in the table below:-

End of:	Underlying CFR	Other LTL	Total CFR
	£000	£000	£000
23/24	23,469	996	24,465
24/25	23,320	977	24,297
25/26	23,908	956	24,864
26/27	24,141	933	25,074

3.4 Projections of actual debt are part of the treasury management indicators in the Annual Treasury Management Strategy Statement.

4. Debt Repayment

4.1 HFA makes charges to the budget each year to repay debt incurred for previous years' capital spending. This is known as "Minimum Revenue Provision" (MRP). The general principle is that HFA seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed. MRP is calculated as:

- 4% of the CFR at the end of the preceding financial year; and
- Based on the useful asset life using the annuity method

5. Commercial Activity

5.1 Government guidance now requires us to specify our policy towards non-financial investments.

5.2 HFA makes no such investments.

Agenda Item No. **9**

Humberside Fire Authority
10 March 2023

Report by Executive Director of People and Development

PAY POLICY STATEMENT 2023-24

1. SUMMARY

1.1 This report provides a proposed Pay Policy Statement for Humberside Fire Authority for 2023/24, as required by the Localism Act 2011, for approval by the Fire Authority.

1.2 The Act introduced senior staff pay transparency into local authorities with a requirement that authorities prepare a Pay Policy Statement for each financial year. A statement for Humberside Fire Authority was first produced for 2012/13 and approved by the Fire Authority at its meeting on 17 April 2012 (Minute 3839 refers).

1.3 The Authority agreed at that time that the Pay Policy Statement should be reviewed annually by officers and that any proposed amendments would be brought before the full Fire Authority for consideration.

1.4 The proposed statement for 2023/24 reflects the pay details for the current Strategic Leadership Team (SLT) posts.

2. RECOMMENDATIONS

2.1 It is recommended that the Fire Authority approves:

(i) The draft Pay Policy Statement for 2023/24 at Appendix 1;
(ii) That the Chief Fire Officer and Chief Executive be authorised to make factual adjustments to the Policy during the course of 2023/24, for example, in reflection of the impact of any pay awards arising for different employment groups during the year;
(iii) Any other proposed amendments to the Policy during 2023/24 be brought before the full Authority for consideration;
(iv) A review of senior officer (Executive Board and Area Managers) pay is carried out during the financial year 2023/34.

3. BACKGROUND

3.1 The Localism Act 2011 introduced senior staff pay transparency into local authorities. In this regard, Humberside Fire Authority must prepare a Pay Policy Statement for each financial year. The first statement was required and produced for 2012/13.

3.2 The Secretary of State is permitted to issue guidance to which the Authority must have regard when drawing up its Statement. The current guidance was published by the Department for Communities and Local Government in March 2015. This states that Statements must be approved by Full Council or a meeting of Members in the case of a Fire Authority and cannot be delegated to a sub-committee. The Authority may, by resolution, amend the Statement at any time. As soon as is reasonably practicable after approving or amending the Statement, the Authority must publish the Statement or amended Statement in such manner as it sees fit (which must include publication on its website).

3.3 The Act requires that, amongst other things, the Statement sets out an Authority's policy on the remuneration of its Chief Officers. The definition of 'Chief Officers' in local authorities is not limited to Heads of Paid Service or statutory Chief Officers. It also includes those who report directly to them (non-statutory Chief Officers), to their direct reports (Deputy Chief Officers) and, in the case of a Fire Authority, a Deputy Chief Fire Officer.

3.4 In addition, the guidance suggests that Authorities consider whether, in the light of their own context and reward structure, it is appropriate to extend the scope of the Pay Policy Statement to include highly paid staff who would not come within the definition of 'Chief Officers' i.e. Non-Executive Directors.

3.5 On an annual basis there is a contractual requirement to review the remuneration arrangements of Gold Book staff under the two track approach to pay and conditions, defined in paragraphs 10 and 11 of the '*NJC for Brigade Managers of Local Fire and Rescue Services; Constitution and Schemes and Conditions of Service*' (the Gold Book). However, Gold book employees and Green book Executive Board employees have not had their pay reviewed since January 2022. Furthermore, a review and benchmark of their remuneration packages has not been carried out since 2008, whereas a review of senior pay has occurred in the regional Fire Services within the last 12 months.

4. REPORT DETAIL

4.1 Under Section 38 of the Act, the Statement must set out the Authority's policies for the financial year relating to:

(i) The remuneration of its highest paid staff;
(ii) The remuneration of its lowest-paid employees; and
(iii) The relationship between:-

i. The remuneration of its Chief Officers, and
ii. The remuneration of its employees who are not Chief Officers.

4.2 The statement must also state:-

(i) The definition of "lowest-paid employees" adopted by the Authority for the purposes of the Statement; and
(ii) The Authority's reasons for adopting that definition.

4.3 In addition, the Statement must include the Authority's policies relating to

(i) The level and elements of remuneration for each Chief Officer;
(ii) Remuneration of Chief Officers on recruitment;
(iii) Increases and additions to remuneration for each Chief Officer;
(iv) The use of performance-related pay for Chief Officers;
(v) The use of bonuses for Chief Officers;
(vi) The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the Authority; and
(vii) The publication of and access to information relating to remuneration of Chief Officers

4.4 The Authority may also include within the Statement, its policies for the financial year relating to other terms and conditions applying to its Chief Officers.

4.5 The guidance states that Authorities should include the organisation's pay multiple – the ratio between the highest paid employee and the median average earnings across the organisation.

4.6 Other aspects of the Statement referred to in the guidance but not explicitly covered in the Act, include an Authority's policy regarding reward for Chief Officers previously employed by the Authority who are re-engaged following receipt of a severance or redundancy payment.

4.7 A draft Pay Policy Statement for 2023/24 has been produced in compliance with the legislative requirements and having regard to the DCLG guidance. The Statement can be found at Appendix 1.

4.8 The proposed Statement complies with the legislative requirements and reflects the structure of the Strategic Leadership Team (SLT) as agreed by the Humberside Fire Authority on 12 March 2021.

Communication actions required

4.9 The Pay Policy will be published on the Service's website.

Legal implications

4.10 Production and publication of the Statement will fulfil the Authority's relevant statutory obligations under the Localism Act 2011.

Linkages to any strategic/corporate plans/policies

4.11 The Pay Policy Statement can contribute in demonstrating achievement against the Strategic Plan objectives 'Make appropriate use of public money' and 'Maintain sound financial control and resilience'.

5. EQUALITY IMPLICATIONS

5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change.

6. CONCLUSION

6.1 This report provides a proposed Pay Policy Statement for Humberside Fire Authority for 2023/24, as required by the Localism Act 2011, for approval by the Fire Authority. Members are asked to approve the Pay Policy Statement at Appendix A and authorise the Chief Fire Officer and Chief Executive to make factual adjustments to the Policy during the course of 2023/24, for example, in reflection of the impact of any pay awards arising for different employment groups during the year.

