

Report of the Policy and Finance Committee meeting held on 21st June 2007

Present: Councillors R Butcher, C Carter, S Giles, R Moss-Eccardt,
G Murphy, R Pegram and D Raines.

Apologies: Councillor G Harper.

This report contains items considered by the Committee which are submitted to the Fire Authority for information.

1. ELECTION OF CHAIRMAN

Councillor R Pegram was elected Chairman of the Policy and Finance Committee for 2007/08.

2. ELECTION OF VICE – CHAIRMAN

Councillor G Murphy was elected Vice –Chairman of the Policy and Finance Committee for 2007/08.

3. FINAL ACCOUNTS 2006/07 AND TREASURY MANAGEMENT STATEMENT

The Committee received a report from the Treasurer on carry forwards and a proposal for the use of the under spend, the Treasury Management Statement, the Final Accounts and the backward looking annual efficiency statement for 2006/07.

In accordance with the requirements of the Accounts and Audit Regulations 2003 a formal set of accounts must have been prepared and approved by the Fire Authority (or committee with the appropriate delegated powers) by 30 June 2007. A summary of the Authority's Accounts for 2006/07 is attached as Appendix 1 to this report. The full Accounts are attached as Appendix 3.

The Committee noted that the final outturn position on the revenue budget, after application of carry forwards and transfers to earmarked reserves, was £25K. The under spend was calculated after allowing for the following carry forwards of £934K. The Committee has agreed the following carry forwards:

- The transfer of under spending on the current scheme of Local Financial Management to the new financial year (£390K). Goods and Services that were ordered in the old financial year but not delivered or provided by 31 March 2007 account for £86K of this figure;
- The transfer of under spending on fire-fighters to finance the costs associated with employing fire-fighters in advance of current employees retiring (£162K)
- The purchase of covert cameras for use on haystack fires (£71K)
- Training costs associated with the equality scheme (£21K)
- Ring fenced IPDS budget under spend (£65K); and
- Carry forward of specific ODPM grants (£200K).

The useable general reserve is £1,751K, an increase of £25K. The Medium Term Finance Strategy approved by the Fire Authority in December 2006, incorporated a policy on the utilisation of reserves and a proposal of how they would be applied. This proposal estimated that £350K of reserves would be applied over the next 5 years, reducing the contingency to approximately 5% of the net budget.

The Capital programme for 2006/07 was 67% complete. Delays were mainly due to goods not being received prior to the end of the financial year. If all orders had been received the programme would have been completed by year end. The slippages associated with these schemes were brought forward to the new financial year.

The Committee has also approved the Annual Treasury Management Report 2006/07 (Appendix 2 to this report) which sets out the Authority's borrowings, loans and investments in 2006/07. Owing to the surplus cash balances held, the Authority has not had a need to enter into any additional borrowing. A loan of £1.7 million has been replaced with longer term debt, allowing a bonus to be taken on the repaid debt. The Authority's borrowing limit is £6 Million.

The Committee has approved the Statement of Accounts for 2006/07 (Appendix 3) prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and commonly known as the Statement of Recommended Practice (SORP). The format of the Statement of Accounts has been revised to reflect the significant changes required by the SORP and in particular the inclusion of Fire Fighter pension scheme. The Committee has received satisfactory explanations for significant variations between the Accounts for 2005/06 and 2006/07.

The Committee has also approved the Backward looking statement of efficiency gains in 2006/07 (Appendix 4 to the report). Annual cashable efficiency gains were achieved from the revised shift system, reduced ill- health retirements, better procurement and from savings in corporate services in the financial year 2006/07 amounting to £401,000.

4. FINANCE PARTNERSHIP WITH ESSEX FIRE & RESCUE SERVICE

The Committee has received a report from the Treasurer providing an overview of the proposed partnership arrangements for the provision of the finance support function with Essex FRS.

Essex FRS currently purchases its finance support function from Essex County Council, and has expressed a wish to establish an in-house service function along with associated core financial systems.

The proposed partnership consists of each of the two Fire and Rescue Services having their own independent finance teams located in their services, but Essex FRS would have CODA Dream financial system currently operated by CFRS installed. Both services would be supported by a shared resource, employed by CFRS.

The long term benefits of the Finance Partnership would be increased system knowledge across the two services and the resilience associated with the two services operating the same financial system. It would mean cover arrangements could be built into the partnership agreement to ensure continuity of service provision.

Initially, Essex will pay 80 % of the costs associated with the Project Accountant, whilst the financial system is being implemented for Essex FRS. The long term operational costs will continue to be divided between Essex FRS and Cambridgeshire FRS on the most appropriate basis. The proposed financial system will 'go live' in Essex on 1 April 2008.

The Committee has noted the report and welcome the initiative.

5. REVIEW OF STRATEGIC RISK REGISTER

The Committee has received a report from the Head of Finance and Corporate Development on the revised Strategic Risk Register.

The Strategic Risk Strategy, Policy and Register were approved by the Fire Authority in December 2004. The Senior Management Team continuously reviews the Strategic Risk register against the following risk categories:

- Political
- Economic
- Social
- Technological
- Legislative
- Environmental
- Customer/Citizen

The Service aided by Public Risk Management, completed a full review of the Strategic Risk process in May 2007. The purpose of the review was to audit the re-engineered Strategic Risk Register, Strategy and Policy against the Comprehensive Performance Assessment Key Line of Enquiry. The review of the Strategic Risk Register has led to the presentation of the Register in a revised format and the introduction of more rigorous targets.

The review of the Risk Register will be reported to the next Policy and Finance Committee in September 2007 and then to the Fire Authority meeting in October 2007 for approval. The Scrutiny and Performance Committee will be asked to review progress delivery of action plan.