6.2 The report recommends an independent review of senior officer (Executive Board and Area Managers) pay during the financial year 2023/24 to ensure our senior salaries are competitive compared with other Fire Services within the region.

Christine Cooper
Executive Director of People and Development

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Background Papers

None

Glossary/Abbreviations

SLT	Strategic Leadership Team

HUMBERSIDE FIRE AUTHORITY
PAY POLICY STATEMENT 2023/24

INTRODUCTION

1. This Statement has been produced with due regard to the Guidance issued by the Secretary of State under Section 40 of the Localism Act 2011.

2. This Statement extends to all members of the Strategic Leadership Team (SLT) whether or not they meet the definition of a 'Chief Officer' as set out in the Act.

3. SLT comprises of the Chief Fire Officer/Chief Executive, the Deputy Chief Fire Officer/Executive Director of Service Delivery, the Assistant Chief Fire Officer, the Executive Director of Finance and S.151 Officer, the Executive Director of People and Development and three Area Managers.

4. All SLT members are employed by the Authority and not retained under a contract for services.

REMUNERATION OF: CHIEF FIRE OFFICER AND CHIEF EXECUTIVE (CFO), DEPUTY CHIEF FIRE OFFICER/EXECUTIVE DIRECTOR OF SERVICE DELIVERY (DCFO), ASSISTANT CHIEF FIRE OFFICER (ACFO), AREA MANAGERS (OPERATIONAL X 3)

5. The CFO, DCFO, ACFO and the three Area Managers are employed under contracts of employment on the terms and conditions as set out in the National Joint Council for Brigade Manager of Local Authority Fire and Rescue Services Constitution and Scheme of Conditions of Employment (Gold Book), as supplemented by the Authority's local terms and conditions as amended from time to time.

6. The process for determining the pay of the CFO is set out in the Gold Book as follows:

    The NJC will publish annually recommended minimum levels of salary applicable to chief fire officers/chief executives employed by local authority fire and rescue authorities.

    There is a two-track approach for determining levels of pay for Brigade Manager roles. At national level, the NJC shall review annually the level of pay increase applicable to all those covered by this agreement. In doing so, the NJC will consider affordability, other relevant pay deals and the rate of inflation at the appropriate date. Any increase agreed by the NJC will be communicated to Fire Authorities by circular.

    All other decisions about the level of pay and remuneration to be awarded to individual Brigade Manager roles will be taken by the local Fire and Rescue Authority, who will annually review these salary levels.

7. The CFO's salary as at 1 April 2023 is £151,791.

8. The DCFO's salary is determined by Humberside Fire Authority as 85% of the CFO's salary and is £129,022 as at 1 April 2023.

9. The ACFO's salary is determined by Humberside Fire Authority as 80% of the CFO's salary and is £121,433 as at 1 April 2023.

10. The Area Managers' salary is determined by Humberside Fire Authority as 55% of the CFO's salary and is £83,485 as at 1 April 2023.

11. Each officer is provided with a motor vehicle for the performance of their duties.

12. No bonuses are paid.

13. Appropriate professional fees and subscriptions are paid.

14. There is no performance related pay scheme.

15. A restricted range of legitimate and evidenced expenses may be claimed. Wherever possible, the Service will centrally procure travel and accommodation, e.g. rail tickets and hotel accommodation, to achieve best value.

REMUNERATION OF: - EXECUTIVE DIRECTOR OF FINANCE AND S151 OFFICER, EXECUTIVE DIRECTOR OF PEOPLE AND DEVELOPMENT (NON-OPERATIONAL x 2)

16. The post-holders are employed under a contract of employment on the terms and conditions set out in National Joint Council for Local Government Services National Agreement, known as the Green book and supplemented by the Authority's local terms and conditions as amended from time to time.

17. The Executive Director of Finance and S151 Officer's salary is determined by Humberside Fire Authority as 70% of the CFO's salary and is £106,254 as at 1 April 2023.

18. The Executive Director of People and Development's salary is determined by Humberside Fire Authority as 70% of the CFO's salary and is £106,254 as at 1 April 2023.

19. No bonuses are paid.

20. Appropriate professional fees and subscriptions are paid.

21. There is no performance related pay scheme.

22. A restricted range of legitimate and evidenced expenses may be claimed. Wherever possible, the Service will centrally procure travel and accommodation, e.g. rail tickets and hotel accommodation, to achieve best value.

REMUNERATION OF ALL OTHER EMPLOYEES

23. All other employees are paid in accordance with nationally agreed rates under relevant national schemes of conditions of service and the Authority's grading structures.

24. For the purposes of this Policy Statement, "lowest-paid" employees are defined by reference to the lowest graded posts on the support staff salary (Green book) pay scale as these are the posts with the lowest level of remuneration. The lowest-paid post

attracts a starting salary of £20,258. The CFO is paid 7.49 times more than the lowest paid employee.

25. The median average pay in the Service is £36,298. The CFO is paid 4.18 times more than the median average pay.

26. It is worthy of note that the Grey and Gold book pay award has not yet been agreed for the financial year 2022/23. Once the pay award has been agreed, the pay differentials between the highest and lowest paid will increase as will the pay differentials between the highest and the median average pay.

TERMINATION PAYMENTS

27. In cases of redundancy, payment is calculated based on actual weeks' pay for employees in positions where the Local Government Scheme applies and, for employees in positions where the Firefighters / New Firefighters Pension Schemes apply, subject to necessary changes in those schemes to enable payment on this basis. There are discretionary payments on early retirement available to posts to which the Local Government Pension Scheme applies which the Authority would consider on a case by case basis, based on its policy regarding such payments as at 1 April 2014.

RE-EMPLOYMENT FOLLOWING TERMINATION

28. There is no prohibition on employees who have left employment and are in receipt of pension, redundancy/early retirement payments from being re-employed subsequently.

29. In the case of an employee who is a member of the Local Government Pension Scheme and who is re-employed to a position to which that Scheme applies, the pension scheme rules provide discretion to the administering authority regarding abatement of pension. As the relevant administering authority, the East Riding Pension Fund has decided that, where the re-employment starts after 31st March 2007, there will be no abatement of the retirement pension.

30. In the case of an employee who is a member of the Firefighters Pension Scheme or New Firefighters Pension Scheme and who is re-employed by the Authority to a position to which these schemes apply, the Authority exercises its discretion within the schemes to abate the retirement pension. Abatement is not applied in any other circumstances.

REVIEW

31. This Statement will be reviewed annually by the Fire Authority and at other times if necessary.

PUBLICATION

32. This Statement will be published on the Humberside Fire and Rescue Service website (www.humbersidefire.gov.uk).

Agenda Item No. **10**

Humberside Fire Authority
10 March 2023

Report by the Assistant Chief Fire Officer & Executive Director of Corporate Services

PERFORMANCE REPORTING & SERVICE PERFORMANCE INDICATORS 2023/2024

1. SUMMARY

1.1 This paper provides information regarding the reporting of Service level performance for the period 2023/24, monitored and retrospectively reported to Members on a bi-annual basis.

2. RECOMMENDATIONS

2.1 It is recommended that Members endorse the approach for the reporting of Service performance for the period 2023/24.

3. BACKGROUND

3.1 Bi-annual performance reporting provides Members and the public with more meaningful performance information. This is achieved as the longer reporting period enables more robust trend analysis to be completed, combined with the opportunity to evaluate the impact of Service intervention activities.

4. REPORT DETAIL

Format and Schedule

4.1 The established frequency of bi-annual performance reporting will continue for 2023/24, as detailed in the business planning framework and outlined below:

(i) April to September performance will be reported to Members in November 2023.

(ii) The annual performance report, reflective of cumulative performance over the full 12-month period, will be issued to Members in June 2024.

4.2 Bi-annual performance reporting will be supplemented by exception reporting of relevant trends / incidents or events to Members at Authority meetings and / or Member Days.

Community Risk Management Plan (CRMP) 2021-2024

4.3 There is requirement for each Fire and Rescue Authority to produce a CRMP as detailed in the National Framework for Fire and Rescue Services in England.

4.4 A key component of the CRMP is to outline the required service delivery outcomes including the allocation of resources for the mitigation of risks in the community. This performance metric is communicated and managed through the Service Strategic Plan 2021-24 (ref 4.7).

4.5 The CRMP 2021-24 is subject to an annual revalidation of data and information during 2023/24.

4.6 The CRMP 2023/24 12-week consultation provides the public with the opportunity to give feedback against important questions to inform their expectations of the Service.

4.7 Responses to the consultation are appropriately integrated into the CRMP demonstrating an open process of public dialogue to support community risk profiling and resulting performance.

Strategic Plan 2021/2024

4.8 Service performance is managed in accordance with the Strategic Plan objectives:

(i) What our public and business communities expect us to do well.

(ii) What we must do well to deliver effective and efficient services, taking account of community expectations.

(iii) What we must do well to efficiently and effectively manage the Service through financial and corporate governance.

(iv) What we must do well to ensure we value and support the people we employ.

District and Directorate Performance

4.9 Members have a standing invitation to attend District Performance Meetings, where they can gain insight of local performance. These meetings allow Members to contribute their knowledge and experience to support Service activities.

4.10 Engagement between Directorate management teams and Member Champions, for each function provides further opportunity for information sharing and collaboration.

Performance Metrics

4.11 Performance reports will be reflective of the following principle Service activities:

- Key Incident Information
- Protection
- Prevention
- Response
- Environmental
- People
- Public Feedback
- Corporate Responsibilities

4.12 Specific Service Performance Indicators (SPI's) that will be reported against include:

- SPI High Severity Fires
- SPI 2.2 Total Deliberate Fires
- SPI 2.3 Accidental Dwelling Fires
- SPI 2.4 Deliberate Secondary Fires
- SPI 2.5 Automatic Fire Alarms (Non-Domestic)

5. EQUALITY IMPLICATIONS

5.1 An equality impact analysis (Ref No. EIA/CA/14) has been completed and there are no identified negative impacts on any protected characteristic groups.

6. CONCLUSION

6.1 The Service completes and publish bi-annual performance reports in accordance with the business planning framework and against the performance measures detailed in this report.

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Background Papers

Business Planning Framework

Abbreviations

CRMP	Community Risk Management Plan
SPI	Service Performance Indicators

Agenda Item No. **11**

Humberside Fire Authority
10 March 2023

Report by the Assistant Chief Fire Officer & Executive Director of Corporate Services

STATE OF FIRE REPORT 2022

1. SUMMARY

1.1 This paper provides an overview of the key findings from the annual assessment of fire and rescue services in England. It is the fourth of such reports and the first in his role as His Majesty's Chief Inspector of Fire and Rescue Services for Andy Cooke, replacing Sir Tom Winsor. There are several national recommendations and findings from their second round of Service inspections.

2. RECOMMENDATIONS

2.1 It is recommended that the Fire Authority takes assurance from the following:

(i) That the Service monitors, reviews and actions work as applicable, relating to the identified findings presented in His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) State of Fire Report 2022, aligned to existing workstreams and those recorded in the Service Improvement Plan.

(ii) That the Service received good ratings against each of the three inspection pillars and the 11 diagnostic areas of work, from the round 2 inspection. Subsequently some of the findings from the State of Fire Report may not be directly comparable to those in the Service.

(iii) That the Service has established staff representation on key national working groups, including those highlighted in the report.

(iv) That all national workstreams and standards detailed in the report are accordingly managed by the Service to ensure compliance and effective performance.

3. BACKGROUND

3.1 Andy Cooke was appointed His Majesty's Chief Inspector of Fire and Rescue Services on 1 April 2022. This is his first report to the Secretary of State under section 28B of the Fire and Rescue Services Act 2004. It contains his assessment of the effectiveness and efficiency of fire and rescue services in England during the second full round of inspections, which were carried out between February 2021 and August 2022.

3.2 The second full cycle of all 44 fire and rescue service (FRS) inspections in England, known as Round 2 inspections, was divided into 3 phases of inspection, known as 'tranches'.

3.3 In December 2021, HMICFRS published the findings from its 13 Tranche 1 inspections. In July 2022, it published its findings from the second tranche of 15 service inspections. Between March and August 2022 it carried out its third and final tranche of 16 service inspections. Having now inspected all 44 services in England, HMICFRS have published the reports on Tranche 3 inspections alongside the State of Fire 2022 report.

4. REPORT DETAIL

4.1 The following information details the principal findings from the State of Fire Report 2022.

Existing National Recommendations

4.2 There has been a lack of progress being made against the six national recommendations established by Sir Tom Winsor in the State of Fire 2019 report.

4.3 Of those six recommendations only two have been completed:

- Address the deficit in the fire sector's national capacity and capability to support change.

- The National Fire Chiefs Council (NFCC), with the Local Government Association (LGA), should produce a code of ethics for fire and rescue services.

4.4 The remaining four recommendations which are not yet completed:

- The Home Office should precisely determine the role of fire and rescue services, to remove any ambiguity.

- The sector should remove unjustifiable variation, including in how they define risk.

- The sector should review how effectively pay and conditions are determined.

- The Home Office should invest Chief Fire Officers with operational independence, whether through primary legislation or in some other manner.

Sector Reforms

4.5 The report references the need for urgent reform for fire and rescue services stating, "Society is constantly changing, and public services should adapt accordingly. In too many respects, the fire service hasn't."

4.6 On 26 July 2022, the White Paper consultation closed; the Government has not yet published its response, but former Fire Minister Lord Greenhalgh publicly said that it has an "oven-ready blueprint for reform". Six months on, Andy Cooke supports the comment from Lord Greenhalgh, "Now is the time to implement it [the White Paper] in full and without delay."