The Committee unanimously approved the revised Strategic Risk Register.

6. FIRE SERVICE INSURANCE MUTUAL REPORT

The Committee has noted progress being made in establishing a Fire Service Mutual to provide insurance cover for the Fire Authority.

Ten Fire and Rescue authorities have agreed in principle to join the insurance mutual. Of these, five had planned to become participating members from 1 July 2007 and the remaining five, including CFRS, would become participating members on a phased basis as and when their existing long-term insurance contracts expired. All the authorities are required to make the necessary financial contributions and guarantees to the capitalisation of Fire and Rescue Authorities Mutual Limited in the first year. CFRS must in coalition with other Authorities capitalise the company by way of an initial cash contribution estimated at £12,000 and an additional financial agreement estimated at £127,000.

The company had been registered with all necessary constitutional documentation, including the Memorandum and Articles of Association and company rules being prepared. Independent legal advice on the documentation has been commissioned from the law firm Wightmans LLP. The advice has been reviewed by the Authority's legal adviser who confirms that there are no issues that cause concern.

However, approval of the Mutual by the Financial Services Agency (FSA) has been slow so the go live date has been postponed to 1 September 2007. The Committee was advised that the London Borough's insurance mutual which began operating on 1 April 2007 is being challenged by the Legal Risk Partnership but it was not thought that the challenge would succeed.

The Fire Authority hopes to make £65,000 cashable savings from the new arrangements in the first year rising to £0.5m over 4 years.

7. CONSIDERATION OF FRAUD RISK

Members have received a discussion paper prepared by PricewaterhouseCoopers, the Authority's external auditors, inviting the Committee to consider and discuss the risks of fraud within the Authority.

With the exception of Councillor Moss-Eccardt, the Committee has confirmed its belief in the robustness of the Authority's arrangements for addressing the risk of fraud. Arising from these discussions, the Director Resources undertook to remind both the internal and external auditors of their ability to report direct to members of Authority on any matters of concern.

8. TRANSFER FROM RETAINED DUTY SYSTEM (RDS) TO THE WHOLETIME DUTY SYSTEM

The Committee has received a report clarifying the current position with regard to transfer between uniformed duty systems within Cambridgeshire Fire & Rescue Service.

Retained Fire Fighters comprise the majority of CFRS personnel but currently there is no process in place to allow people to transfer between duty systems and this is an issue causing dissent within the Service. It is estimated to be slightly cheaper and more economic to recruit whole time members of staff from the Retained Duty system (RDS). However the Service has over 68 people who succeeded in the recruitment process for full time firefighters and are ready to commence employment with the Service.

A review of the National Point of Entry Selection Test (NPOEST) recruitment process by the Department for Communities for Local Government is to take place as a result of the high number of unsuccessful RDS personnel applicants in the first stages of wholetime recruitment; although no timescale had been set for this review.

The Chief Fire Officers Association (CFOA) has issued informal guidance to FRS regarding the transference from retained to wholetime posts. They reiterated the need for ethnic representation of the community within the Service and were concerned the targets set in the Best Performance Scheme and National Framework may not be achieved as the majority of RDS personnel were white males.

Members have noted that a tribunal decision which may confer part-time worker status on RDS personnel is due to be held in November 2007, with the outcome expected in January 2008.

CFRS is currently undertaking a competence assessment for every uniformed member of staff throughout all roles within the Service. When completed, RDS

personnel will be able to submit an expression of interest to change to the wholetime duty system with verification they were competent in their role. They would then be allowed to enter the interview stage for wholetime firefighter posts along with other applicants, bypassing the current point of entry selection test where appropriate.

9. HUMAN RESOURCES DATA – APRIL TO MAY 2007.

The Committee has noted a report on relevant statistics and trends concerning employees in CFRS for 2007/08 financial year to the end of May 2007 together with overall HR performance data for 2006/07.

Issues noted by the Committee included:

- The Service has in excess of 148 grievances relating to the on going Long Service Increment (LSI) debate. Due to action taken by the National Joint Council (NJC) in relation to a further suspension of the interim LSI payment in June 2007 it was expected the number of grievances would increase further over the coming months.
- Whole time sickness has increased due to 5 additional staff falling into the Long Term Sick category during May 2007. CFRS performance for sickness is comparable with that for other East of England FRS.
- Management addressed the high levels of sickness among wholetime staff in 2006/07 and reduced the average number of shifts lost per person from 14 to 10. It was hoped that further management action and the implementation of sickness management policies would reduce this further.

10. LOCAL JOINT CONSULTATIVE COMMITTEE (JCC)

The Committee has been kept under review the establishment of a local Joint Consultative Committee (JCC) and has received a report on the Fire Brigades Union (FBU) policy in relation to local joint working following the FBU National Conference in May 2007.

At the FBU Annual Conference there was no support for the motion to enable joint working with non Trade Union Congress (TUC) affiliated organisations at a local level and the previous FBU policy of not participating in local meetings with such organisations remains. Both the Retained Fire Union and UNISON have advised that their position has not changed and, whilst thanking the Fire Authority for the opportunity, they have declined to participate in a local Joint Consultative Committee until all 3 unions are represented.

A further update will be provided to the Policy and Finance Committee in May 2008, or should the position change in the meantime.

CHAIRMAN

Source Documents	Location	Contact
Agenda, reports and minutes of the Policy and Finance Committee – 21/6/07.	Hinchingsbrooke Cottage Brampton Road Huntingdon	Michael Brown 01480 444572 michael.brown@cambsfire.gov.uk