Sector Progress

4.7 The report positively reflects upon particular areas of progress:

- The NFCC has continuation of national fire and rescue policy and the Fit for Future initiative.

- Development of the Fire Standards which HMICFRS inspection framework will have due regard of during round 3.

- Revision and the introduction to related legislation including the Fire Services Act 2021 sections one and three, alongside the Building Safety Act 2022.

Round 2 Inspection Findings

<u>Effectiveness</u>

- Services aren't always directing their activities according to risk, such as inconsistent alignment with the Community Risk Management Plan (CRMP).

- General improvements in fire protection including good quality risk-based inspection programmes.

- Services have more fire safety inspection staff, but they are struggling to recruit and retain them.

- Reducing fire risks in high-rise residential buildings.

- Learning from protection activity with some Services not carrying out meaningful evaluation.

- Fire prevention needs to be a higher priority, in some instances not linked to the CRMP.

- Learning from prevention activity, with some Services not carrying out meaningful evaluation.

- Services continue to generally respond well to incidents.

- Some services are not always meeting the availability or response standards they have set for themselves.

- Services can learn more from incidents with some not having adequate debriefing systems.

- Services are not always up to date with their arrangements to respond to marauding terrorist attacks.

Efficiency

- Some Tranche 3 services have become less efficient with six services receiving a lower rating compared to their last inspection.

- Most services have a sound understanding of future financial difficulties.

- Many services have capacity problems including not enough competent fire protection staff.

- Some services need to better allocate their resources according to risk highlighted, with half of the Tranche 3 services needing to better align how they resource their prevention, protection and response functions to the risks outlined in their CRMPs.

- Funding and governance arrangements continue to hinder some service's relating due to the inconsistency of funding arrangements for services throughout England. The arrangements causing these differences include one-year funding settlements and county council arrangements.

- Most services have scope to improve their productivity, which includes services improving their performance management arrangements, using firefighters for more prevention and protection work, and making more efficient use of technology.

- National productivity targets regarding the productivity target set by the NFCC and the Local Government Association. This target involves using an extra 3 percent of national wholetime firefighter capacity to carry out additional prevention and protection work.

People

- Most services have effective workforce planning arrangements in place but have to navigate difficult circumstances.

- Most services prioritise training and skills.

- Some services need to get better at promoting values and positive professional cultures.

- Some groups of staff are more likely to experience bullying and harassment with respondents from ethnic minority backgrounds feeling more bullied or harassed in the past 12 months than white respondents. Based on the findings from the staff survey provided to each fire and rescue service with a total of 11,486 respondents.

- Services should do more to improve equality, diversity, and inclusion.

- More equality data is needed to better understand the challenges the sector faces.

- Progression opportunities for staff are unequal, referencing services failing to recognise and develop talent.

- Some services are engaging with their staff and representative bodies, but others could do more.

- Staff health, safety and well-being arrangements are effective in most services.

- Performance management processes need to be more strategic.

State of Fire Report 2022 Recommendations

4.8 HMICFRS had previously issued six national recommendations to bring about improvements to the sector, yet still only two of these are complete.

Recommendation 1

- As soon as is practicable the Home Office, National Fire Chiefs Council (NFCC) and Local Government Association, in consultation with the Fire Standards Board and Association of Police and Crime Commissioners, should establish a programme of work that will result in consistency in the four priority areas:

    1. identifying and determining risk as part of the integrated risk management plan (IRMP) process;
    2. identifying and measuring emergency response standards and approaches;
    3. defining what are high-risk premises for the purposes of fire protection; and
    4. setting an expectation for how frequently high-risk premises, and parts of those premises, should be audited for compliance with fire safety legislation).

Recommendation 2 (Completed)

- As part of the next spending review, the Home Office, in consultation with the fire and rescue sector, should address the deficit in the fire sector's national capacity and capability to support change.

Recommendation 3

- The Home Office, in consultation with the fire and rescue sector, should review and with precision determine the roles of: (a) fire and rescue services; and (b) those who work in them.

"For reference the Home Office consulted on this matter in the White Paper on fire reform that was published on 18 May 2022. On 26 July 2022, the consultation closed, we are awaiting a response to this consultation. By 1 March 2023, we expect the Home Office to have published a response to the FRS White Paper consultation. This should include detailed plans as to how it will complete this recommendation. Once published, I will review any progress made and will consider issuing a revised completion date."

Recommendation 4

- The Home Office, the Local Government Association, the National Fire Chiefs Council and trade unions should consider whether the current pay negotiation machinery requires fundamental reform. If so, this should include the need for an independent pay review body and the future of the 'Grey Book'.

Recommendation 5

- The Home Office should consider the case for legislating to give chief fire officers operational independence. In the meantime, it should issue clear guidance, possibly through an amendment to the Fire and Rescue National Framework for England, on the demarcation between those responsible for governance and operational decision-making by the chief fire officer.

Recommendation 6 (Completed)

- The NFCC, with the Local Government Association, should produce a code of ethics for fire and rescue services. The code should be adopted by every service in England and considered part of each employee's progression and annual performance appraisal.

Linkages to any strategic/corporate plans/policies

4.9 Outcomes from the analysis of the State of Fire 2022 Report will inform Service improvement activities, progress of which will be reported to Members as required.

5. EQUALITY IMPLICATIONS

5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change.

6. CONCLUSION

6.1 The Service will appropriately manage against the several national recommendations and findings from their second round of Service inspections detailed in the State of Fire Report 2022.

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Background Papers

State of Fire Report 2022

Glossary/Abbreviations

CRMP	Community Risk Management Plan
HMICFRS	His Majesty's Inspectorate of Constabulary and Fire and Rescue Services
LGA	Local Government Association
NFCC	National Fire Chiefs Council

Agenda Item No. **12**

Humberside Fire Authority
10 March 2023

Report by the Assistant Chief Fire Officer & Executive Director of Corporate Services

HUMBERSIDE FIRE & RESCUE SERVICE - CULTURAL JOURNEY

1. SUMMARY

1.1 An Independent Culture Review commissioned by London Fire Brigade (LFB) identified serious cultural issues within the organisation.

1.2 The review's author has been clear that the conduct and behaviour of some people at LFB will not be an isolated issue and that all Fire and Rescue Services should take note of the findings and recommendations within the report.

1.3 Humberside Fire & Rescue Service (HFRS) was an early adopter of the Core Code of Ethics (CCoE) that were launched by the Fire Standards Board. Prior to their inception the Service had an embedded set of behaviours and principles.

1.4 The Service was found to be 'good' across the People Pillar of His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection in 2022. However, the Service acknowledges that it should seek to continuously improve in this area and is proposing several immediate actions in response to the LFB review.

1.5 Whilst there is no evidence to suggest that the systemic problems identified in London exist in HFRS, the organisation cannot be complacent. We know from previous disciplinary investigations that poor behaviour does occur occasionally despite the work that has been done over the last five years.

1.6 The paper is designed to provide assurance to members the actions that have taken place within the Service since the introduction of the CCoE while recognising there is more to do and what is planned to take place in since the publication of the LFB report.

2. RECOMMENDATIONS

2.1 It is recommended that:

(i) Members note the report and take assurance that the Service is continuing to embed its culture and values;

(ii) Members support the use of an external provider in aiding the Service through an independent approach to further embed the values and behaviours we expect in line with the core code of ethics within the Service.

3. BACKGROUND

HFRS Journey

3.1 HFRS are seen as an early adopter to the CCoE, these were developed in partnership with the National Fire Chiefs Council (NFCC), Local Government Association (LGA) and Association of Police and Crime Commissioners. They were produced specifically for the sector and founded upon the 'Seven Principles of Public Life' (Nolan Principles)

3.2 The CCoE was the catalyst for refreshing and reviewing the principles and behaviours that the Service had followed since 2015. It was clearly identifiable that they were well embedded, praised in 2019 by HMICFRS "the service has a set of values that are understood and demonstrated by staff at all levels". Therefore, the CCoE can be seen as building on the foundation that we have from the Principles and Behaviours rather than something new.

LFB Cultural Review

3.3 The Independent Culture Review of London Fire Brigade (LFB) was published in November 2022. This followed an internal 'culture audit' in 2020 and subsequent review commissioned in Nov 2021, following the suicide of a firefighter where bullying and harassment was thought to have contributed significantly. Criticism of culture at LFB was also raised by the HMICFRS in their inspection report.

3.4 The review was undertaken by Nazir Afzal, former Chief Crown Prosecutor for NW England, supported by a team of subject matter experts. In the light of the serious findings of that review, 23 recommendations for improvement were made.

3.5 The review particularly highlighted that women, black, asian and minority ethnic, LGBTQ+ and neurodiverse staff at LFB experience poor treatment and do less well in their careers.

3.6 Issues were also identified with leadership, with staff fearing to speak out about abuse. The report also includes examples of unacceptable behaviour towards members of the public.

3.7 The review makes 23 recommendations for LFB to create a workplace where everyone is afforded dignity.

3.8 The review's author has been clear that the conduct and behaviour of some people at LFB will not be an isolated issue and that all fire and rescue services should take note of the findings and recommendations within the report.

3.9 Members will note that since the report was released there have been a number of other Services across the UK that have had similar cultural issues highlighted in a public forum.

4. REPORT DETAIL & OPTIONS/PROPOSALS

4.1 The Core Code of Ethics were launched on the 18th May 2021 with an accompanying Fire standard launched on the same day. Providing a framework for Services to work towards on their journey of adopting them.

The Service took a number of actions as a result including:

- Siren Message from the Chief Fire Officer (CFO) on National Launch 18th May;
- Chiefs video 21st May;
- Fire Authority constitution amended to reflect the Core Code 4th June 2021 HFA Meeting;
- Designated Senior leader at Strategic Leadership Team (SLT) on the 7th June 2021
- Leadership Forum Overview of Core Code of Ethics to all middle managers 8 June 2021
- E-Learning Module launched in June 2021 – mandatory for all staff
- Established the Core Code as a Service Project

4.2 These actions were all duly completed. In addition to this a gap analysis and action plan was produced from the Service Project lead. This was shared with our Tactical Leadership Team and completed by relevant owners. CCoE individual reviews were added to the PDR process in 2021 and are still in place today.

4.3 The Service has included the CCoE in all Polices, Recruitment campaigns, Promotion processes including candidate presentations and questioning. It has become a welcome addition to the Services Discipline process.

4.4 In terms of embedding it HMICFRS stated:

“Staff at all levels understand the culture, behaviours and values of the Service”

“*the service has a clearly defined set of values it has adopted the National Fire chiefs core code of ethics and developed a mandatory online learning package for all staff to help embed this throughout the organisation”*

Our implementation and embedding approach has been shared with other FRSs as good practice.

4.5 The Service has a well embedded Anti Bullying and Harassment Policy including a clearly articulated zero tolerance approach and an enabling process to report issues in complete confidence.

4.6 The Service has a well-established Equality, Diversity and Inclusion Steering Group and staff forums for Disability, Women and LGBTQ+.

4.7 The Service has introduced a learning log, seeking to identify positive practice and opportunities for improvement from past investigations, complaints and letters of appreciation.

4.8 The Service has Senior Ambassador champions (Executive and SLT members) for Age, Sex, Disability, LGBTQ+, Race, Religion/Belief–supported by Fire Authority member champions.

4.9 Any reported issues, current or historical, will be investigated and outcomes of any action reviewed for future learning.

4.10 The CFO has commissioned an independent review within Humberside Fire and Rescue Service, that will report outcomes and arising recommendations transparently to the Service and Fire Authority.

4.11 Following assessment of positive practice from across the sector (GMCFRS), the service is about to introduce a Freedom to Speak up Guardian, providing another independent reporting route for staff to raised concerns.

4.12 The Executive Leadership Team have had a one-to-one discussion, regarding the LFB Independent Cultural Review, with every member of our Tactical Leadership Team (Heads of Function at Group Manager and equivalent Grade 13 managerial level).

4.13 The Assistant Chief Fire Officer (ACFO) and Executive Director of People and Development have additionally held open discussions with Supervisory Managers, regarding the LFB Review and Acceptable Behaviours linked to the CCoE and conducted a live Q&A session for staff to raise questions or concerns.

4.14 The CFO has met with the chairs of our staff forums, supporting under-represented and minority groups, and openly discussed the LFB Review.

4.15 The CFO produced a joint statement with the Trade Unions regards Acceptable Behaviours, this was circulated to all Staff groups.

4.16 The Strategic Leadership Team continue to visit all stations and sections periodically, with the LFB report being a topic of these conversations since its publication.

4.17 The Service has a clear link on our public website for any member of the public, or staff member, to confidentially report issues of concern in relation to employees of the Service.

Organisational Risk

4.18 The service recognises the adverse publicity associated with national media coverage on the culture in the sector and has recorded ‘lack of public confidence’ on its risk register.

4.19 Continual monitoring of media channels is manged via the Communication Team with weekly updates to the ACO regards wider national activity and impacts that could impact on HFRS and its public confidence.

Financial

4.20 The Service is currently out to tender for a third party provider to support the Service with independent rigour. Members should be sighted that this will come out of existing budgets but is in the region of £40k.

4.21 It is envisaged that this work will be completed by late October 2023. This will allow the Service sufficient time to consider the further recommendations and help improve the Services journey to Outstanding.

5. EQUALITY IMPLICATIONS

5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change although members should be assured that for the activities that have created a change that an EIA has been created.

6. CONCLUSION

6.1 The report provides assurance of the Services progress and continued journey as it responds to the findings within the Independent Culture Review of London Fire Brigade and the wider sector.

6.2 The Executive Team will continue to respond to information, intelligence and ensure that the Service seeks to challenge itself to learn and improve from the findings of external and internal reports.

6.3 The findings from the independent support will be brought to Members once this work is completed and an associated action plan is available.

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Background Papers

None

Glossary/Abbreviations

ACFO	Assistant Chief Fire Officer
CCoE	Core Code of Ethics
CFO	Chief Fire Officer
HFRS	Humberside Fire and Rescue Service
HMICFRS	His Majesty's Inspectorate of Constabulary and Fire & Rescue Services
LFB	London Fire Brigade
LGA	Local Government Association
LGBTQ+	Definitions relating to lesbian, gay, bi, trans, queer and ace terms
NFCC	National Fire Chiefs Council
SLT	Strategic Leadership Team

Agenda Item No. **13**

Humberside Fire Authority
10 March 2023

Report by the Area Manager of Prevention and Protection

SERIOUS VIOLENCE DUTY

1. SUMMARY

1.1 The purpose of this paper is to update Members on the progress of the Serious Violence Duty ('the Duty') which was introduced by the Government in May 2021 to ensure relevant services including Fire and Rescue Services (FRS) work together to share data and knowledge and allow them to target their interventions to prevent serious violence together.

1.2 The Home Office launched Serious Violence Duty measures (as set out in the Home Office Statutory Guidance) in the Police, Crime, Sentencing and Courts Act 2022 (Chapter 1 of Part 2) on 31 January 2023. This is when the requirement for specified authorities to work together to prevent and reduce serious violence began. This programme of work is broken down into two core parts 1) assessing readiness and 2) providing support to areas for implementation. Partnerships will then need to prepare a Strategic Needs Assessment (SNA) and local strategy, then implement this strategy to prevent and reduce serious violence in their area.

1.3 Strategies will need to be published by 31 January 2024. It will also ensure relevant services including Fire and Rescue Services (FRS) work together to share data and knowledge and allow them to target their interventions to prevent serious violence together. Ongoing support and guidance is also provided by the National Fire Chiefs Council (NFCC) on how FRS can assist.

2. RECOMMENDATIONS

2.1 It is recommended that the Fire Authority note the contents of the report.

3. BACKGROUND

3.1 Serious violence has a major impact on victims and their families, instils fear within communities and is extremely costly to society. Incidents of serious violence have increased in England and Wales since 2014. For example, offences involving knives or sharp instruments increased by 84 per cent between the year June 2014 to June 2020.

3.2 The Introduction of a new serious violence duty requires the police, fire and rescue authorities, councils, youth offending teams, Integrated Care Systems, and probation services to work together to prevent and reduce serious violence as part of core service provision.

3.3 This new undertaking by FRSs will include the need to prepare and implement a strategy to prevent and reduce serious violence in local neighbourhoods, having consulted with education authorities, prison services and youth custody authorities in their area. It will require FRSs to work together with these agencies and others to identify and publish what actions they need to take collectively to reduce violent crime.

3.4 The legislation will grant FRSs and other authorities the power to share data and information with each other for the purpose of preventing and reducing serious violence. Emphasis on early intervention with young people is central to complying with the duty. There is a clear requirement in the duty to work with partners to formulate an evidence-based analysis of the problems associated with serious violence in a local area, and then produce and implement a strategy detailing how they will respond to those particular issues. Prisons, youth custody agencies and educational authorities may also need to work with these core partners to share details, including any relevant local/national info/data if relevant.

4. REPORT DETAIL

The impact of the Duty on Fire and Rescue Services

4.1 As stated, the Duty applies to the Fire and Rescue Authority for all Authority areas, including Police, Fire and Crime Commissioners, metropolitan Mayors in their capacity as fire and rescue authorities and in the exercise of those functions. Humberside Fire and Rescue have identified Sarah Wilkinson, as the Head of Prevention to be the FRS lead in this area. However, the Authority as the duty holder will remain responsible for compliance with the requirements of the Duty. The Authority should therefore, ensure that any suitable representative has responsibility and authority for ensuring full participation with the partnership arrangements.

4.2 Emergency Services are already subject to a statutory duty to collaborate with one another, and FRS have a key role in these partnerships, often occupying a very trusted position by community groups. Collaboration with partners can aid early identification and diversion from involvement in serious violence, which are both crucial in reversing the increase in harm, which may be caused by and against young people in the local community.

4.3 The duty will ensure that serious violence is made a focus within existing multi-agency arrangements, such as multi-agency safeguarding arrangements or Community Safety Partnerships and will allow for collaboration between a much wider set of partners. This duty will also introduce a requirement for local partnerships to establish their local problem profile and produce a local strategy specifically aimed at preventing and reducing serious violence.

4.4 The primary role for FRS in the Duty centres on well-established work that FRS have undertaken with Children and Young People (CYP) to support early intervention to keep young people safe and away from violence. There is a clear role for FRS to support this work and this should be explored nationally and locally. Fire plays a big role here and is probably better established than most agencies; increased trust of FRSs should be used more widely through local partnerships.

The role of FRS in supporting the Duty

4.5 The following section of this report sets out in greater detail the potential reach of FRS and the NFCC in supporting the Serious Violence Duty as part of local delivery partnership but also through the NFCC role as sector leader to support and promote an evidence-based approach to developing the prevention, protection, and response functions of FRS.

Children and Young People (CYP)

4.6 FRSs have a tradition of engaging with local communities to promote fire safety as well as wider models of community and individual engagement to support citizenship, community cohesion and direct support to vulnerable individuals and communities. FRS work with CYP is well established as a model to work with partners to use intelligence to identify CYP who are at higher risk of serious violence and engage them in interventions, activities and education which will reduce their likelihood of becoming involved with serious violence and associated anti-social behaviour.

4.7 FRSs have the capability to deliver trauma informed interventions, engagement activities and safety education to targeted CYP which supports the personal development and social and emotional learning of the child to reduce their vulnerability and increase their resilience in line with current practice and evidence of what works to reduce serious violence. This leads to the development of engagement activities and safety education which will develop life skills and inspire CYP to make positive choices about their futures. By engaging CYP early with professional, evidence-based interventions, FRS can enhance CYP life chances and resilience, to lead productive lives, improving their outcomes and creating stronger, safer, and more cohesive communities now and in the future.

Safeguarding

4.8 There is a clear expectation that FRSs develop partnerships to support risk reduction services to those identified as vulnerable and at risk from exploitation or abuse. Safeguarding within the fire sector is one that is wholly immersed in collaborative approaches with the majority of FRS represented at Local Authority Safeguarding Children and Local Authority Safeguarding Adult Boards.

Deliberate Fires

4.9 FRSs are often able to identify the early stages of anti-social behaviour associated with deliberate fire setting. Data sharing and working across boundaries with partners can help to recognise, assess, and tackle anti-social behaviour and some of the underlying causes. FRS often hold a trusted position within partnerships and communities and can take a joined up, problem solving approach to find a solution to the core problems caused by anti-social behaviour. While FRS hold no anti-social related powers, working in partnership with other agencies to target harden locations can help to reduce the impact the behaviour is having and can ensure the victim is put first.

4.10 The trusted and dependable reputation that Services hold within communities can be used to provide educational programmes that encourage young people and adult Firesetters away from behaviours that can lead to anti-social behaviour. While partnerships with educational establishments and community groups can ensure that interventions are delivered at the earliest opportunity, working with probation services also provides the opportunity for children and adults to take responsibility for their behaviour and repair the harm caused by some of their actions.

Actions and next steps

4.11 Head or Prevention, Sarah Wilkinson, to be SPOC (single point of contact) for HFRS and NFCC contact.

4.12 Crest Advisory has been commissioned by the Home Office to reach out and work with the organisations specified in the Serious Violence (SV) Duty (police, local authorities, fire and rescue authorities, youth offending teams, Integrated Care Boards and probation services) and their local partners, to both enable and assess readiness nationally and to provide tailored support to specific local areas to develop readiness and compliance in line with the requirements of the Duty. Throughout 2023, and until the duty is established, Crest Advisory will be working to embed the SV duty and establish local engagement on behalf of the Home Office.

4.13 Crest Advisory will conduct an initial review, including sending over relevant documentation to partners. Other action will include:

- Conduct 1 to1 interviews at a leadership level and at a practitioner survey and focus groups.
- Provide a Readiness scale - Crest Advisory propose to assess local areas with a view of placing them on a five-point scale, ranging from ‘not ready’ to ‘mature, best practice’. This is to inform support - there will be no further indexing between local areas.

Understanding the Duty

4.14 Crest Advisory will also be running four online workshops over the next three months to help local areas understand their obligations under the Duty and gain the most from implementing the readiness assessment.

4.15 This workshop will set out what the SV Duty is and how it can help prevent violence, as well as explaining the public health approach. It will also cover how the Duty can be met within the context of existing local partnership arrangements.

Evaluation and Data

4.16 Workshop two looks at building an evidence base to inform a local response to serious violence, including how to gather evidence and share data across agencies to inform a strategic needs assessment.

Developing Strategies

4.17 Workshop three will cover how to develop a strategic response in a local area based on the evidence, including developing a theory of change and performance framework. It will also discuss when and how to evaluate interventions.

Sharing Good Practice

4.18 The final workshop will be an opportunity to reflect on the findings of the joint readiness assessments at a ROCU (Regional Organised Crime Unit) level, and for areas to share examples of good practice that they have developed. Existing toolkits of interventions will also be shared

5. EQUALITY IMPLICATIONS

5.1 An equality impact analysis has been completed and the following positive impacts have been identified.

- The duty provides a framework for partner agencies to work together to understand and respond to the causes of crime and disorder; maps the areas of the city at greatest risk and why.
- The duty aims to have a positive impact on the lives of all who live in, work in or visit the Humber Region, including those with protected characteristics.
- The duty intends to ensure people of all ages are safer and feel secure for example by preventing and reducing offending by children and young people by using a whole system approach to supporting vulnerable young people.
- The duty also aims to strengthen support for victims of domestic abuse and work together to tackle violence against women and girls.
- The duty commits to supporting collaborative working across the voluntary sector, with places of worship and youth run organisations. The Strategy commits to communicating information with local residents, including children, which will help them to keep safe, in a way that is accessible to all residents.
- The duty commits to communicate and engage with underserved communities, targeting investment into areas of deprivation and high crime, and to understand the social disparities in local areas and how they impact on inequalities and serious violence and promote these amongst public services.

6. CONCLUSION

6.1 The introduction of a new serious violence duty requires the police, fire and rescue authorities, councils, youth offending teams, Integrated Care Systems, and probation services to work together to prevent and reduce serious violence as part of core service provision.

6.2 The Fire Authority as the duty holder will remain responsible for compliance with the requirements of the Duty.

6.3 The Head of Prevention will be the SPOC for Humberside Fire and Rescue and is working regionally and nationally within the sector and with partners to ensure our compliance.

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Background Papers

Serious Violence Duty - Statutory Guidance

Glossary/Abbreviations

CYP	Children and Young People
FRS	Fire and Rescue Services
NFCC	National Fire Chiefs Council
ROCU	Regional Organised Crime Unit
SPOC	Single Point of Contact
SNA	Strategic Needs Assessment
SV	Serious Violence (Duty)

Agenda Item No. **14**

Humberside Fire Authority
10 March 2023

Report by the Assistant Chief Fire Officer & Executive Director of Corporate Services

SUGGESTED SCRUTINY TOPICS 2023/2024

1. SUMMARY

1.1 This paper summarises a list of scrutiny topics, proposed by the Strategic Leadership Team (SLT) for the Fire Authority to consider and shortlist for the Governance, Audit and Scrutiny (GAS) Committee's Scrutiny programme 2023/24.

1.2 The GAS Committee will programme six scrutiny items for completion during 2023/24.

2. RECOMMENDATIONS

2.1 That Members approve the shortlist of six topics proposed by the Strategic Leadership Team (SLT) at section 4.3 for the GAS Committee Scrutiny Programme 2023/24.

3. BACKGROUND

3.1 The GAS committee is set an annual scrutiny programme, looking at a variety of aspects of the Service's work and policy implementation from the point of view of the communities it serves, to provide constructive feedback and recommendations to improve the Service.

4. REPORT DETAIL

4.1 All Strategic Leadership Team (SLT) proposed topics have been derived from ongoing work in response to HMICFRS Inspection Report and organisational learning.

4.2 Potential duplication of the Internal Audit Plan 2023/24 has been avoided.

4.3 A list of eight topics is included at Appendix 1 for consideration by the Authority. SLT have shortlisted six of the topics as their recommendations outlined below:

- **National Fire Chiefs Council (NFCC) Maturity Model**
  Processes used to manage the completion of the related maturity model subject(s). Assurance and validation of the self-assessment evidence provided.

- **On-Call Staff**
  Identification of any differences between opportunities provided for fulltime staff opposed to On-Call. Effectiveness of how the Performance and Development Review (PDR) process is applied and managed for On-Call staff.

- **Exercises and Debriefs: Fire Control**
  Processes and procedures to ensure the inclusion of control room staff in exercise and debrief activities.

- **Dignity at Work Premises Scheme**
  Review of the scheme, records, monitoring and implementation. Consideration of how EDI is aligned to the scheme including the completion of related Equality Impact Analysis (EIA) for works completed.

- **Visibility of Senior Leaders**
  Activities undertaken by senior leaders demonstrating visibility. Processes used to ensure adherence to the Nolan principles and Core Code of Ethics.

- **Statutory Building Control Consultations**
  Work and practices used to align related legislation and policy requirements, including timeframes. Effectiveness of procedures used to manage consultations.

4.4 This paper supports the achievement of the Strategic Plan through the provision of independent scrutiny of activity.

4.5 Scrutiny of performance provides an assurance that arising risks are being mitigated.

5. EQUALITY IMPLICATIONS

5.1 There is no requirement to carry out an equality impact analysis as this report does not relate to a policy or service delivery change.

6. CONCLUSION

6.1 The Authority is requested to consider the proposed topics of scrutiny put forward by SLT and shortlist six for the GAS Committee's Scrutiny Programme 2023/24.

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Background Papers

None

Abbreviations

EIA	Equality Impact Analysis
GAS	Governance, Audit and Scrutiny Committee
NFCC	National Fire Chiefs Council
PDR	Performance and Development Review
SLT	Strategic Leadership Team

Suggested Scrutiny Topics for GAS Committee 2023/24	
Item and Scope	**Responsible Officer**
National Fire Chiefs Council (NFCC) Maturity Model • Processes used to manage the completion of the related maturity model subject(s) • Assurance and validation of the self-assessment evidence provided • Monitoring and review of self-assessment for changes and / or arising issues • Review of actions used to address identified GAPs through the self-assessment tool • Review of learning and outcomes generated from completed self-assessment(s) • As applicable how the outcomes from an independent review of the self-assessment(s) are addressed regarding sharing best practice and addressing areas of needed improvement Background Context Developed in conjunction with Fire and Rescue Services and based on the principles of the Deloitte methodology, the maturity models and Workforce Good Practice Framework introduced by the National Fire Chiefs Council (NFCC) allow Fire and Rescue Services to assess current practice by using a self-assessment tool to determine their current level of maturity. For more information click here.	Executive Director of People & Development
On-call staff • Identification of any differences between opportunities provided for fulltime staff opposed to On-Call • Effectiveness of how the PDR process is applied and managed for On-Call staff • Review of how the agreed outcomes and training, arising from the completed On-Call PDR's, are progressed and completed • Identification of any comments, references and overarching trend analysis arising from completed PDR's, including those relating to the Core Code of Ethics Background Context HMIFRS Report Context: Ways of working which resulted in on-call staff not feeling as valued as other groups of staff. There is generally a positive working culture throughout the service. It has worked hard to try to build an open culture, including commissioning psychometric profiles for management teams. But we were told of pockets of behaviours and ways of working which resulted in on-call staff not feeling as valued as other groups of staff. The service needs to do more to make sure this problem is addressed. *HMICFRS Inspection Report: Getting the right people with the right skills Pg 33*	Area Manager Emergency Response & Executive Director of People & Development
Exercises and Debrief: Fire Control • Processes and procedures to ensure the inclusion of control room staff in exercise and debrief activities • How exercise and debrief activities are recorded to register Fire Controls involvement in the process. • Mechanisms in place to capture learning and actions for Fire Control to address, including evidence of their application and learning outcomes. • How the outcomes and leaning from exercises and debriefs are effectively communicated amongst Fire Control staff and other key stakeholders as applicable. • Review of any related policy and / or guidance to demonstrate compliance	Area Manager Emergency Response Head of Emergency Preparedness & Control

Suggested Scrutiny Topics for GAS Committee 2023/24	
Item and Scope	**Responsible Officer**
<u>Background Context</u> HMICFRS Report Context: We are pleased to see the service's control staff integrated into the service's command, training, and assurance activity. We are, however, disappointed to find that the service's control staff aren't always included in the service's exercise and debrief activity. The service should make sure that fire control staff are routinely invited to attend debriefs and exercises. *HMICFRS Inspection Report: Responding to fires and other emergencies Pg 19*	
Dignity at Works Scheme • Review of the scheme, records, monitoring and implementation • Consideration of how EDI is aligned to the scheme including the completion of related Equality Impact Analysis (EIA) for works completed • Review of any identified learning and adjustments resulting from the completed EIA(s) • Performance management and evaluations of work undertaken and the resulting learning outcomes • Communication of works schemes to relevant groups and / stakeholders <u>Background Context</u> HMIFRS Report Context: The dignity improvement scheme is intended to improve the estate across the service to give all staff appropriate facilities, for example in relation to their gender or religion. However, the facilities for women at one of the stations were described to us as cramped and not suitable. The service should review its scheme, including speaking to staff it affects, and put in any further arrangements required as a result of that review. *HMICFRS Inspection Report: Promoting the rights values and culture Pg 34*	Executive Director of People & Development Head of Organisational Development Area Manager Emergency Response Head of Fleets and Estates
Visibility of Senior Leaders • Activities undertaken by senior leaders demonstrating visibility • Communications updates provided by Senior leaders including social media posts • Processes used to ensure adherence to the Nolan principles and Core Code of Ethics • Review of SLT visits, feedback and resulting actions • Attendance and participation in Service meetings and events <u>Background Context</u> HMIFRS Report Context: The service should assure itself that senior managers are visible and demonstrate service values through their behaviors. In interviews with the inspection team, some staff told us of their concerns about some of the senior managers not always being visible or behaving in ways that align with the service's values. These findings were echoed in our staff survey, where 40.4 percent of respondents reported similar concerns. *HMICFRS Inspection Report: Promoting the rights values and culture Pg 32*	Area Manager Service Improvement

Suggested Scrutiny Topics for GAS Committee 2023/24	
Item and Scope	**Responsible Officer**
Grievance Procedures • Review of grievance policy and its consistency in application • Trend analysis of incoming grievances received • Effectiveness of the training of managers and supervisors in managing related situations • Quality of the communications and engagement with staff to increase understanding and confidence towards the procedures <u>Background Context</u> HMICFRS Report Context: The service should make sure that it has effective grievance procedures. It should identify and implement ways to improve staff confidence in the grievance process. *HMICFRS Inspection Report: Promoting the rights values and culture Pg 36*	Executive Director of People & Development
Statutory building control consultations • Work and practices used to align related legislation and policy requirements, including timeframes • Effectiveness of procedures used to manage consultations • Performance management and trend analysis of consultations • Communications and action(s) used to address time lapses • Effectiveness of resourcing and competences to comply with the requirements of the consultation <u>Background Context</u> HMICFRS Area for Improvement: The service should make sure it allocates enough resources to respond effectively, and in time, to statutory building control consultations. HMICFRS Report Context: The service doesn't always respond to building consultations on time, so doesn't consistently meet its statutory responsibility to comment on fire safety arrangements at new and altered buildings. In the year to 31 March 2021 the service managed to respond to 85.2 percent of building control consultations within their allotted timeframe. *HMICFRS Inspection Report: Making best use of our resource's Pgs 15&17*	Area Manager Prevention & Protection
TBC - Arising themes from HMICFRS reports or emerging sector requirements	TBC